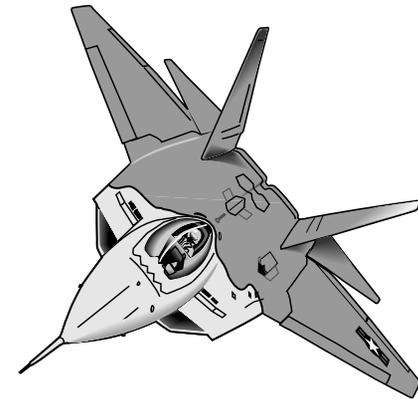


Office of the Secretary of Defense
Operation and Maintenance Overview

February 2002



FY 2003 Budget Estimates

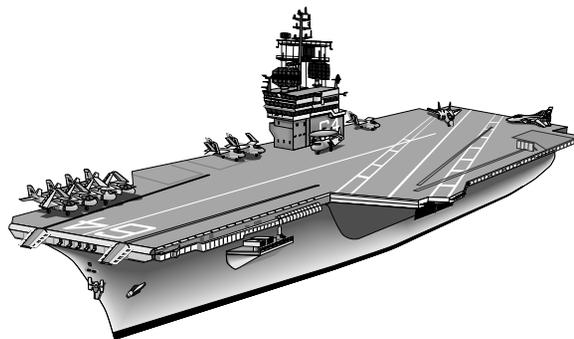


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O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<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>27,780.8</u>	<u>+201.0</u>	<u>-508.7</u>	<u>27,473.1</u>	<u>+1,452.3</u>	<u>+1,715.8</u>	<u>30,641.2</u>
Army	22,765.9	+69.3	-848.1	21,987.1	+1,181.8	+1,412.2	24,581.1
Army Reserve	1,601.3	+46.3	+104.7	1,752.3	+86.3	+84.7	1,923.3
Army National Guard	3,413.6	+85.4	+234.7	3,733.7	+184.2	+218.9	4,136.8
<u>Navy</u>	<u>29,522.6</u>	<u>+509.7</u>	<u>+726.3</u>	<u>30,758.6</u>	<u>+1,011.3</u>	<u>+1,968.3</u>	<u>33,738.2</u>
Navy	25,438.6	+436.4	+839.5	26,714.5	+854.7	+1,459.7	29,028.9
Marine Corps	2,922.1	+66.6	-84.8	2,903.9	+137.9	+316.1	3,357.9
Navy Reserve	1,015.3	+4.2	-22.5	997.0	+15.0	+153.9	1,165.9
Marine Corps Reserve	146.6	+2.5	-5.9	143.2	+3.7	+38.6	185.5
<u>Air Force</u>	<u>30,071.5</u>	<u>+1,010.9</u>	<u>+456.5</u>	<u>31,538.9</u>	<u>+1,314.4</u>	<u>+793.2</u>	<u>33,646.5</u>
Air Force	24,519.7	+737.2	+324.1	25,581.0	+971.2	+752.4	27,304.6
Air Force Reserve	1,943.1	+96.0	-33.3	2,005.8	+113.2	+71.9	2,190.9
Air National Guard	3,608.7	+177.7	+165.7	3,952.1	+230.0	-31.1	4,151.0
<u>Defense-Wide and Other</u>	<u>34,865.6</u>	<u>+1,032.7</u>	<u>+17,352.2</u>	<u>50,459.2</u>	<u>+2,218.0</u>	<u>-529.2</u>	<u>52,148.0</u>
Defense-Wide	12,202.3	+334.4	+229.8	12,766.5	+680.0	+1,068.8	14,515.3
Defense Health program	13,580.3	+569.3	+4,656.7	18,806.3	+1,243.7	-5,343.8	14,706.2
Emergency Response Fund, Defense	490.8	+7.9	+14,893.8	15,392.5	+230.9	+4,431.6	20,055.0
Former Soviet Union Threat Reduction	442.4	+5.5	-47.7	400.2	+6.0	+10.5	416.7
Office of the Inspector General	145.4	+5.4	+1.8	152.6	+12.9	-0.1	165.4
OPPLAN 34A-35 P.O.W.	0.6	-	+4.7	5.3	+0.1	-5.4	-
Overseas Humanitarian, Disaster and Civic Aid	48.3	+0.7	+7.9	56.9	+0.8	+0.7	58.4
Payment to Kah'olawe Island	73.6	+2.2	-9.0	66.8	+1.0	-42.9	24.9

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<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	160.1	+2.4	-162.5	-	-	-	-
U.S. Court of Appeals for the Armed Forces	8.5	+0.3	+0.3	9.1	+0.3	+0.5	9.9
Support for International Sporting Competitions	12.3	+0.2	+20.7	33.2	+0.5	-14.6	19.1
Environmental Restoration, Army*	(369.6)	+6.2	-8.2	387.1	+5.8	+3.0	395.9
Environmental Restoration, Navy*	(273.6)	+4.7	-42.9	255.2	+3.8	-2.1	256.9
Environmental Restoration, Air Force*	(371.1)	+6.0	+1.3	382.8	+5.7	+1.3	389.8
Environmental Restoration, Defense-Wide*	(25.1)	+0.3	+1.7	23.3	+0.3	-0.1	23.5
Environmental Restoration, Formerly Used Defense Sites (FUDES)*	(225.0)	+3.7	-14.0	220.7	+3.3	-11.9	212.1
Drug Interdiction And Counter-Drug Activities, Defense*	(775.6)	+14.6	-34.1	847.6	+13.1	-11.8	848.9
Overseas Contingency Operations Transfer Fund (OCOTF)*	(5,661.0)	+68.9	-2,622.8	178.4	+2.7	-131.1	50.0
Counter-Terrorism/WMD	-	-	+474.7	474.7	+7.1	-481.8	-
Total Obligational Authority**	114,539.7	+2,754.3	+18,026.3	140,229.9	+5,996.0	+3,948.1	150,174.1
Financing Adjustments	1,218.1	-	-	-12,561.7	-	-	270.0
Total Budget Authority	115,757.8	-	-	127,668.2	-	-	150,444.1

*Transfer Accounts. The FY 2001 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.

The amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms, 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 2002 financing adjustment of \$-12,561.7 million includes contributions from allied nations for Defense Burdensharing (\$+210.0 million), receipts involving disposal, lease, or recovery

O&M TOA BY SERVICE BY APPROPRIATION

of DoD facilities and real property (\$+30.9 million), and restoration efforts at the Rocky Mountain Arsenal and Kaho'olawe Island (\$+70.9 million). These financing adjustments are offset by (1) \$2,857.2 million unobligated balance brought forward for Defense Emergency Response Fund (DERF) allocated to the DoD in FY 2001; (2) \$28.0 million unobligated balance from the DERF transferred to the Department of State; (3) \$9,167.8 million unobligated balance transferred to DoD from the central Emergency Response Fund managed by the Office of Management and Budget; (4) \$128.7 million unobligated balance carried forward for the Overseas Contingency Operations Transfer Fund; (5) \$10.2 million unobligated balance carried forward for the Support of International Sporting Competitions (SISC) appropriation; (6) \$547.1 million unobligated balance carried forward for investment activities funded in this title for the Defense Health Program (three years of availability); (7) \$32.0 million unobligated balance carried forward for the Former Soviet Union Threat Reduction program (three years of availability); (8) \$7.5 million unobligated balance carried forward for the Overseas Humanitarian, Disaster and Civilian Assistance (OHDACA) appropriation (two years of availability); \$5.3 million unobligated balance carried forward for payments to former prisoners of war; and (9) \$134.8 million unobligated balance carried forward associated with special multi-year funding included in the Emergency Supplemental Act, 2000 (Division B of P.L. 106-246), the Emergency Supplemental Act, 2001 (Title I, Chapter 2 of P.L. 107-20), and FY 2002 DoD Appropriations Act (Title VIII, Section 8131 of P.L. 107-117).

The FY 2003 financing increase of \$270.0 million is due to contributions for Defense burdensharing (\$+210.0 million), and restoration efforts at the Rocky Mountain Arsenal and Kaho'olawe Island (\$+29.0 million), and receipts involving disposal, lease, or recovery of DoD facilities and real property (\$+31.0 million).

OPERATION AND MAINTENANCE TITLE SUMMARY

(\$ in Millions)						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
114,539.7	+2,775.3	+18,026.3	140,229.9	+5,996.0	+3,948.1	150,174.1

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, demonstrate U.S. resolve, and 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. However, due to many years of inadequate O&M funding levels together with the intensity of operations, readiness has become more difficult to sustain. To protect U.S. military excellence and to reverse signs of any degradation in readiness, the FY 2003 budget estimates substantially increase O&M funding levels in order to bolster U.S. military readiness.

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 tables identifies the TOA for the appropriations included in the O&M Title and provide an explanation of the financing adjustments. The FY 2003 TOA for the O&M Title is \$140.2 billion, which reflects a net increase of \$9.9 billion above the FY 2002 funding level. This increase is made up of \$6.0 billion for pricing changes and \$3.8 billion (+2.7 percent) of net program growth.

The Budget Authority for the O&M Title increases between FY 2002 and FY 2003 as a percentage of the DoD portion of the National Defense Function (051 function) reflected in the FY 2003 budget estimates. In FY 2003, the O&M share of the Defense budget is 37.9 percent increasing from 36.4 percent in FY 2002.

The following provides a summary of the pricing changes affecting the O&M appropriations. This is followed by a description of the significant programmatic changes in the FY 2003 budget estimates for the O&M Title compared to the enacted FY 2002 funding level. A summary of the functional transfers into and out of the O&M appropriations is included at the end of this Summary section.

OPERATION AND MAINTENANCE TITLE SUMMARY

PRICE GROWTH

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 nonpersonnel purchases, etc.). The FY 2003 price growth is \$5.3 billion. Rates used for the major commodity groups follow:

For civilian pay, the FY 2003 price growth is based on annualization of the FY 2002 pay raises for classified and wage board employees to include locality increases, which were effective January 1, 2002, and the portion of the FY 2003 pay increases scheduled to become effective January 1, 2003. It also provides for foreign national employee pay raises at the rates the host country provided its public sector personnel. For FY 2002, the budgeted pay raise increase is 4.6 percent for classified and wage board employees and is effective January 1, 2002. For FY 2003, the budgeted pay raise increase is 2.6 percent for classified and wage board employees and is effective January 1, 2003.

Consistent with Office of Management and Budget (OMB) direction, the general non-personnel purchase rate is 1.6 percent for FY 2002 and 1.5 percent for FY 2003.

Fuel purchase prices from the Working Capital Fund reflect a decrease of 16 percent in FY 2003 based on world fuel market prices. With these rates, Working Capital Fund customers pay an average cost per barrel of \$42.00 in FY 2002 and \$35.28 in FY 2003. The FY 2003 customer fuel prices are based on revised estimates of fuel purchase inflation provided by OMB and recovery of actual losses through the end of FY 2002.

Other Working Capital Fund rates change by business area and vary from year to year. The following list of FY 2003 rate changes represent those business areas that account for the vast majority of orders from O&M customers: Army Managed Supplies and Materials (+9.2 percent), Navy Managed Supplies and Materials (+9.6 percent), Air Force Managed Supplies and Materials (+10.3 percent), Defense Logistics Agency (DLA) Managed Supplies and Materials (+3.5 percent), Army Equipment Purchases (+9.2 percent), Navy Equipment Purchases (+9.6 percent), Air Force Equipment Purchases (+10.3 percent), Army Depot Systems Command - Maintenance (+5.3 percent), Naval Aviation Depots (+8.8 percent), Naval Shipyards (-0.3 percent), Depot Maintenance Air Force - Organic (+13.8 percent), Army Armament (-27.0 percent), and Navy Civil Engineering Services (+17.7 percent).

The FY 2003 budget estimate for overseas purchases is based on foreign currency exchange rates that are consistent with recent market conditions. Overall, these rates reflect a reduction in the purchasing power of the U. S. dollar. In three currencies where DoD has its largest overseas presence, Japan, Korea and the Euro zone, the dollar's value has decreased since last years estimate. For the Japanese

OPERATION AND MAINTENANCE TITLE SUMMARY

Yen, the buying power of the dollar decreased by 1.9 percent from 126.680 Yen in FY 2002 to 124.330 Yen in FY 2003. Likewise, the U.S. dollar decreases in value compared to the Korean Won by 6.3 percent, moving from 1,349.5 Won in FY 2002 to 1,265.0 Won in FY 2003. In Germany, where the DoD has its largest overseas presence, the dollar declines from 1.1967 Euro's to 1.1386, a decrease of 4.9 percent.

PROGRAM GROWTH

The FY 2003 budget estimate includes \$3.9 billion (+2.7 percent) of net program growth for the O&M Title, which is targeted to sustain the readiness programs. The level of O&M funding sought in the FY 2003 budget will continue to reverse the decline in readiness attributable to years of underfunding, high tempo of operations, and escalating maintenance costs of aging weapon systems. The following indicators reflect planned operating tempo (OPTEMPO) rates for FY 2003. The Active Army budget request supports executable objective OPTEMPO rates of 849 training miles (homestation, National Training Center, and simulator miles) per year for M1 Abrams tanks and an average of 14.5 flying hours per aircrew per month. The Active Navy steaming days continues to be funded at the planning level of 54.0 days per quarter for deployed fleets and 28.0 days per quarter for the non-deployed fleets. Further, the FY 2003 budget request supports an average of 21.5 tactical flying hours per crew per month for the active Navy and Marine Corps. The active Air Force tactical fighter aircrew flying hour rates increase from 17.1 to 17.3 flying hours per pilot per month. The active Air Force bomber crew flying hour rates decline slightly from 15.5 to 15.4 flying hours per crew per month. The following outlines program change by major program area:

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. The OPTEMPO portion of the Air Operation program is commonly referred to as the "flying hour program." 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 flying hour program costs are a function of training hours multiplied by the cost of depot level repairables, consumable spare parts, and fuel necessary to operate the aircraft. The other significant portion of the Air Operations program is aviation depot maintenance. The FY 2003 budget request of \$31.5 billion for the Air Operations program reflects a net program increase of \$0.6 billion (+1.8 percent) above The FY 2002 funding level. The FY 2003 increases fully fund the Services' flying hour requirements to meet readiness-training goals. The major program changes are primarily due to increases in the cost of the flying hour program for consumables and depot level repairables due to aging aircraft and additional support to recapitalize end items as part of the Army's Transformation efforts. Additional air operations funding will reduce the strain on mission capable rates.

The Land Forces program includes funding to train and 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

OPERATION AND MAINTENANCE TITLE SUMMARY

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 2003 budget request of \$4.4 billion for Land Forces programs reflects a program increase of \$0.4 billion (+10.2 percent). The Army's FY 2003 budget funding level of \$3.7 billion increases by \$0.3 billion (+8.1 percent) above The FY 2002 program level. The Army program reflects the Army's training strategy that exposes all soldiers to a full range of realistic training exercises. The Army's funding level in FY 2003 supports 849 training miles (homestation, National Training Center, and simulator training miles) for ground OPTEMPO for the M1 Abrams tank. The FY 2003 funded level supports an increase of 18 homestation tank miles above the FY 2002 level to fund training miles at the highest training level executed in the last decade (i.e., FY 2001). The Marine Corps FY 2002 amended budget request of \$0.6 billion for land forces reflects a program increase of \$0.1 billion (+24.9 percent) from the FY 2001 funding level, primarily due to the cost growth in the Navy Marine Corps Intranet Services based on the first full year of service costs.

The Ship Operations programs include OPTEMPO as well as depot maintenance and support. The FY 2003 budget request of \$8.5 billion includes a net program increase of \$0.7 billion (+9.2 percent). This net program growth in FY 2003 is primarily attributable to the attainment of increased notional requirements for depot maintenance availabilities (\$+0.3 billion); increased fleet modernization efforts for CVN68, FFG7, CG47, SSN, LHD and LPD4 class ships (\$+0.3 billion); and increased Enterprise Resource Planning (ERP) effort for regional maintenance that will benefit both the fleets and the support establishment (\$+0.1 million).

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 2003 budget request of \$5.2 billion for the Mobilization program reflects a net program decrease of \$21.4 million (-0.4 percent) below the FY 2002 funding level. The Air Force (\$+125.6 million) budget reflects increases primarily to the Airlift Operations Training, Mobilization Base Support, and Mobilization Facilities Sustainment, Restoration, and Modernization. The Air Force's increase is offset by net decreases in the Army program (\$-71.7 million) due to the effect of one time congressional increases for Industrial Mobilization Capacity (IMC), the completion of the transition from operating older ships to new end-state fleet of 15 ships, and the transfer of IMC to the Defense Working Capital Fund (DWCF), Army to directly augment the WCF. The Marine Corps program decrease (\$-6.7 million) is due to a one-time congressional increase for maritime prepositioning ship offload exercises/Battle Griffin exercises, savings associated with various improvement initiatives, and reduced support for the Maritime Prepositioning Force program. The Navy reflects a net program increase (\$-68.6 million) primarily due to changes in the activation/inactivation workload.

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

OPERATION AND MAINTENANCE TITLE SUMMARY

weapon systems, and to renovate assets that are being transferred from active forces to the Reserve Components. The FY 2003 Depot Maintenance budget request of \$9.1 billion reflects a net program decrease of \$0.2 billion (-1.8 percent) from the FY 2002 funding level. This decrease is primarily driven by significant decreases in the Air Force budget (\$-0.4 billion) to mitigate depot workloads that cannot be accomplished in FY 2003 and the effect of one-time FY 2002 increases for depot quarterly surcharge to pay Working Capital Fund cost recovery losses. Adjusting for the impact of this one-time surcharge the real program growth in overall depot maintenance funding is \$0.1 billion (0.7 percent) above the FY 2002 funded level. The decrease in the Air Force program is offset by program increases for the Navy and the Marine Corps (\$+0.2 billion) primarily to increase the percent of the requirement funded to get closer to the optimal level of funding for Depot Maintenance. In addition, the FY 2003 budget also increases the Army program (less than \$+0.1 billion) primarily to increase the number of aircraft recapitalization (i.e., UH-60 and CH-47) and a slight increase for USSOCOM (less than \$+0.1 billion) air survivability equipment to enhance the survivability of fixed and rotary wing aircraft.

The Transportation program provides for the movement of materiel between contractors' plants, military logistics centers, and field activities throughout the world. The FY 2003 budget request of \$1.4 billion reflects a net program increase of \$162 million (+13.1 percent) above the FY 2002 funding level. The majority of this net program increase is for the Army (\$+117 million), which is primarily to support increased force modernization and sustainment movements including those supporting the Army Transformation and increases to sustain the program at the historically executed level; Air Force (\$+11 million), which is mostly due to the permanent transfer of funds from the Overseas Contingency Operations Transfer Fund (OCOTF) to support Air Force operations in Bosnia, Kosovo and Southwest Asia; and the Defense-wide activities (\$+18 million) to support 34,000 C-17 equivalent flying hours and 1,100 steaming days for the Chairman of the Joint Chiefs of Staff (CJCS) exercise program.

The Training and Education program finances the operation of training centers, Service schools, and scholarship programs, which are necessary to acquire and maintain a trained force of personnel able to effectively support DoD's military units, ships, aircraft, and installed weapon systems. Also included are resources to finance base support activities and facility sustainment. The FY 2003 budget request of \$8.1 billion includes program growth of \$0.3 billion (4.5 percent). All of the Services have reflected increased training and education support. Most of the increase is in base support and facilities sustainment (\$+136 million), Specialized Skills training (\$+130 million), and Professional Development (\$+50 million).

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 2003 budget of \$1.4 billion includes net program growth of \$0.1 million (+4.4 percent). Most of the net program increase is for the Defense-wide activities with \$25.2 million restoring a one-time decrease in the Defense Human Resources

OPERATION AND MAINTENANCE TITLE SUMMARY

Field Activity (DHRA) for forward financing a portion of the FY 2002 program in FY 2001; and \$24.0 million for a patriotic-themed media blitz.

The Base Operations Support (BOS) 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 2003 budget request of \$18.2 billion includes program growth of \$1.2 billion (+6.9 percent). As a result of the attacks on America's homeland on September 11, 2001, the Department's budget includes significant program growth in base support to address the challenges in antiterrorism/force protection (\$+308.8 million). It also increases funding for critical quality of-life and essential installation support including utilities to reduce the risk of funds migrating from mission programs to finance "must fund" bills during execution. All of the Military Departments and the Defense Health Program (DHP) reflect increases: Army, \$+590.0 million; Navy, \$+100.9 million; Marine Corps, \$+57.8 million; Air Force, \$+411.5 million; and DHP, \$+14.9 million.

The Command, Control, Communications, and Intelligence (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 2003 budget request of \$4.2 billion includes a net program increase of \$0.2 billion (6.1 percent) above the FY 2002 enacted level. The Air Force (\$+177 million) accounts for most of the net program growth, which includes funding for Defense Information Systems Agency (DISA) Tier-One services that will be transferred in execution, defensive information operation improvements in base and service wide communications, and improvements to air traffic control systems. The Army (\$+121 million) reflects a net program growth, which includes funding for DISA Tier-One services and enhanced Information Assurance initiatives. The Navy (\$+91 million) also reflects a net program growth, which includes funding for DISA Tier-One services and for increased base communications and command and control efforts. Offsetting these increases are net program reductions mostly in Defense-wide activities (\$-126 million), which is primarily due to anticipated transfer of funding for Tier-One services from the Components to DISA during execution.

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 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 2003 amended budget request of \$7.1 billion includes a net program growth of \$0.6 billion (8.9 percent). This net program increase includes net increases of \$158 million for facilities sustainment, \$322 million for restoration and modernization efforts, and \$100 million for demolition. The Air Force (\$+272 million) reflects significant increases in both sustainment and restoration/modernization efforts. The Navy (\$+174 million) and the Defense Health Program (\$+28.6 million) account for the majority of net program increase in restoration and

OPERATION AND MAINTENANCE TITLE SUMMARY

modernization of its facilities. The Marine Corps (\$+65.6 million) also includes net program increases of which the majority is in facilities sustainment. The Army (\$-84.6 million) reflects net program reductions -- primarily in facilities sustainment.

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. These functions have been consolidated to achieve 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 2003 budget request \$14.5 billion for the O&M, Defense-Wide appropriation includes a net program increase of \$1.0 billion (+7.9 percent). Much of this net program increase is for Classified Programs (\$+0.8 billion), readiness/contingency operations (\$+0.2 billion), command and control initiatives (\$+0.1 billion), DoD education programs (\$+0.1 billion), and business practices/security initiatives (\$+0.1 billion). These increases are partially offset by net functional transfers (\$-0.2 billion) and congressional increases and earmarks in FY 2002 that were not extended into FY 2003 (\$-0.3 billion).

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 2003 budget request of \$14.4 billion for DHP includes program decrease of \$4.9 billion (-25.6 percent) below the FY 2002 funding level. This program reduction is primarily due to funds transferred to the Medicare-eligible Retiree Health Care Fund for TRICARE for Life benefits and the level of effort currently serviced by military treatment facilities.

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 2003 budget request of \$0.4 billion for the FSU Threat Reduction appropriation reflects a net program increase of \$10.5 million (+2.6 percent), which is primarily due to the transfer of the Elimination of Weapons Grade Plutonium Production and associated funding to the Department of Energy (\$-41.7 million) and reduced requirements for nuclear weapons systems and infrastructure elimination (\$-104.1 million). Offsetting these decreases are additional funds primarily for biological weapons and WMD proliferation prevention (\$+77.7 million) and chemical weapons destruction in Russia (\$+82.8 million).

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). The FY 2003 budget request of \$1.3 billion includes a net program reduction

OPERATION AND MAINTENANCE TITLE SUMMARY

of \$9.9 million (-0.8 percent), which primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2002 (\$-30.4 million) and an increase in the Department's FY 2003 budget request for FUDS to meet emergent requirements related to unexploded ordnance (\$+18.2 million).

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 2003 budget request for OCOTF is \$50 million and reflects a net program reduction of \$131.1 million. Beginning in FY 2002, funds to finance the incremental cost of contingency operations in Bosnia, Kosovo, and Southwest Asia are 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, \$2.7 billion was transferred from the OCOTF to the Components budgets. The budget request for FY 2003 was adjusted similarly, while still providing funding to finance contingency requirements in excess of those budgeted in the Services accounts.

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 2003 budget request of \$0.8 billion for the CTA includes a net program decrease of \$11.9 million (-1.4 percent), which is primarily attributable to one-time FY 2002 congressional increases for Regional Counterdrug Training Academy (RCTA), Multi-Jurisdictional Counterdrug Task Force (MJCTF), and the National Counternarcotics Training Center in Washington.

FUNCTIONAL TRANSFERS

The table on the following page summarizes the major functional realignments affecting the O&M Title, included in the preceding discussion on program changes.

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<u>Function/Activity</u>	<u>(\$ in Millions)</u>	
	<u>In</u>	<u>Out</u>
Aviation Consumable Initiative. Transfer of Air Force and Navy O&M to the DLA Supply Management Activity Group within the Defense Working Capital Fund (DWCF) to procure aviation spare and repair parts to enhance operational readiness.	+15.8	-215.8
Industrial Mobilization Capacity Transfer. Transfer to the Defense Working Capital Fund, Army to fully fund the Industrial Mobilization Capacity (IMC) program.		-133.1
Army Test Evaluation Center. Transfer to the Research, Development, Test & Evaluation, Army appropriation to properly fund ATEC personnel and HQ information management resources.		-41.1
Heavy Expanded Mobility Tactical Truck-Extended Service Program. Transfer to Other Procurement, Army for the HEMTT – ESP.		-26.2
A-76 Competitions. Net transfer from O&M, Air Force to Military Personnel Air Force to reflect a decision to reduce and or delay the number of military members affected by OMB Circular A-76 competitions.		-8.6
Classified Programs.		-5.2
Ultra-Lightweight Camouflage Net System. Transfer from the Research, Development, Test & Evaluation, Army appropriation for sustainment costs for ULCANS.	+5.0	-1.6
Program Transition. Net transfer from Research, Development, Test & Evaluation, Air Force appropriation reflects the proper funding in the O&M title of 1) Portal/Directory Services, 2) Space Long Range Planning Joint Tactical Radio System and 3) Air Traffic Control & Landing System.	+4.4	
Navy Installation Claimant Consolidation (ICC). Miscellaneous Realignments to the Navy Working Capital Fund.	+4.4	
Air Defense Battle Operations System. Transfer from the Research, Development, Test & Evaluation, Army appropriation for contract logistics support costs for Air Defense Battle Operations System (Big Crow).	+2.0	
		-200.0

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(\$ in millions)						
FY 2000	Price	Program	FY 2001	Price	Program	FY 2002
<u>Actual*</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
22,765.9	+69.3	-848.0	21,987.1	+1,181.8	+1,512.2	24,581.1

* Includes funds from transfer accounts (e.g., Overseas Contingency Operations Transfer Fund and Drug Interdiction and Counterdrug Activities, Defense).

The Operation and Maintenance, Army (OMA) appropriation provides for the day-to-day operations of units, schools and power projection platforms, which in combination support a strategically ready force. The OMA appropriation contributes to readiness by supporting tough, realistic training; providing for maintenance of equipment and facilities; and providing the highest possible quality-of-life for Soldiers and their families. The FY 2003 budget request provides enhanced anti-terrorism/force protection, near-term readiness preparedness, secured information systems, enhanced recruiter retention, the Army’s Transformation, and fact-of-life adjustments. The FY 2003 budget of \$24,581.1 million includes a price adjustment of \$1,181.8 million and a net program increase of \$1,512.2 million (6.1 percent). The most significant price change is an increase of \$612.3 million for the Office of Management and Budget civilian imputed accrual to fund the mandated benefits. The FY 2003 funding level allows the Army to continue producing a combat-ready “interim force” equipped with Interim Armored Vehicle systems, enroute to an “objective force” equipped with Future Combat systems. To ensure high levels of military readiness this budget supports the following major categories of mission operations:

Operating Tempo (OPTEMPO): In FY 2003, the Army’s ground and air OPTEMPO support 849 (home station, simulator training, and National Training Center (NTC)) training miles per year for the M1 Abrams tank and an average of 14.5 live flying hours per aircrew per month for the Active Component. In selected units, ground OPTEMPO miles include live as well as a small number of Close Combat Tactical Trainer (simulator) miles. The OMA budget will support 9 Active Component and 1 National Guard brigade rotations through the National Training Center, 9 Active Component and 1 National Guard brigade rotations through the Joint Readiness Training Center, and 5 Active Component brigade rotations through the Combat Maneuver Training Center. Additionally, 6 Active Component divisions and 2 Active Component Corps staffs will participate in the Battle Command Training Program.

Institutional Training and Recruiting: This budget request helps to support four priorities: man the force, train the force (institutional training), support the Army’s transformation, and grow leaders for the next generation of Soldiers and civilians. To set the conditions for success in manning and readiness, the Army must recruit quality Soldiers now and in the future. To man the force, the Army will continue to emphasize recruiting and advertising to ensure that today’s youth are aware of career opportunities available in the Army. To ensure that the Army can compete for the best young people, the FY 2003 budget request provides increased funding for the US

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Military Academy and Senior Reserve Officers Training Program. In order to meet the second lieutenant commissioning mission, the budget request provides increased funding for the Senior Reserve Officers Training Program scholarships and provides additional funding for advance camp requirements. To train the force, the FY 2003 budget request provides increased funding for institutional training (i.e., Specialized Skill, Recruit Training, and Professional Military Education). As part of the institutional training increase and in support of the Army's Transformation, the budget supports components of the Training and Doctrine Command Transformation to include a comprehensive redesign of professional military education and continued expansion of the Officer Leader Development Course. This course standardizes the future senior leader's knowledge of basic skills. The FY 2003 budget also provides funding to support an increase in the number of Soldiers seizing the opportunity to continue their education through the Army's Continuing Education System. The Army will expand the extremely popular Army University Access Online (AUAO) program to more installations supporting additional student enrollments in FY 2003. To develop the civilian leaders of the future, the FY 2003 budget includes additional civilian personnel training resources.

Mobilization Operations: The FY 2003 budget supports Army mobilization operations, which remain the cornerstone of the Army's deployment capability. The Army Prepositioned Stock Afloat fleet end state contains 15 ships including 8 new Large, Medium Speed Roll-on/Roll-off ships. The FY 2003 budget request supports realigning and upgrading the brigade sets on land consistent with the Army's Global Positioning Strategy (GPPS), which is providing ongoing support to Operation Enduring Freedom. Various operational projects, which are tailored sets of equipment and supplies configured for specific missions, have been most heavily employed during this operation. Beginning in FY 2002, the Army plans to reconfigure the three brigade sets in Europe into a tailored set to support European Command (EUCOM) contingency requirements. Excess stocks are being redistributed to fill shortages and increase readiness in critical prepositioned stock sets afloat in Southwest Asia and Pacific. This initiative is an example of the Army's effort to streamline and revitalize the way it operates. In FY 2003, the Army will continue deployment-outload enhancements that include the infrastructure improvement program, unit deployment container acquisition, and strategic deployment training.

Base Support: In order to more strategically deploy personnel and equipment, the Army must adequately sustain and maintain its installations and quality of life (QOL) of its Soldiers. The QOL issues include security for Soldiers and family, adequate housing and support facilities, and essential morale, welfare, and recreation programs. These services enhance Soldier retention and readiness levels. Essential force protection/anti-terrorism measures, which includes law enforcement, physical security, and antiterrorism operations, must be properly funded to ensure that military personnel, their families, and civilians around the world are safe. The FY 2003 budget includes major changes in the Base Operations Support (BOS) for antiterrorism programs, which are the result of the Army reassessing its homeland security for force protection requirements and to better protect its overseas and in-transit forces. In addition, the budget realistically funds critical base support services to preclude the migration of resources into BOS from OPTEMPO or other mission programs during execution. At this funded level, the Army will also continue to provide long overdue attention to the maintenance of real property.

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Budget Activity 1: Operating Forces

<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>(\$ in millions)</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
11,758.3	-105.0	-393.5	11,259.8	+553.1	+1,092.8	12,905.9

The FY 2003 budget request of \$12,905.9 million for the Operating Forces budget activity provides support for three activity groups: Land Forces, Land Forces Readiness, and Land Forces Readiness Support. These resources finance the day-to-day operations of the Army's active forces and support the combat units' readiness training activity levels. The Land Forces activity group provides resources for distinct facets of the operating forces (e.g., divisions, corps combat forces, and echelon above corps forces) and special force related training activities (i.e., Combat Training Centers (CTCs)). The Land Forces Readiness activity group supports key activities essential to operational readiness, such as depot maintenance, participation in joint exercises, and combat development. Lastly, the Land Force Readiness Support activity group provides for infrastructure maintenance and support, management headquarters, unified command support, and special activities of the operating forces.

The FY 2003 budget request supports the most critical readiness requirements that will enable the Army to remain trained and ready. It will allow the Army to continue critical missions and to fight and win the war on terrorism. As the Army continues its transformation initiatives, the Army has invested in the maintenance and upgrading of systems currently in the force to sustain capabilities, reduce the cost of ownership, and extend the life of the legacy systems. Additionally, Budget Activity 1 funding supports the first Interim Brigade Combat Team (IBCT) and realigns the aviation force structure to standardize attack and lift assets throughout the aviation community.

The FY 2003 increases by \$1,645.9 million above the FY 2002 funding level. This includes a price increase of \$553.1 million and a net program growth of \$1,092.8 million (9.3 percent). Major program changes between FY 2002 and FY 2003 include the following:

- A transfer in of \$5.0 million from Research, Development, Test, and Evaluation (RDT&E) appropriation for sustainment costs for the Ultra-Lightweight Camouflage Net System (ULCANS) (\$3.0 million) and contract logistics support costs for the Combat Development Air Defense Battle Operations System (Big Crow) (\$2.0 million).
- A transfer in of \$34.5 million from Budget Activity 3 (BA-3), Training and Recruiting, and BA-4, Administration, and Servicewide Activities, for the centralization of installation management.

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- A transfer out of \$26.2 million to RDT&E appropriation to properly align the Army Test Evaluation Center (ATEC) headquarters personnel (\$18.4 million) and ATEC headquarters information management funds (\$7.8 million) with ATEC's Operational Test Command mission resources.
- A transfer out of \$2.9 million to BA-3, Training and Recruiting, to realign the Army Marksmanship Unit with other recruiting resources.
- A transfer out of \$8.6 million to the Other Procurement, Army appropriation (OPA) for the Heavy Expanded Mobility Tactical Truck – Extended Service Program.
- A transfer out of \$15.4 million to Manpower Management to facilitate program execution and consolidate manpower management resources for total program visibility and oversight.
- An increase of \$152.9 million in ground and air OPTEMPO costs due to the change in the approved costs factors based on a 3-year historical pattern of demand for repair parts, changes in credit rates, and reclassification of consumables and repairable parts, as well as an increase in cost of maintaining and operating M1A2 tanks and M2A2/M2A3 Bradley Fighting Vehicles fielded to the 1st Cavalry and 4th Infantry Divisions at Fort Hood, Texas.
- An increase of \$100.0 million in OPTEMPO program as the result of a one-year reduction to the OPTEMPO program in FY 2002. The FY 2003 program increase will allow the Army to properly fund ground OPTEMPO at the highest level executed in the last decade (i.e., FY 2002).
- An increase of \$91.4 million to support the Army's Transformation efforts. The FY 2003 program increase supports the first deployment exercise for the newly formed IBCT and the incremental cost required to conduct and support the Modified Table of Organization and Equipment (MTOE) unit training, maintenance of unit equipment and routine, day to day operations of the third IBCT located in Alaska.
- An increase of \$18.1 million to establish the Deep Attack Center of Excellence (DACOE) training site and to conduct initial rotations.
- An increase of \$19.8 million to properly fund the government logistics contract support for the Training Aides, Devices, Simulations, and Simulators (TADSS).
- An increase of \$15.5 million to fund one additional IBCT rotation for USARPAC to the JRTC (predominantly for increased rail costs for the Interim Armored Vehicle).
- An increase of \$14.0 million to replace all aging and dangerous multi-fuel stoves with Modern Burner Units (MBU) by 2010.
- An increase of \$77.1 million for critical training enablers (i.e., Integrated Training Area Management (ITAM), Training Ranges, and the Battle Simulations Centers), which is essential to the readiness, deployment, and mobilization of the land forces. This increase will allow the Army to properly resource the increased requirements for digital battle staff training and reduce the risk of funding migration from OPTEMPO or other high priority readiness programs during execution.
- An increase of \$17.2 million to finance the increased sustainment cost of two TROJAN Classic XXI Mobile Remote Receiver System, two TROJAN Soldier Portable Remote Intelligence Group, and ten TROJAN LITE systems.

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- An increase of \$16.6 million in Active Component support to the Reserve Component training to comply with Title IX, U.S. Code.
- An increase of \$22.7 million to properly fund Land Information Warfare Activity's core functions that assess and correct Army information vulnerabilities and integrate the capabilities of information operations across the Army.
- An increase of \$69.5 million to offset critical shortfalls in the CINC Command, Control, Communication, and Computers (C4) sustainment and modernization.
- An increase of \$22.3 million to finance the contractual efforts to implement the Army Model and Simulation for Acquisition, Requirements, and Training (SMART) initiative, which supports major acquisition programs by reducing their cost, time and risk.
- An increase of \$13.2 million for the Combat Development headquarters to review and validate new and cascading equipment in support of the Army Transformation.
- An increase of \$56.4 in Depot Maintenance to finance more costly repairs associated with the recapitalization efforts. This growth will enable the Army to move closer to achieving optimal depot maintenance funding.
- An increase of \$26.4 million in Base Operations to finance the increased costs for privatized utilities, including recapitalization of the Army's antiquated utility systems to enhance operation and maintenance thereafter.
- An increase of \$156.2 million in Base Operations and antiterrorism/force protection of the Army installations. Funds provide for the safety, well being, and quality of life of the Soldiers and their families and DoD civilians. Funding supports law enforcement, physical security, site improvements, and various security functions.
- An increase of \$119.3 million for critical base operations support to preclude the migration of resources from OPTEMPO or other mission programs during execution.
- An increase of \$11.1 million to ensure environmental compliance with international agreements and host nation laws and regulations in Europe and Korea.
- An increase of \$11.0 million in Medical Nuclear, Biological, and Chemical (NBC) Defense Program. Funds the material requirements of pre-treatment and treatment of NBC injury to the individual Soldier.
- A decrease of \$24.9 million in Millennium Challenge, a FY 2002 Joint Forces Command exercise to demonstrate the concept of rapid operations as defined in Joint Vision 2020.
- A decrease of \$8.0 million in contract support for modeling, simulation, and analysis for Advanced Warfighting Experiments.
- A decrease of \$18.6 million due to a one-time increase in FY 2002 for contract support for 68 "loaner" vehicles (required by International Loan Agreements).
- A decrease of \$32.1 million for the Balkan Operation to reflect a reduction in supplies, fuel, equipment, and contract support.
- A decrease of \$19.4 million to reflect the downward trend in utilities costs.

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Budget Activity 2: Mobilization

<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>(\$ in millions)</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
555.7	16.6	13.4	585.8	11.0	-52.3	544.5

The FY 2003 budget request of \$544.5 million supports funding requirements for four subactivity groups: Strategic Mobilization, Army Prepositioned Stocks (APS), Industrial Preparedness, and Sustainment, Restoration and Modernization (SRM). Strategic Mobilization provides the capability to immediately deploy and sustain a five and one third division 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. APS program represents the Army's capability to power project from Continental United States (CONUS), Europe, Southwest Asia, Korea, Japan, and Hawaii to trouble spots anywhere in the world. Industrial Preparedness includes the Industrial Mobilization Capacity (IMC) program formerly known as Unutilized Plant Capacity (UPC). IMC is the reserve plant and equipment capacity held in a standby, idle, or layaway status but required for mobilization surge or for war reserve storage and are above peacetime requirements. Sustainment, Restoration, and Modernization (SRM) supports the Army's deployment-outload infrastructure improvement program. These improvements facilitate movement of personnel and equipment from CONUS bases to/through air and seaports of embarkation for rapid deployment to meet Army/Defense timelines.

The FY 2003 budget request decreases by \$41.3 million below the FY 2002 funding level. This includes a price growth of \$11.0 million and a net program decrease of \$52.3 million (8.8 percent). Major program changes between FY 2002 and FY 2003 include the following:

- A transfer out of \$41.1 million to Defense Working Capital Fund, Army (DWCF, A) to transfer a fully fund Industrial Mobilization Capacity (IMC) program.
- An increase of \$14.3 million for Army Prepositioned Stocks (APS) in Europe to support the repair for redistribution of equipment from Europe to other APS.
- An increase of \$7.0 million for APS (Non-Ammo) in the Continental U.S. (CONUS) to support the performance of Care of Supplies in Storage (COSIS) and maintenance on operational projects.
- An increase of \$4.8 million for APS (Non-Ammo) in Southwest Asia to support the performance of COSIS and maintenance of equipment, sustainment stocks, supporting medical materiel sets, and operational projects.

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- A decrease of \$23.1 million for completion of the transition from older ships to operation of the new end state fleet of 15 ships and a reduction in cargo maintenance.
- A decrease of \$14.7 million due to a one-time congressional increase for IMC in FY 2002.

Budget Activity 3: Training and Recruiting

<u>(\$ in millions)</u>						
<u>FY 2001</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>
3,761.6	84.5	191.9	4,037.9	248.2	92.9	4,379.0

The FY 2003 budget request of \$4,379.0 for the Training and Recruiting budget activity supports the requirements for three activity groups: Accession Training, Basic Skill and Advanced Training, and Recruiting and Other Training and Education. The first activity group, Accession Training, produces trained Soldiers and officers to meet force structure requirements. The second activity group, Basic Skill and Advanced Training, produces technically competent leaders. The third activity group, Recruiting and Other Training and Education, ensures that the Army can recruit quality Soldiers and provide continuing education for Soldiers and civilians.

The FY 2003 budget request supports the Army's ability to recruit and train the force, enhances the Army's transformation through the Training and Doctrine Command Transformation, and provides educational opportunities for Soldiers and civilians. The institutional training base directly supports the Army's readiness and the War on Terrorism by providing technically competent leaders that will be able to respond as required to defend the American people, our national interests and our homeland.

The FY 2003 budget request increases by \$341.1 million above the FY 2002 funding level. This includes a price growth of \$248.2 million and a net program increase of \$92.9 million (2.2 percent). Major program changes between FY 2002 and FY 2003 include the following:

- A transfer in of \$7.4 million from Budget Activities 1 and 4 to realign the Golden Knights Parachute Team and the Army Marksmanship Unit with other recruiting resources.
- A transfer in of \$2.2 million from Budget Activity 1 to support Unmanned Aerial Vehicle requirements in support of the training base.
- A transfer out of \$8.2 million to Budget Activity 4, Manpower Management for total program visibility and oversight of Civilian Personnel operations.
- A transfer out of \$6.3 million to Budget Activity 4, for centralized support to Army Museums.

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- An increase of \$1.1 million for Senior Reserve Officers Training Program scholarships at the top tier universities.
- An increase of \$20.7 million for the Contract Recruiting Company Test as directed by the FY 2001 Defense Authorization Act.
- An increase of \$8.8 million for the Army Civilian Training, and Education Program to support increased training requirements for civilian employees.
- An increase of \$42.1 million for the Army Continuing Education System and Tuition Assistance to fund increased number of enrollments.
- An increase of \$21.7 million for the Army University Access Online (AUAO) program to expand enrollments.
- An increase of \$74.7 million for Training and Doctrine Command Transformation requirements to restructure the way the institutional Army trains Soldiers and officers in support of the Army's Transformation.
- An increase of \$8.8 million for advertising to support increased contract costs for the Army's advertising agency.
- An increase of \$7.5 million to support training load increases in Recruit and Specialized Skill Training.
- An increase of \$34.9 million to Base Operation Support for funding force protection/anti-terrorism, law enforcement and security matters on Army installations.
- A decrease of \$44.6 million for training support due to one time costs funded in FY 2002 that included the training development, Fort Knox Distance Learning.
- A decrease of \$32.5 million for recruiter support due to one time costs funded in FY 2002 for the Partnership for Youth Success program.
- A decrease of \$9.8 million for decreased requirements for flight training loads and flying hours.
- A decrease of \$8.1 million for utilities pricing. Decrease reflects downward trend in utilities pricing.

Budget Activity 4: Administration and Servicewide Activities

FY 2001	Price	Program	(\$ in millions)	Price	Program	FY 2003
<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
6,690.2	73.0	-659.7	6,103.5	269.4	378.8	6,751.7

The FY 2003 budget request of \$6,751.7 for the Administration and Servicewide Activities Budget Activity supports the requirements for four activity groups: Security Programs, Logistics Operations, Servicewide Support, and Support of 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 activity group supports intelligence and security efforts through the National Foreign Intelligence Program, Joint Military Intelligence Program, Security and Intelligence Activities,

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Personnel Security Investigations, and Arms Control Treaty Implementation. The Logistics Operations activity group moves Army materiel worldwide and manages end items, ammunition, and logistics support activities. The Servicewide Support activity group supports Army Management Headquarters Activities, telecommunications, information systems, the Army claims program, personnel programs, and base support. The Support of Other Nations activity group fulfills our commitment to NATO and support Commanders in Chief (CINCs) security cooperation strategies.

The FY 2003 budget request support the Army's ability to fight and win the war on terrorism, defend the American people and the homeland, maintain high morale and readiness, create the military of the future, and streamline and revitalize the way the Army operates. Due to the events of September 11, 2001, there has been a shift in funding priorities to enhance our force protection and anti-terrorism capability. Force protection/anti-terrorism efforts funded in this budget activity include the protection, integrity, confidentiality and sustainment of Army telecommunications and information systems; security of weapons, ammunitions, and explosives; and expansion of our counterintelligence capability.

The FY 2003 budget request increases by \$648.2 million above the FY 2002 funding level. This includes a price growth of \$269.4 million and a net program increase of \$378.8 million (5.9 percent). Major program changes between FY 2002 and FY 2003 include the following:

- A net transfer in of \$23.5 million from BA-1, Operating Forces, and BA-3, Training and Recruiting, for civilian personnel operations in Manpower Management to realign servicewide support mission.
- An increase of \$278.4 million for a improved Army Headquarters Management Information Systems including enhanced Information Assurance (IA) and Communications Security programs.
- An increase of \$39.9 million for Classified programs.
- An increase of \$30.4 million for Network Infrastructure Services Agency-Pentagon for costs associated with executive agent responsibilities and the Pentagon renovation.
- An increase of \$20.5 million for essential command, control, communications and computers (C4) Commander-in-Chief (CINC) requirements for Pacific Command (PACOM) and the U.S. Army Pacific Command (USARPAC).
- An increase of \$112.9 million for Second Destination Transportation (SDT) to provide anti-terrorism/force protection measures, reconfiguration of the Army's prepositioned stocks, aviation transformation, and force modernization and sustainment movements.
- An increase of \$56.9 million for Sustainment Systems Technical Support (SSTS) and other supply operations supporting industrial base requirements for major end items/weapons systems.
- An increase of \$18.4 million for the conversion of Army National Guard (ARNG) Howitzer units to Multiple Launch Rocket System (MLRS) units, as well as the fielding of the MLRS to ARNG battalions.

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- An increase of \$28.9 to fund the NATO Military Budget at the level of the U.S. obligation, consistent with prior year obligation and execution.
- An increase of \$85.7 million in base operations and antiterrorism/force protection of our installation. Funds provide for the safety, well-being, and quality of life of our Soldiers, families and DoD civilians. Funding supports law enforcement, physical security, site improvements, and various security functions.
- An increase of \$24.1 million in Base Operation Support for Base Realignment and Closure. Funds support internal Army requirements to prepare for a future round of base realignments and closure actions beginning in FY 2003.
- A decrease of \$12.4 million for Ammunition Management, this decrease reflects further reductions in customer rates not reflected in pricing. This program will receive intense management attention during the year of execution to ensure critical requirements are accomplished.
- A decrease of \$5.0 million to reduce the Army Management Headquarters account by 15 percent of the FY 1999 baseline by FY 2003.
- A decrease of \$250 million for Spares/War Reserve Secondary Items due to a one-time funding in FY 2002 to enhance the Army's mission and operational readiness requirements.
A decrease of \$44.9 million for personnel security investigations due to anticipated backlog reduction.
- A decrease of \$40.1 million for the Defense Finance and Accounting System (DFAS) costs due to reduced DFAS billing rates, reduced workload and workload distribution.

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(\$ in Millions)						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
25,438.6*	+436.4	-839.5	26,714.5	+854.6	+1,459.7	29,028.8

* Includes funds from transfer accounts (e.g., Overseas Contingency Operations Transfer Fund; Drug Interdiction and Counterdrug Activities, Defense; and Environmental Restoration, Navy)

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 2003 budget is to continue to ensure the readiness of deployed forces. These resources will fund Ship depot maintenance at 95.6 percent against a readiness goal of 97.0 percent. Navy Tactical Aircraft (TACAIR) Operations are funded at the CNO's goal of 89.0 percent of Primary Mission Readiness (PMR).

The FY 2003 estimate of \$29,028.8 million includes a price increase of \$854.6 million. This price increase primarily results from increases in Working Capitol Fund (WCF) rates (\$528.2 million), civilian pay raises (including CSRS and health care accrual changes) (\$345.2 million) and general inflation changes (\$178.1 million), offset by decreases in fuel costs (\$-196.7 million). This budget reflects overall program increases of +\$1,459.7 million (+5.1 percent).

Budget Activity 1: Operating Forces

(\$ in Millions)						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
18,264.5	+254.6	+818.1	19,337.2	+586.9	+1,031.5	20,955.6

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.

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The FY 2003 budget estimate of \$20,955.6 million includes a price increase of \$586.9 million and program increases totaling \$1,031.5 million (5.2 percent). Major program changes include:

- Transfers out include the transfer of the Aviation Consumable Initiative funding to the Defense Working Capital Fund (\$-73.9 million). Transfers in include the transfer of Fleet Marine Forces, Pacific Unit Deployment Program from Operation & Maintenance, Marine Corps to Mission and Other Flight Operations (\$+3.9 million).
- The budget request for Air Operations includes a net decrease of \$78.4 million. In addition to the transfers described above, major program changes include an increase in the Flying Hour Program for increased usage of aviation depot level repairables (AVDLRs) (\$+81.8 million) offset by decreased hours resulting from the decommissioning of F-14s and reduction of S-3B squadrons from 8 to 6 aircraft per squadron (\$-78.5 million); decreased number of Standard Depot Level Maintenance actions (SDLMs), engine overhaul/repairs and other aviation maintenance (\$-96.7 million); and an increase for Enterprise Resource Planning initiatives, which are designed to reengineer and standardize business processes, integrate operations, optimize management of resources and implement regional maintenance (\$15.0 million).
- The budget request for Ship Operations includes a net increase of \$685.0 million. Increases include per diem costs due to the transition of AOE ships to the Military Sealift Command (\$45.6 million), offset by decreases in other MSC services; increase due to the addition of Patrol Coastal functions (\$20.4 million); increases to ship depot maintenance to accomplish a higher percentage of identified requirements and reduce deferred maintenance (\$335.8 million); additional Fleet Modernization Program efforts (\$245.5 million); and an increase for Enterprise Resource Planning initiatives (\$100.5 million). Offsetting these increases are reductions due to the completion of repairs to the USS COLE (\$-101.5 million).
- The budget request for Combat Operations and Support includes a net increase of \$121.3 million. The increase includes funds for increased support for various satellite communication programs (\$15.0 million); cable repairs and other support for the undersea surveillance systems (\$15.5 million); Landing Craft Air Cushioned (LCAC) corrosion repair and C4I upgrades (\$13.2 million); Joint Task Force and other CINC initiatives (\$19.0 million); support for the Naval Construction Battalions and repair of Civil Engineering Support Equipment (CESE) (\$24.3 million); Afloat and Mobile Security Forces and force protection ashore (\$14.0 million) and implementation of Navy-Marine Corps Intranet (NMCI) support at Fleet Headquarters and Unified Commands (\$46.3 million). Decreases in Warfare Tactics reflect completion of repairs and enhancements at the Pacific training ranges (\$-26.0 million).
- The budget request for Weapons Support includes a net increase of \$43.3 million. Major changes to the Cruise Missile program are for the advanced Tomahawk weapons control system transitioning to full operating status (\$16.7 million) and for increased

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Tomahawk recertifications (\$13.3 million). Other increases are for the Harpoon missile, the Joint Standard Imagery Processing System (JSIP), and the Tomahawk nuclear program (\$8.2 million). Changes in Weapons Maintenance include increases for Gun Weapons Systems maintenance and submarine acoustics and mine and undersea warfare equipment and software maintenance (\$17.7 million). The decrease in Fleet Ballistic Missiles reflects the phase down of Trident II (C-4) missile support in anticipation of FY 2005 retirement (\$-12.6 million).

- The budget request for Facilities Sustainment, Restoration and Modernization includes a net increase of \$147.8 million, primarily for shore installation anti-terrorism and force protection physical security projects due to heightened threat level (\$122.0 million).
- The budget request for Base Operations and Support includes a net increase of \$113.9 million. Primary program changes include force protection upgrades (\$16.1 million); an overall increase to reach C2 readiness in mission operations (air and port operations, utilities and force protection) and C3 readiness in all other base support functions (\$99.8 million); an increase to Navy-Marine Corps Intranet (NMCI) Seat Management Phasing Plan (\$17.6 million); and increases to support service craft overhauls (\$4.5 million) and the First Responders CBR Pilot Program (\$5.1 million); offset by decreases due to completion of various FY 2002 projects (\$-41.4 million).

Budget Activity 2: Mobilization

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
723.0	+65.8	-4.0	784.8	+17.6	-68.6	733.8

The Mobilization budget activity maintains assets that will support forces that rapidly respond to unforeseen contingencies throughout the world. Also funded are the maintenance, overhaul, and calibration 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 2003 budget estimate of \$733.8 million includes a price increase of \$17.6 million and program decreases of \$68.6 million (-8.5 percent). Major program changes include:

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- Full year cost of the third MPF(E), USNS WHEAT (\$+6.3 million), a change in the mix of ships participating in exercises (\$+3.2 million), and medical equipment replacement and upgrade (\$+4.9 million).
- Ten more conventional ship inactivations in FY 2003 (\$+40.9 million).
- Four fewer submarine disposals, two fewer submarine inactivations, including disposal, and one less submarine tender decontamination in FY 2003 (\$-109.4 million)
- One less conventional ship disposal and less expensive disposals on smaller ships planned in FY 2003 (\$-13.2 million).

Budget Activity 3: Training and Recruiting

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,063.5	+40.9	+39.0	2,143.4	+73.7	+142.4	2,359.5

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, the Junior Navy Reserve Officer Training Corps, and all base operating support for the above programs. Team training for ships of battle groups is funded in the Operating Forces budget activity, as is all advanced and refresher flight training and aircraft carrier qualifications.

The FY 2003 budget estimate of \$2,359.5 million includes a price increase of \$73.7 million and program increases of \$142.4 million (6.4%). Major program changes include:

- Accession Training increases in Officer Acquisition at the US Naval Academy for phased replacement and modernization of classroom and laboratory equipment, developing curriculum improvements aimed at maintaining academic and engineering accreditation and annualization of salaries for staff and instructors added in FY 2002 (\$9.9 million). Also increases for additional entrants in the Seaman to Admiral program (\$4.2 million) and increased contract services at Recruit Training Center (\$3.5 million).

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- Basic Skills and Advanced Training increases in Specialized Skill Training include support of C4I, cryptological, intelligence and other training equipment (\$13.0 million), Homeport Training (relocation of advanced training to Fleet concentration areas), related increased student throughput and for reengineering of Surface Warfare Officer training (\$12.4 million) and the continued conversion of military billets to civilian/contractor (\$8.6 million). Increases in Professional Development Education for increasing capacity of the International Military Education and Training (IMET) program and expansion of graduate programs at both the Naval Postgraduate School and off-duty graduate education (\$14.1 million). Net increase of \$19.5 million in Training Support supports E-Learning planning, development and integration as well as providing NMCI services to the Navy training community.
- Recruiting and Other Training and Education programs have a net increase of \$26.8 million reflecting compliance with DOD guidance on education and staffing of the acquisition workforce (\$7.9 million) and increasing the number of Junior ROTC units (\$2.2 million). The balance of the program change is attributable to an increase in the recruiting and advertising program, primarily for the implementation of NMCI and other recruiter IT support (\$16.7 million). The budget maintains support costs for a production recruiter force of 5,000.
- Facilities Sustainment, Restoration and Modernization includes an increase of \$24.0 million for preventive maintenance inspections, force protection requirements and phased improvement of C3/C4 facility conditions. Base Support also provides increases for force protection as well as furniture, fixtures and equipment for bachelor quarters to meet DOD standards (\$6.2 million).

Budget Activity 4: Administrative and Servicewide Support

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
4,387.6	+75.0	-13.6	4,449.0	+176.5	+354.4	4,979.9

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, engineering and acquisition support, security and investigative support, humanitarian and civic support, centralized transportation, communications services, and base operating support.

The FY 2003 budget estimate of \$4,979.9 million includes a price increase of \$176.5 million and program increases of \$354.4 million (+7.7%). Major programmatic changes include:

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- Functional transfer of \$2.9 million from O&M, Navy Reserve for Naval Personnel Command Business Process Reengineering and NMCI costs for the Information Technology Center, New Orleans.
- The budget request for Servicewide Support includes a net program decrease of \$5.3 million. Program changes include increases for MWR special projects and military retention programs. (\$11.7 million) and increases to the Chief of Naval Operations (CNO) staff offices including the Navy Chief Information Officer (\$8.9 million). This increase is offset by a decrease of \$4.5 million in Administration for reduced Defense Finance and Accounting Service bills and completion of the pilot program for Lifelines; a decrease of \$6.4 million in savings resulting from Human Resources reengineering efforts, partially offset by an increase in unemployment compensation costs; reduced requirement for claims due to one time payments in FY 2002 to the 1) Government of Bermuda for the Long Bridge (\$-11.2 million) and 2) those affected in the incident in Cavalese, Italy (\$-3.8 million)
- The budget request for Service-Wide Communications includes a net program increase of \$171.0 million. Program changes include increases for DISA Tier I costs (transferred to DISA in FY 2002 only) (\$55.1 million); NMCI service (seat) costs, transition costs and the government management cost (\$67.1 million); deployment and Web enablement of the Navy Standard Integrated Personnel System (NSIPS) (\$10.0 million); establishment of the Naval Network War Command (\$11.2 million); computer network defense, Fleet Systems Engineering Teams 24/7 support and satellite communications (\$18.5 million); and increased support for Defense Integrated Military Human Resources System (DIMHRS) (\$5.3 million).
- Logistics Operations and Technical Support increases overall by \$167.2 million. Program increases are predominantly for Program Related Logistics (PRL) and Program Related Engineering (PRE) in Air Systems Support (\$35.0 million); the Joint Warfare Analysis Center (\$12.3 million) and an increase to classified programs (\$64.1 million); Planning, Engineering and Design primarily for Cost Reductions and Effectiveness Improvement (CREI) initiatives (\$24.6 million); increased transportation requirements, primarily security for ordnance movement (\$6.2 million); software upgrades to combat weapons systems (\$4.8 million) and implementation of NMCI at the systems commands (\$20.2 million).
- Security Programs increases overall by \$31.9 million, primarily for force protection and information security.
- Base Support decreases by \$12.1 million, reflecting a decrease to fund to 85 percent of the full mission requirement per the Installation Core Business Model.

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<u>(\$ in millions)</u>						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,922.1*	+66.6	-84.7	2,904.0	+137.9	+316.1	3,358.0

* Includes funds from transfer accounts (e.g., Overseas Contingency Operations Transfer Fund, Drug Interdiction and Counterdrug Activities, Defense, and Environmental Restoration, Navy)

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 contained 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 Fleet Marine 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 two Fleet Marine Forces supported by this appropriation are composed of Marine Expeditionary Forces (Division/Wing/Service Support Group Task Organizations), including a combination of combat and combat service support organizations and a variety of supporting units. Funds are also provided to 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 Fleet Marine Force, capable of leadership growth as well as effective performance.

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

The FY 2003 O&M budget request of \$3,358.0 million reflects a net increase of \$454.0 million from the FY 2002 funding level. The change includes \$137.9 million in price growth and a \$316.1 million net increase in functional transfers (\$-1.6 million) and program changes of \$317.7 million. Detailed explanations of the transfers and program changes are provided below:

Budget Activity 1: Operating Forces

FY 2001	Price	Program	(\$ in millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,170.5	+55.1	-94.6	2,131.0	+115.3	+250.5	2,496.8

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

The Expeditionary Forces activity group provides funding for the operating forces that constitute the Marine Corps Air-Ground Team and Marine security forces at Naval installations and aboard Naval vessels. The field logistics and depot maintenance programs in support of 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 Fleet Marine Forces; Quality-of-Life (QOL) programs such as Childcare, Youth Development and Family Service Centers; injury compensation payments; and procurement of collateral equipment required 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 Norway Air Landed Marine Expeditionary Brigade (NALMEB) program and the Aviation Logistics Support Ships (TAVB) program.

The FY 2003 budget request of \$ 2,496.8 million for Operating Forces reflects a net increase of \$365.8 million from the FY 2002 funding level. Increases includes \$115.3 million in price growth and a \$250.5 million net increase. Major program changes in FY 2003 include an increase of \$118.4 million for the transition to and the fielding of the Navy Marine Corps Intranet (NMCI); an increase of \$49.8 million for Combat Vehicle Maintenance; an increase of \$102.0 million for Restoration and Modernization projects; an increase of \$27.8 million to support maintenance of aging equipment to increase readiness posture; an increase of \$ 13.1 million for

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lift requirement for Marine Corps training; an increase of \$5.9 million to support Operation and Maintenance of Newly Fielded Equipment (OMNE); an increase of \$5.8 million in acquisition support for weapon/communication systems; an increase of \$5.3 million for Anti-Terrorism Force Protection requirements; an increase of \$4.0 million for existing Vehicle Lease Program rate increase; an increase of \$ 6.0 million to support the stand-up and operation of the 4th Marine Expeditionary Brigade; increase of \$2.3 million for Authorized Medical and Dental Allowance List (AMAL & ADAL); an increase of \$3.3 million for establishment of Standard Joint Task Force Headquarters; an increase of \$ 3.2 million for the Consolidated Issue Facility (CIF); an increase of \$3.0 million for the Chief Information Officer (CIF); an increase of \$3.7 million for the Advance Amphibious Assault Vehicle (AAAV); an increase of \$2.5 million for Missile maintenance; and an increase of \$4.0 million for Semper Fit and other Marine Corps Community Services (MCCS) programs. These increases are offset by a decrease of \$14.4 million associated with one-time Congressional increases for MOLLE (Marine Load System), Blister Guard Socks, extended cold weather clothing system, modular command post system, Joint Nuclear, Biological and Chemical (NBC) defense equipment, the ultra lightweight camouflage netting system (ULCANS) and foreign currency rates; an decrease of \$4.9 million for Joint Experiment Millennium Challenge 2002; an decrease of \$34.0 million for Ordinance and End Item maintenance; an decrease of \$46.5 million for Installation Reform and A-76 programs; a decrease of \$9.6 million associated with one-time funding for Management Initiative Reform, A-76 Studies, Utilities, Training and Support Facilities, and MAGTF/TC 29 Palms; and a \$1.3 million functional transfer to the Operation and Maintenance, Navy appropriation for child care regionalization in the San Diego, California area.

Budget Activity 3: Training and Recruiting

		<u>(\$ in millions)</u>			
FY 2001	Price	Program	FY 2002	Price	Program
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>
477.8	+10.6	+16.7	505.1	+18.4	+41.5
					565.0

The resources in this budget activity support recruiting and advertising, training and the education of Marines and Quality-of-Life (QOL) programs such as Childcare, Youth Development and Family Service Centers. 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 Fleet Marine Force, major posts and stations, and duty at sea aboard vessels of the U.S. Navy. Officer Acquisition 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

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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.

This budget activity also funds training support for costs associated with 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 2003 budget request of \$565.0 million for Training and Recruiting reflects a net increase of \$59.9 million from the FY 2002 funding level. The increase includes \$18.4 million in price growth and a \$41.5 million net increase. Major program changes in FY 2003 include an increase of \$4.2 million in support of counselor billets in Off-Duty and Voluntary; an increase of \$3.1 million for replacement of 782 gear and supplies & materials; an increase of \$2.6 million for student TAD; an increase \$3.1 million to support postage and printing in support of the Marine Corps Institute; an increase of \$10.5 million to support increased 100 percent Tuition Assistance; an increase of \$31.1 million for the transition to and the fielding of the Navy Marine Corps Intranet (NMCI); and an increase of \$9.5 million for lead development initiatives in Recruiting Support. These increases are partially offset by a decrease of \$3.2 million associated with a one-time start-up cost for USMC Martial Arts Program; an decrease of \$18.9 million in Facilities Sustainment, Restoration, and Modernization projects; and a decrease of \$2.0 million for one-time FY 2002 collateral equipment increase associated with Military Construction.

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Budget Activity 4: Administration and Servicewide Activities

FY 2001	Price	Program	(\$ in millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
273.8	+0.9	-6.8	267.9	+4.2	+24.1	296.2

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, automatic 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 also 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 Fleet Marine Force units; and (d) Military Traffic Management Command and commercial sources for port handling of ocean cargo.

Base operations support 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 2003 budget request of \$296.2 million for Administration and Servicewide Activities reflects a net increase of \$28.3 million from the FY 2002 funding level. This increase includes \$4.2 million in price growth and a \$24.1 million net increase from functional transfers and program changes. Major changes in FY 2003 include an increase of \$12.3 million for the transition to and the fielding of the Navy Marine Corps Intranet (NMCI); an increase of \$1.4 million in Marine Security Guards funding to support the State Department plan to open 6 additional detachments; an increase of \$2.4 million for Marine for Life Program; an increase of \$1.3 million for additional Mission Area Analysis studies; an increase of \$4.2 million for second destination transportation due to

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increased requirements for ammunition movements, equipment shipment overseas, and commercial carrier shipping involved with the Defense Reutilization & Marketing Service facilities and Excess Equipment Recovery Program; an increase of \$3.0 million for Defense Finance and Accounting Services (DFAS) based on DFAS bill estimates. These increases are partially offset by a \$0.3 million functional transfer to the Operation & Maintenance, Navy appropriation to integrate HQ Marine Corps mailroom functions into the Department of the Navy mailroom.

AIR FORCE

<u>(\$ in Millions)</u>						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
24,519.7	+737.2	+324.1	25,581.0	+971.2	+752.4	27,304.6

The Air Force Operation and Maintenance (O&M) appropriation is the fiscal cornerstone of Air Force readiness. It supports the Air Force's capability to develop, train, sustain, and integrate the elements of air and space power to produce core competencies of air and space superiority, global attack, rapid global mobility, precision engagement, information superiority, and agile combat support. The synergy of these competencies provides the full range of aerospace capabilities to the combined forces commanders. The requested funds allow the Air Force to operate and to maintain aircraft, space, and related weapon systems; 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, 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.

The FY 2003 O&M budget request of \$27,304.6 million contains an overall increase of \$1,723.6 million above the FY 2002 funding level. The increase includes \$971.2 million in price growth and \$752.4 million (+2.8 percent) in functional transfers and program growth. The major pricing changes from FY 2002 to FY 2003 include increases of \$531.1 million the accrual cost of the Civil Service Retirement System and of the health care benefits of future federal retirees. Other price increases include \$323.1 million for purchases from the Air Force Supply Management Activity Group, and \$124.2 million for depot maintenance performed at Air Force depots. These increases are offset by a 16 percent reduction in the cost of fuel (\$-199.6 million) and reductions due to anticipated foreign currency rate changes (\$-31.6 million). In FY 2003, functional net transfers total \$6.8 million. The largest transfer-in is for the Integrated Broadcast System (IBS) (\$16.0 million), which transfers from the O&M, Navy appropriation to the Air Force because the Air Force is the Executive Agent for the IBS program. Other transfers represent realignment of programs among Air Force appropriations for more efficient program management and execution.

The FY 2003 O&M Budget sustains readiness gains achieved for FY 2002 and supports the Air Force's transformation goals. The Air Force fully funds a flying hour program of 1.3 million flying hours at levels commensurate with historic cost growth 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 meeting growing costs for base operating support, utilities, and facility sustainment, all, of which, are key to maintaining Air Force personnel and readiness.

AIR FORCE

Budget Activity 1: Operating Forces

FY 2000	Price	Program	(\$ in Millions)	Price	Program	FY 2002
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
12,537.3	+466.6	+862.4	13,846.3	+525.3	+438.9	14,810.5

The Operating Forces budget activity consists of three activity groups: Air Operations, Combat Related Operations, and Space Operations. These funds provide support for fighter, bomber, and missile forces assigned to the Air Force's operational commands. They also provide global command, control, and communications; the capability to launch payloads into various earth orbits; and a worldwide network of sites and terminals to relay data gathered by satellites. Also included in this budget activity are unique missions such as combat test and training fighter aircraft; electronic warfare aircraft; tactical air control systems; command, control and communications including the Airborne Warning and Control and the Joint Surveillance Target Attack Radar Systems (JSTARS) aircraft; combat training ranges; and base support activities.

Major changes included in the FY 2003 budget request of \$14,810.5 million are:

- Price increase of \$525.3 million.
- Net functional transfers in totaling \$23.2 million driven primarily by a transfer in of \$16 million from the O&M, Navy appropriation to the Air Force for the Integrated Broadcast System for which the Air Force is the Executive Agent.
- Increase of \$128.9 million for facility sustainment to fund 100 percent of requirements for critical annual maintenance and scheduled repair activities required to maintain the inventory of real property assets through the expected service life.
- Increase of \$76.0 million for restoration and modernization requirements to correct deteriorating facilities and infrastructure.
- Increase of \$64.0 million for Southwest Asia support for temporary duty, facilities, repairs, supplies, and other required forward base operating support for the Aerospace Expeditionary Force (AEF) rotations in support of Operations Northern Watch and Southern Watch.
- Increase of \$46.5 million for morale and welfare related supplies and contracts for force enablers such as mess attendants, gymnasiums, libraries, and linen exchange contracts. The increase provides additional funding for dining facilities and for support of intramural sports activities, and for fitness equipment. These increases reflect the results of the Air Force's Quality of Life Surveys, which determined that providing a wholesome lifestyle for airmen who live in dormitories is a key retention tool.

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- Increase of \$36.5 million for the Minuteman III ICBM Total System Performance Responsibility (TSPR) contract. The increased funding adds critical tasks to the contract for the Propulsion System Rocket Engine and for the Post Boost Propulsion System and for sustaining engineering to support the NS-20 Guidance System and the Reentry Vehicle and Deployment Module.
- Increase of \$33.3 million for increased costs of operating municipal-like activities such as water, electric, natural gas, sewage disposal, and steam and heating systems.
- Increase of \$28.4 million to sustain and to maintain legacy launch systems and equipment due to delay in the Range Standardization and Automation system upgrades.
- Increase of \$25.8 million for engineering installation support to improve the communications architecture and to upgrade communications capabilities at the installation level. Efforts include expanded bandwidth to support command and control, intelligence, weather, and logistics communications as well as improvement in information assurance, network reliability, and electronic physical security systems at weapons storage areas, fuel depots, and supply warehouses.
- Increase of \$24.2 million for B-2 readiness support including logistics and engineering support, technical data, and maintenance to support B-2 upgrades for radars, communications systems, low observability treatments, and the Joint Mission Planning System that will improve lethality, survivability, and reliability.
- Increase of \$22.6 million for the National Airborne Operations Center to replace obsolete equipment and to support the programmed depot maintenance on the E-4B aircraft.
- Increase of \$21.2 million for real property services for base support such as fire protection, snow removal, entomological services, grounds maintenance and custodial services.
- Increase of \$21.0 million to support operation of the Al Udeid Air Base, Qatar.
- Increase of \$18.8 million for Operations in Bosnia, including Operation Joint Forge (Peacekeeping in Bosnia) and Operation Deliberate Forge (Enforcement of the no-fly zone over Bosnia).
- Increase of \$16.3 million for vehicle maintenance. The Air Force is holding vehicles in inventory longer than originally planned. Currently, 37 percent of general purpose and 41 percent of special purpose vehicles are eligible for replacement. By the end of FY 2003, 65 percent and 53 percent, respectively, will be replacement eligible. As the vehicles age, the requirements for maintenance and supplies to support the aging vehicles increases.
- Increases of \$15.2 million for base maintenance and support contracts to support Air Force bases in Singapore and Diego Garcia; Earackson Air Station, AL; and the Alaska Radar Sites of the Joint Warning System and the Northern Warning System.
- Increase of \$14.5 million for increased U-2 requirements and taskings from the CINCs for support in their areas of responsibility.
- Increase of \$13.2 million for contractor logistics, technical data, and sustaining engineering to support aging Weather and Air Traffic Control and Landing Systems, the Precision Approach Radar, and the other supporting ground equipment.

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- Increase of \$12.6 million for base physical security systems to fund validated security requirements for the Commanders-in-Chief (CINCs) for which the Air Force is the Executive Agent. The improvement will satisfy vulnerability assessments, USS COLE Commission recommendations, and DoD anti-terrorism standards.
- Increases of \$10.7 million for the Joint Information Operation Center to fund increased Joint Task Force – Computer Network Operations. The increased funding will provide modeling and simulation to analyze and to predict threats to critical communications systems, initiate support for a secure network for all Services Computer Emergency Response Teams, and produce tactical predictive indicators and warning capability for cyber attacks on DoD networks.
- Increase of \$10.4 million for US Central Command Headquarters for command and control information operations to provide a reliable bridge between the headquarters and the deployed locations and to improve coalition interoperability.
- Increase of \$10.3 million for Space Based Infrared System to provide support for Constant Vision through tactical situational awareness information from the Tactical Information Broadcast System and the Tactical Data Distribution System network to the Crisis Action Team.
- Increase of \$8.0 million for the North American Aerospace Defense Command (NORAD) to upgrade internal and external secure communications and to upgrade and to maintain command and control hardware and software in the NORAD command center and air defense sectors.
- Increase of \$7.5 million to provide contractor logistics support for operation and maintenance of for High Altitude Endurance Unmanned Aerial Vehicles and aircraft beddown at Beale Air Force Base, CA.
- Increase of \$7.4 million at Wake Island for base support services including airfield management, communications, fuels, transportation, dining, lodging, utilities, and maintenance. Increased base support requirements reflect the increased use of the Wake Island by the Navy. The Air Force, as the Executive Agent for Wake Island, provides the base support.
- Decreases totaling \$182.1 million for FY 2002 programs that are not continued into FY 2003 including \$57.3 million for completed projects for anti-terrorism protection, demolition, and air base ground defense improvements and a one time payment of \$11.2 million to Canada for the balance of the United States' share of the North American Air Defense Modernization. FY 2003 reflects a decrease of \$34.1 million for the acceleration of the F-16 Engine Safety Upgrade for replacement of engine parts to prevent engine in-flight failure. In FY 2003, the remaining requirements for spare parts will be integrated into the Flying Hour Program. Decreases for FY 2002 one-time congressional program increases for the B-52 attrition reserve depot maintenance and for the Clear Radar Upgrade total \$31.3 million.
- Decrease of \$137.0 million in depot maintenance that reduces the FY 2002 workload to that which can be executed in FY 2003 given the uncompleted workload from previous fiscal year funding that will also be executed during FY 2003. Unexecutable depot maintenance requirements will be funded in FY 2004.
- Decrease of \$61.6 million that reflects savings from the consolidation of the B-1B bomber fleet from 93 aircraft to 60 and from five bases to two. The consolidation reduces the costs for contract engineering, contractor support, and technical data. The

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savings are reapplied to the RDT&E and Aircraft Procurement appropriations for B-1B modernization efforts to improve lethality, survivability, and readiness.

- Decrease of \$28.6 million reflects the closure of the Defense Support Program in FY 2003 as the Space Based Infrared Systems meets its Initial Operational Capability.
- Decrease of \$28.2 million in the cost of the Flying Hour Program to reflect changes in the Flying Hour Program including changes in consumption, program, and aircraft and a reduction in fuel costs.
- Decrease of \$21.0 million due to the decrease in environmental projects required to be completed by federal, state, and local laws and regulations.
- Decrease of \$17.5 million for the Peacekeeper Intercontinental Ballistic Missile (ICBM) that reflects the beginning of the deactivation of the Peacekeeper ICBM. In FY 2003, the annual maintenance requirement declines, and the Air Force will begin the removal of the first 17 missiles.
- Decrease of \$13.2 million for North Atlantic Defense System reflecting the decrease in Icelandic Air Defense Operations.
- Decrease of \$ 12.2 million for launch vehicles reflects a return to the normal baseline operations in FY 2003 from the FY 2002 program that include increased costs to support a reduction from 180 days to 150 days between launches for the Titan IV program.

Budget Activity 2: Mobilization

<u>(\$ in Millions)</u>						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
3,570.8	+74.0	+8.7	3,653.5	+56.2	+125.6	3,835.3

The Mobilization budget activity includes the following 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 provides 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 provide humanitarian/peacekeeping assistance is a major instrument of the U.S. national security 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.

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Major changes included in the FY 2003 budget request of \$3,835.3 million are:

- Price increase of \$56.2 million.
- Net functional transfers of \$1.2 million reflecting realignment of funding from the Military Personnel, Air Force appropriation for conversion of non-combat positions from military personnel to civilian personnel.
- Increase of \$115.7 million for Payments to the Transportation Working Capital Fund to pay for expenses not recovered from tariff rates charged to customers.
- Increase of \$56.0 million for facility sustainment to fund 100 percent of requirements for critical annual maintenance and scheduled repair activities required to maintain the inventory of real property assets through the expected service life
- Increase of \$12.3 million for simulators and training products to support beddown of the C-130J aircraft in FY 2004.
- Decreases totaling \$51.5 million for FY 2002 programs that are not continued into FY 2003 including KC-10 contractor logistics support (\$38.7 million) and one-time Congressional program increases (\$12.7 million).
- Decrease of \$15.5 million in depot maintenance that reduces the FY 2002 workload to that which can be executed in FY 2003 given the uncompleted workload from previous fiscal year funding that will also be executed during FY 2003. Unexecutable depot maintenance requirements will be funded in FY 2004.
- Decrease of \$11.3 million in the cost of the Flying Hour Program to reflect changes in the Flying Hour Program including changes in consumption, program, and aircraft and a reduction in fuel costs.

Budget Activity 3: Training and Recruiting

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,303.8	+55.7	+80.9	2,440.4	+86.2	+124.3	2,650.9

The Training and Recruiting budget activity supports three broad mission areas: Accession Training, Specialized Skills and Flight 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

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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 education programs to enhance and to develop critical leadership skills of commissioned officers, civilian, and noncommissioned officers. 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 2002 budget request of \$2,650.9 million are:

- Price increase of \$86.2 million.
- Net program transfers of \$-7.5 million that primarily represents transfers to the Military Personnel, Air Force appropriation to reflect a delay in the realization of savings from competition of base support functions at the training bases pending the revision acquisition strategy for the support contracts.
- Increase of \$27.3 million for restoration and modernization requirements to correct deteriorating facilities and infrastructure.
- Increase of \$19.8 million for civilian workforce shaping and training to increase the number of interns and co-op students in anticipation that 40 percent of the civilian workforce is eligible to retire in the next five years.
- Increase of \$17.2 million for facility sustainment to fund 100 percent of requirements for critical annual maintenance and scheduled repair activities required to maintain the inventory of real property assets through the expected service life.
- Increases of \$15.7 million in recruiting and advertising and \$5.5 million for Air Force Reserve Officers Training Corps to sustain the campaign for airmen and officer candidates with the right skill mix needed for airpower in the 21st Century.
- Increase of \$14.8 million for contractor logistics support for trainer engine overhaul.
- Increase of \$11.8 million for professional military education to reflect the increased attendance at the Air and Space Basic Course and the increased attendance at Airman Leadership Schools and Noncommissioned Officer Academies due to higher enlisted personnel promotion rates while continuing to maintain Squadron Officer School attendance at 80 percent of the officer force.
- Decrease of \$16.2 million in the cost of the Flying Hour Program to reflect changes in the Flying Hour Program including changes in consumption, program ,and aircraft and a reduction in fuel costs.

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Budget Activity 4: Administration and Servicewide Activities

	(\$ in Millions)					
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
6,109.8	+160.6	-627.8	5,640.7	+335.9	+31.3	6,007.9

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. 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 2001 budget request of \$6,007.9 million are:

- Price increase of \$335.9 million.
- Net functional transfers of \$-10.1 million for miscellaneous actions.
- Increase of \$213.9 million for classified programs.
- Increase of \$50.6 million for Defense Information System Network Tier One Cost for core communications and infrastructure,
- Increase of \$30.8 million for facility sustainment to fund fully 100 percent of requirements for critical annual maintenance and scheduled repair activities required to maintain the inventory of real property assets through the expected service life
- Increase of \$27.2 million for Combat Search and Rescue. In FY 2003, Low Density/High Demand assets formerly belonging to the Air Force Reserve Component transfer to the Active Component consistent with the Expeditionary Air Force construct to support deployment with a full complement of operational capability.

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- Increase of \$15.0 million for Defensive Information Operations – Combat Information Transport System to improve defensive information operations support against cyber attacks and to maintain and to manage networks analytical tools to detect and to respond to network intrusions.
- Increase of \$14.8 million for the sustainment of the Public Key Infrastructure (PKI) program as the PKI program transitions to operational status in FY 2003 from the Research, Development, Test, and Evaluation appropriation.
- Increase of \$12.8 million for Defensive Information Operations – Upgrade Information Assurance System to provide information assurance education, training, and certification.
- Increase of \$10.7 million to subsidize fees for family childcare providers offering infant care, toddler care, special needs care, swing shift care, and weekend care to help Air Force personnel and their families cope with the high operations tempo.
- Decreases totaling \$254.9 million for FY 2002 programs that are not continued into FY 2003, primarily the FY 2002 depot maintenance quarterly surcharge payment (\$235.3 million) that paid for the FY 2001 depot maintenance operating loss.
- Decrease of \$156.7 million that reflects completion in FY 2002 of initiatives to improve readiness through the increased availability of spare and repair parts including the Readiness Spares Package Initiative for Strategic Airlift, the four-year Spares Inventory Enhancement Program, and the Air Force support for the Defense Logistics Agency Aviation Investment Initiative.
- Decrease of \$44.9 million in payments to the Defense Finance and Accounting Service due to anticipated savings from business process reforms and management efficiencies.
- Decrease of \$12.2 million due to reduction in contract and technical support for the Defense Messaging System (DMS) because DMS completed the transition of users to DMS from the legacy AUTODIN system during FY 2002.

OPERATION AND MAINTENANCE, DEFENSE -WIDE

<u>(TOA, Dollars in Millions)</u>							
	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
BA - 1	1,749.7	+16.1	-10.2	1,755.6	+62.9	+111.2	1,929.7
BA - 2	53.7	+0.9	-9.9	44.7	+0.7	-3.9	41.4
BA - 3	259.5	+5.5	-21.8	243.3	+10.0	+45.7	299.0
BA - 4	<u>10,139.3</u>	<u>+312.0</u>	<u>+271.6</u>	<u>10,722.9</u>	<u>+606.5</u>	<u>+915.8</u>	<u>12,245.2</u>
TOTAL	12,202.3	+334.4	+229.8	12,766.5	+680.0	+1,068.8	14,515.3

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; air and sea lift of all Components participating in the Chairman, Joint Chiefs of Staff Exercise Program; dependent education; and various consolidated training, audit, and contract management activities. The functions also include nuclear weapons management and analysis, treaty implementation, and management of the Department.

At the summary level, the net change from FY 2002 to FY 2003 for O&M,D-W is an increase of \$1,748.8 million and includes increased funding for price growth of \$680.0 million and a net program increase of \$1,068.8 million. The major program changes are as follows.

FY 2003, Program Changes

- **Functional Transfers Out:** Primarily for the functional realignment of responsibility for programs such as the Tier One Rates back to Defense Information Services Agency's (DISA) customers, eight civilian full-time equivalents from Washington Headquarters Services to the Office of the Inspector General, and Outdoor Odyssey from Civil Military Program to the Corp for National and Community Service. Additionally, DISA transfers O&M,D-W to Research, Development, Technology and Evaluation, Defense-Wide (RDT&E,D-W) to perform Global Command and Control System applications development activities supporting Joint Staff and CINC requirements.

\$+1,068.8
-198.9
- **Functional Transfers In:** Primarily for the transfer of the Defense Security Service (DSS) Personnel Security Investigations Program in the Defense Working Capital Fund (DWCF) to O&M,D-W to properly align overhead costs in the DSS Academy, the transfer of costs from the US Air Force Air Mobility Command for commercial transportation for White House Communications Agency personnel and equipment to DISA O&M,DW, the transfer of the DISA increased operation of CONUS Regional Network Operations and Security Center functions

+26.5

DEFENSE-WIDE

in DWCF to O&M,DW, and the transfer of The Joint Staff Joint Warfare System Program from RDT&E,D-W to O&M,DW as now operational.

- Congressional adds and earmarks not continued in FY 2003 -271.5
- Classified Activities +796.9
- Readiness/Contingency Operations +147.8
- Education Programs +95.1
- Command and Control Initiatives +170.1
- Business Practices +75.2
- Security Initiatives +67.1
- Net Other Programs +160.5

Program funding and price/program changes by O-1 line item are displayed below:

	(Dollars in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Total	12,202.3	+334.4	+229.8	12,766.5	+680.0	+1,068.8	14,515.3
<u>Subtotal BA 1</u>	<u>1,749.7</u>	<u>+16.1</u>	<u>-10.2</u>	<u>1,755.6</u>	<u>+62.9</u>	<u>+111.2</u>	<u>1,929.7</u>
TJS	389.3	-16.8	-13.9	358.6	+15.1	+24.6	398.3
USSOCOM	1,360.4	+32.9	+3.7	1,397.0	+47.8	+86.6	1,531.4
<u>Subtotal BA 2</u>	<u>53.8</u>	<u>+0.9</u>	<u>-9.9</u>	<u>44.7</u>	<u>+0.6</u>	<u>-3.9</u>	<u>41.4</u>
DLA	53.8	+0.9	-9.9	44.7	+0.6	-3.9	41.4
<u>Subtotal BA 3</u>	<u>259.5</u>	<u>+5.5</u>	<u>-21.8</u>	<u>243.3</u>	<u>+10.0</u>	<u>+45.7</u>	<u>299.0</u>
AFIS	9.1	+0.2	+1.8	11.1	+0.2	-0.1	11.2
DAU	101.4	+2.5	-8.9	95.0	+4.8	+3.7	103.5
DCAA	4.3	+0.1	+0.3	4.7	+0.1	-	4.9
DFAS	10.9	+0.1	-2.2	8.9	+0.1	+0.1	9.1

DEFENSE-WIDE

(Dollars in Millions)

	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
DHRA	67.0	+1.1	-16.4	51.7	+1.1	+36.3	89.2
DSS	7.4	+0.2	-	7.5	+0.3	+2.1	9.9
DTRA	1.0	-	+0.3	1.3	0.1	-	1.3
INTELL	-	-	+6.9	6.9	+0.2	-0.3	6.9
USSOCOM	58.4	+1.3	-3.5	56.2	+3.1	+3.9	63.0
<u>Subtotal BA 4</u>	<u>10,139.3</u>	<u>+311.9</u>	<u>+271.7</u>	<u>10,722.9</u>	<u>+606.5</u>	<u>+915.8</u>	<u>12,245.2</u>
AFIS	94.4	+1.8	-1.0	95.2	+2.8	+0.6	98.6
CMP	91.1	+1.4	+21.3	113.8	+1.7	-18.6	97.0
INTELL	4,464.2	+141.2	+154.7	4,760.1	+258.5	+845.8	5,864.2
DCAA	327.2	+12.4	-8.5	331.1	+29.8	+16.4	377.5
DCMA	924.0	+35.4	-32.4	927.0	+103.7	+39.8	1,070.6
DFAS	2.1	-	-0.8	1.3	-	+0.9	2.3
DISA	826.6	+20.8	+93.8	941.2	+26.7	-11.2	956.6
DLA	216.4	+4.3	-35.5	185.2	+5.7	+10.3	201.2
DLSA	11.2	+0.5	+0.7	12.4	+0.7	+1.3	14.4
DoDDE	1,482.7	+40.5	-62.8	1,460.4	+111.1	+44.7	1,616.2
DHRA	190.1	+4.6	+0.3	195.0	+8.3	+52.7	256.0
DPMO	14.7	+0.4	+0.3	15.4	+0.8	-0.1	16.0
DSCA	56.9	+0.9	+12.6	70.4	+2.4	-4.9	67.9
DSS	130.3	+2.1	-17.6	114.8	+7.1	+48.6	170.4
DTRA	225.0	+5.4	+15.1	245.5	+10.7	+17.3	273.5
OEA	43.2	+0.8	-0.4	43.6	+0.8	-29.7	14.7
OSD	528.9	+22.5	-17.0	534.4	+24.2	-58.7	499.9
Special Programs	6.5	+0.1	+148.8	155.4	+2.3	-89.8	68.0
TJS	158.0	+5.4	-2.7	160.7	+2.1	+21.7	184.5
USSOCOM	47.3	+1.1	-7.9	40.5	+1.5	+20.7	62.9
WHS	298.5	+10.3	+10.7	319.5	+5.5	+8.1	332.8

Totals may not sum across due to rounding of price and program changes.

RESERVE COMPONENTS

	(\$ in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army Reserve	1,601.3	+46.3	+104.7	1,752.3	+86.3	+84.7	1,923.3
Navy Reserve	1,015.2	+4.2	-22.4	997.0	+15.1	+153.8	1,165.9
Marine Corps Reserve	146.6	+2.5	-5.9	143.2	+3.7	+38.6	185.5
Air Force Reserve	1,943.1	+95.6	-32.8	2,005.9	+113.2	+71.9	2,191.0
Army National Guard	3,413.6	+85.4	+234.7	3,733.7	+184.2	+218.9	4,136.8
Air National Guard	<u>3,608.7</u>	<u>+177.7</u>	<u>+165.7</u>	<u>3,952.1</u>	<u>+230.0</u>	<u>-31.1</u>	<u>4,151.0</u>
Total	11,728.5	+411.7	+444.0	12,584.2	+632.5	+536.8	13,753.5

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 2003 budget request of \$13,753.5 million for the Reserve Forces includes price growth of \$632.5 million and net program increase of \$536.8 million (4.3 percent) above the FY 2002 funding level. Summary program data for the Reserve Components is displayed below.

Reserve Forces Program Data

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Selected Reserve End Strength	868,534	-4,576	863,958	+600	864,558
Civilian Personnel Full-Time Equivalents (FTEs)	76,326	-134	76,192	-168	76,024
Military Technicians (MEMO)	(63,762)	(+637)	(64,399)	(+220)	(64,619)
Ship Inventory (End FY)	25	-	25	+1	26
Steaming Hours (000)	48	-6	42	+16	58
Total Aircraft Inventory (TAI)	3,648	-182	3,466	-50	3,416
Primary Authorized Aircraft (PAA)	4,012	-158	3,854	-10	3,844
Flying Hours (000)	855	+150	1,005	-10	995

RESERVE COMPONENTS

ARMY RESERVE

Program/Price Growth. The FY 2003 budget request for the Army Reserve increases by \$171.0 million from the FY 2002 level. This increase includes \$86.3 million for price growth and a net program increase of \$84.7 million (4.8 percent).

Program Discussion. The Army Reserve end strength remains at 205,000 in FY 2003, consistent with the end strength goal established by the Quadrennial Defense Review. Program increases include \$63.1 million for OPTEMPO due to increased requirements for supplies and flying hours that support Army Reserve units as they train to meet current deployment timelines; \$14.8 million for facilities sustainment, restoration, and modernization to slow facility deterioration; \$14.4 million for an increased Military Technician authorization; \$12.7 million for professional and skill progression training for the Army School System to achieve 85 percent Duty Military Occupational Skill Qualification by FY 2005; \$7.9 million for information technology staff management headquarters and operating expenses; \$5.5 million for support to the national committee for the Employer Support of the Guard and Reserve (ESGR); \$5.3 million for Regional Training Sites; \$5.0 million to support the electronic business technologies and standards to include smart cards, electronic data interchange, and implementation of Public Key Infrastructure for digital signatures and encryption capabilities; \$4.5 million for furnishings for newly constructed facilities, \$4.6 million for recruiting and advertising; \$2.7 million for medical and dental readiness; and \$2.1 million to support post deployment infrastructure sustainment of the Reserve Component Automation System (RCAS) Other net increases total \$1.5 million. Program decreases occur in real property services (\$23.1 million); in depot level maintenance (\$14.3 million); in environmental and pollution funding (\$12.3 million); and in telecommunication services (\$9.7 million). The additional 17 Army Reserve centers are the result of scheduled leased and newly constructed buildings, while the FY 2002 decrease reflects property disposal under the Facility Reduction Program. The increase in aircraft reflects the activation of two general support aviation companies during FY 2002.

Army Reserve Program Data

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	205,628	-628	205,000	-	205,000
Civilian Personnel (FTEs)	10,783	+141	10,924	-18	10,906
Technicians (MEMO)	(6,859)	(+299)	(7,158)	(+48)	(7,206)
Total Aircraft Inventory (TAI)	134	+6	140	+8	148
Primary Authorized Aircraft (PAA)	134	+6	140	+8	148
Flying Hours (000)	34	+9	43	+3	46
Major Installations	6	-	6	-	6
Reserve Centers	809	-23	786	+17	803

RESERVE COMPONENTS

NAVY RESERVE

Program/Price Growth. The budget request increases by \$168.9 million from the FY 2002 level, and includes \$15.1 million for price growth and a net program increase of \$153.8 million (15.4 percent).

Program Discussion. The Navy Reserve selected reserve end strength increase of 1,500 in FY 2003 reflects increased manning levels for antiterrorism/force protection and Mobile Inshore Undersea Warfare Units. Civilian personnel full-time equivalents decrease slightly to 1,455. Program increases include \$82.3 million for the continued fielding and transformation to the Navy Marine Corps Intranet (NMCI) system, with particular emphasis on connecting the drilling Selected Reservists; \$31.8 million for equipment and associated maintenance for combat support forces; \$21.7 million for ship depot maintenance and depot operations support which funds 95 percent of the ship depot maintenance requirement; \$20.1 million for aviation depot engine and airframe maintenance to fund the CNO goal of 90 percent of the requirement for non-deployed squadrons; \$13.6 million for increased ship inventory and OPTEMPO; a net increase of \$9.4 million for the flying hour program for Aviation Depot Level Repairables (AVDLRs) and aviation contract maintenance (\$37.2 million) offset by a decrease for historical underexecution (\$-27.8 million); \$2.5 million for facilities sustainment, restoration, and modernization; and a net increase of \$0.4 million for various other program changes. Program decreases include a \$20.2 million decrease in ship and aircraft depot maintenance associated with completed availabilities and a \$7.8 million net decrease in base support which includes an increase to fund physical readiness equipment, bachelor quarters furniture, and realignment of grounds maintenance to properly reflect execution (\$4.0 million) and savings for strategic sourcing initiatives (\$-11.8 million). An increase of 1 Navy tactical aircraft is reflected in FY 2003. Also, a net increase of 1 battle force ship in FY 2003 represents the net of a transfer into the Reserve Battle Force of three more capable Guided Missile Frigates (FFGs) from the Active Force, and a decrease of two battle force ships due to decommissionings.

Navy Reserve Program Data

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	87,913	-1,613	86,300	+1,500	87,800
Civilian Personnel (FTEs)	1,877	-344	1,533	-78	1,455
Primary Authorized Aircraft (PAA)*	407	-	407	+1	408
Flying Hours (000)	151	+24	175	-8	167
Ship Inventory	25	-	25	+1	26
Steaming Hours (000)	48	-6	42	+16	58
Reserve Centers	154	-1	153	-	153
Major Installations	5	-	5	-	5

* Total Aircraft Inventory is included under active Navy.

RESERVE COMPONENTS

MARINE CORPS RESERVE

Program/Price Growth. The budget request increases by \$42.3 million from the FY 2002 level, and includes \$3.7 million for price growth and a net program increase of \$38.6 million (27.0 percent).

Program Discussion. The FY 2003 request supports manpower levels of 39,558 military end strength and 151 civilian full-time equivalents. Program increases include \$26.6 million for the Navy Marine Corps Intranet (NMCI) to which the Marine Corps Reserve began transitioning in FY 2002; a net increase of \$8.4 million for depot maintenance for combat vehicles, increased maintenance for aging equipment, depot level reparables and depot maintenance end items and ordnance; \$3.6 million for increased requirements for base support; and \$2.1 million for operating forces training. The program decreases by \$2.1 million for facilities sustainment, restoration, and modernization program requirements.

Marine Corps Reserve Program Data

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	39,810	-252	39,558	-	39,558
Civilian Personnel (FTEs)	150	-2	148	+3	151
Primary Authorized Aircraft (PAA)*	185	+1	186	-	186
Flying Hours (000)	44	+5	49	-2	47
Divisions	1	-	1	-	1
Training Centers	188	-	188	-	188

* Total Aircraft Inventory is included under active Navy.

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 2003 budget request for the Air Force Reserve increases by \$185.1 million from the FY 2002 level. This increase includes an increase of \$113.2 million for price growth and a net program increase of \$71.9 million (3.6 percent).

Program Discussion. The FY 2003 budget request supports 74 flying units and a manpower level of 75,600 military end strength and 14,160 civilian full-time equivalents. The FY 2003 budget includes an increase of \$43.9 million in Air Operations to support the transfer of a KC-135R wing to the Air Force Reserve Command (\$10.7 million) and to support an increase in C-17 and C-5 Associate flight crews (\$33.2 million); \$8.4 million for real property maintenance; \$24 million for base support increases in the areas of utilities, communications, and protective vests for deployed personnel; \$6.5 million for recruiting and advertising; and a net increase of \$2 million for other miscellaneous programs. These increases are offset by a \$12.9 million program decrease in depot maintenance.

Depot maintenance has been funded at 90.2 percent of requirements and the flying hour program is funded at 92 percent of the requirement. The civilian end strength decline in FY 2003 is due to A-76 conversions. The increase in the Selected Reserve end strength meets the increased demand for Reserve personnel by the Air Force Material Command, the Air Education and Training Command, and the various intelligence activities.

Air Force Reserve Program Data

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	74,869	-169	74,700	+900	75,600
Civilian Personnel (FTEs)	14,525	-188	14,337	-177	14,160
Technicians (MEMO)	(9,959)	(-144)	(9,815)	(+92)	(9,907)
Total Aircraft Inventory (TAI)	445	+18	463	-11	452
Primary Authorized Aircraft (PAA)	398	+5	403	+8	411
Flying Hours (000)	135	+3	138	+4	142
Major Installations	13	-	13	-	13

RESERVE COMPONENTS

ARMY NATIONAL GUARD

Program/Price Growth. The FY 2003 budget request for the Army National Guard increases by \$403.1 million from the FY 2002 level. The total increase includes an increase of \$184.2 million for price growth and a net program increase of \$218.9 million (5.9 percent).

Program Discussion. The FY 2003 budget provides for the training and operations for end strength of 350,000. Major program changes include a \$101.5 million increase for ground OPTEMPO to fund critical requirements for modernization and force structure changes; \$60.4 million for Air OPTEMPO to support 9.0 hours per aircrew per month; \$49.3 million for base operations critical requirements; \$29.0 million to fully fund military technician increases; \$5.5 million for the Reserve Component Automation System (RCAS); \$11.3 million for the Army National Guard Continuing Education Program which supports tuition assistance for institutional training; \$8.3 million for critical environmental projects; \$7.3 million for base communications to support the Standard Army Management Information System (STAMIS); \$4.2 million for disability compensation costs; \$1.1 million for supplies and services for the Total Army School System (TASS); and \$5.0 million for various other program increases. One-time congressional adds in FY 2002 result in a program decrease of \$64.0 million.

Army National Guard Program Data

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	351,829	-1,829	350,000	-	350,000
Civilian Personnel (FTEs)	25,122	+17	25,139	+54	25,193
Technicians (MEMO)	(24,403)	(+229)	(24,632)	(+64)	(24,696)
Total Aircraft Inventory (TAI)/PAA	1,708	-154	1,554	-18	1,536
Flying Hours (000)	190	+88	278	-1	277
Training Locations	283	-	283	-	283
Divisions	8	-	8	-	8
Brigades	15	-	15	-	15

RESERVE COMPONENTS

AIR NATIONAL GUARD

Program/Price Growth. The FY 2003 budget request for the Air National Guard (ANG) increases by \$198.9 million from the FY 2002 level. This change includes a price increase of \$230 million and a net program decrease of \$31.1 million (-0.8 percent).

Program Discussion. The FY 2003 budget request supports 86 flying units, 315,894 flying hours, and 24,159 civilian full-time equivalents. The net program decrease in the FY 2003 request includes one-time FY 2002 Congressional adjustments (\$-12.2 million), and the one-time FY 2002 increase to satisfy a cash shortfall associated with the higher cost of spare parts for aircraft engines (\$-22.0 million). Program increases include \$70.7 million for facilities sustainment, restoration, and modernization; \$22.2 million for transition costs to support the conversion to C-17 aircraft from C-141 aircraft; \$16.9 million for the unit conversion to eight (8) KC-135E air refueling aircraft from F-16s; \$16.9 million for contractor logistics support for the F-15 Distributed Mission Trainer (DMT) (\$5.8 million) and C-38 and C-40 aircraft (\$11.1 million); \$15.5 million for depot maintenance to fund 95 percent of requirements; and \$4.4 million for defensive information operations to protect against cyber attacks on critical defense related infrastructure. Program reductions are the result of the decision to consolidate the Air Force's B-1 bomber forces which results in the loss of 2 ANG bomber units and 16 aircraft (\$-95.2 million); the unit conversion from fifteen (15) F-16C/D tactical fighters to KC-135 aircraft and the completion of mandated safety modifications which results in a reduced number of scheduled time changes on F-16 engines (\$-40.1 million); and a reduction in Nuclear, Biological, Chemical equipment funds as a result of the significant increase in FY 2002 to alleviate some of the shortfall in both individual and unit level protective supplies and equipment (\$-11.4 million). Other miscellaneous program changes result in a net program increase of \$3.2 million. The reduction of 1,800 end strength affects various supply, finance, personnel, safety, contracting and transportation positions.

Air National Guard Program Data

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	108,485	-85	108,400	-1,800	106,600
Civilian Personnel (FTEs)	23,869	+242	24,111	+48	24,159
Technicians (MEMO)	(22,541)	(+253)	(22,794)	(+16)	(22,810)
Total Aircraft Inventory (TAI)	1,361	-52	1,309	-29	1,280
Primary Authorized Aircraft (PAA)	1,180	-16	1,164	-9	1,155
Flying Hours (000)	301	+21	322	-6	316
Major Installations	2	-	2	-	2
Other Operating Locations	176	+3	179	-2	177

DEFENSE EMERGENCY RESPONSE FUND

<u>(\$ in Millions)</u>						
FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
490.8	+7.9	+14,893.8	15,392.5	+230.9	+4,431.6	20,055.0

The funds in this account will be used to support the efforts by the Department of Defense (DoD) to respond to, or protect against, acts or threatened acts of terrorism against the United States. In FY 2003, the funding in this account will be transferred to the various appropriation accounts of DoD. These resources are included in a transfer account in order to provide DoD with the maximum flexibility to react to changing terrorist threats that may occur during 2003 while retaining use of the traditional appropriation account format. This flexibility is critical in order for the United States to sustain its war on terrorism. Of the requested amount, \$10.1 billion funds enhancements and new initiatives and \$10.0 billion funds continuing incremental funding for ongoing operations in the War on Terrorism. The first \$10.1 billion request supports the following requirements:

- \$2,680.0 million for Anti-Terrorism/Force Protection for facilities and for personnel;
- \$2,589.0 million for classified programs;
- \$1,200.0 million for continuation of the Combat Air Patrol at the expanded level since September 11th;
- \$812.0 million for preferred munitions to replenish the inventory for Joint Direct Attack Munition (JDAM), Tomahawk, and General Purpose Bombs;
- \$685.0 million to fund DoD implementation of the recommendations of the Nuclear Posture Review;
- \$534.0 million to fund DoD continuity of operations to ensure continued operations, to eliminate of single point failures, and to provide alternative communications paths for the Military Components;
- \$423.0 million to procure four KC-130 aircraft and additional KC-135 reengineering kits;
- \$328.0 million to accelerate the Pentagon renovation and the modernization of the Pentagon information technology infrastructure to enhance survivability of critical mission capabilities;
- \$215.0 million for Homeland Security Command, Control, Communications, Computer and Intelligence (C4I) support for the Army to conduct its homeland security mission;
- \$189.0 million for unmanned aerial vehicles to procure one Global Hawk and to initiate expansion of the Predator fleet;
- \$93.0 million for training munitions due to increased deployments in support of the war on terrorism;
- \$81.0 million for the establishment and operations of the Headquarters of the Commander-in-Chief, Homeland Security;
- \$68.0 million to procure and to install improved communications suites in Air Force One;
- \$60.0 million to modify 2 C-130Hs to the AC-130 configuration, to procure 2 C-130J aircraft;
- \$50.0 million to develop modification to the B-2 radar to enhance capabilities and to improve performance;

DEFENSE EMERGENCY RESPONSE FUND

- \$45.0 million for Guantanamo Bay Operations; and
- \$3.0 million for the White House Communications Agency.

The second \$10.0 billion provides funding for all incremental operating and military costs of continuing the war on terrorism. No funding has been requested in the DoD's baseline for these incremental costs to continue the war on terrorism. Funds in this request will be transferred to the DoD Components only after:

- The President designates the funding as essential to respond to, or protect against, acts or threatened acts of terrorism; and
- The President submits an official budget request to the Congress for this funding.

The FY 2001 emergency supplemental appropriation act (P.L. 107-38) and Division B of the FY 2002 Defense Appropriations Act (P.L. 107-350) provided \$15,392.5 million in Defense Emergency Response Fund (DERF) funding to the DoD for the recovery from and in response to terrorist attacks on the United States. These DERF funds were apportioned as an execution account. In FY 2001 and FY 2002 the funds provided in the DERF financed the emergency expenses to support the following requirements:

- \$3,939.6 million for increased situational awareness;
- \$1,403.4 million for enhanced force protection;
- \$1,334.1 million for improved command and control;
- \$4,832.8 million for increased worldwide posture;
- \$1,862.0 million for offensive counterterrorism;
- \$596.1 million for initial crisis response;
- \$1,308.0 million for Pentagon repairs and upgrade; and
- \$116.5 million for other requirements.

DEFENSE HEALTH PROGRAM

	(\$ in Millions)						
	FY 2001 Actual	Price Growth	Program Growth	FY 2002 Estimate	Price Growth	Program Growth	FY 2003 Estimate
Operation & Maintenance (O&M)	12,858.2	+555.8	+4660.6	18,074.6	+1,229.9	-4,944.3	14,360.3
Procurement	290.4	+7.0	-29.4	267.9	+6.8	+4.0	278.7
RDT&E	431.7	+6.5	+25.6	463.8	+7.0	-403.5	67.2
Total DHP	13,580.3	+569.3	4,656.8	18,806.3	1,243.7	-5,343.8	14,706.2
<i>Receipt from Accrual Fund</i>	-	-	-	-	-	-	5,097.6
<i>Total Health Care Costs</i>	13,580.3			18,806.3			19,803.8

Department projection of FY 2003 Health Care 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 maintain readiness by providing medical services and support to the armed forces during military operations and to provide medical services and support to members of the armed forces, their dependents, and other beneficiaries entitled to DoD health 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 8.2 million eligible beneficiaries through a network of 76 military hospitals, 513 military clinics, and 7 regional Managed Care Support (MCS) contracts valued at about \$5.4 billion in FY 2003. 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.

Beginning in FY 2003, the Department will implement an accrual-type fund for health care provided to Medicare-eligible retirees, retiree family members and survivors. This will include payments into the fund to cover the Government's liability for the future health care cost of current military personnel as well as receipts from the fund to pay for care provided to eligible beneficiaries, to include the new TRICARE for Life benefits implemented in FY 2002.

DEFENSE HEALTH PROGRAM

The FY 2003 Defense Health Program budget request of \$14,706.2 million includes significant fiscal adjustments for the implementation of the DoD Medicare Eligible Retiree Health Care Fund. The budget also includes resources to support other non-Medicare eligible requirements legislated in the FY 2001 National Defense Authorization Act (NDAA) (P. L. 106-398) and increases above inflation for pharmacy, managed care support contracts, and other health care purchased from the private sector.

Operation & Maintenance Program

	<u>(\$ in Millions)</u>						
	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
In-House Care	3,935.1	+227.8	+688.3	4,851.1	+384.3	-1,164.6	4,070.8
Private Sector Care	6,191.5	+250.7	+3,800.3	10,242.5	+749.8	-3,832.7	7,159.7
Information Management	330.0	+5.3	+292.8	628.1	+14.2	+24.4	666.7
Education & Training	330.4	+11.6	-11.8	330.2	+14.5	+5.4	350.1
Management Activities	209.6	+4.9	+12.6	227.1	+8.1	-13.5	221.8
Consolidated Health Support	892.6	+27.9	-140.6	779.9	+36.5	-6.9	809.5
Base Operations	<u>969.0</u>	<u>+27.7</u>	<u>+18.9</u>	<u>1015.6</u>	<u>+22.5</u>	<u>+43.5</u>	<u>1,081.7</u>
Total	12,858.2	+555.8	+4,660.6	18,074.6	+1,229.9	-4,944.3	14,360.3
<i>Receipt from Accrual Fund, In-House Care</i>	-			-			806.7
<i>Receipt from Accrual Fund, Private-Sector Care</i>				-			4,291.0
<i>Total Health Care Costs</i>	12,858.2			18,074.6			19,458.0

Department projection of FY 2003 Health Care receipts from the DoD Medicare-Eligible Retiree Health Care Fund to pay for health care costs.

DEFENSE HEALTH PROGRAM

Program/Price Growth

The FY 2003 Defense Health Program Operations and Maintenance budget request decreases by -\$3,714.3 million, reflecting \$1,229.9 million in price growth and -\$4,944.4 million in net program changes. The net program growth of -\$4,944.4 million includes program reductions of; \$5,097.6 million in funds transferred to the Medicare-eligible Retiree Health Care Fund for TRICARE for Life benefits and the level of effort currently serviced by military treatment facilities; \$587.3 million for one-time FY 2002 congressional adds not continued in FY 2003, carryover of multi-year emergency supplement funds, and other one-time initiatives; \$32.2 million for reduced costs in dental and cancer programs and completion of the FEHBP demonstration program; and other decreases totaling 17.1 million. These program decreases are offset by program increases of; \$424.5 million in Private Sector Care costs above inflation; \$63.5 million in pharmaceutical price and volume over inflation; \$13.1 million transferred from the Army to cover the cost of hospital utilities at TRADOC installations; \$25.8 million growth for elevator upgrades, Health Profession Scholarships, and course development for dental technicians and medical corpsman; and \$39.6 million in to fully fund Base Operations Facility Sustainment.

In-House Care

The DHP In-House Care provides for the delivery of care in MTF's worldwide. The program includes care in medical centers, station hospitals, clinics, and dental care activities. The FY 2003 In-House Care budget estimate of \$4,070.8 million decreases by \$780.3 million below the FY 2002 funding level. This decrease includes price growth of \$384.3 million and a net program decrease of \$1,164.6 million. The net -\$1,164.6 million program growth includes reductions of: \$806.7 million for reduced requirements of appropriated funds for Medicare-eligible beneficiaries in anticipation of receipts from the health care accrual fund; \$275.9 million realigned to private-sector care for private sector health care costs of enrolled beneficiaries; and, \$147.1 million in one-time FY 2002 congressional adds not continued in FY 2003. These program decreases are offset by program increases of \$63.5 million for pharmacy growth above inflation and \$1.5 million transferred into the DHP from the Navy for the Bahrain Medical Clinic.

Private Sector Care

The DHP Private Sector Care provides for delivery of care outside the military treatment facilities. The program includes Managed Care Support (MCS) contracts, the CHAMPUS program, TRICARE for Life, Uniformed Services Family Health Plan (formerly known as Uniformed Service Treatment Facilities (USTFs)) and supplemental/emergency care. Under the MCS contracts and CHAMPUS, active duty families and retirees and their families can individually obtain medical and dental care from civilian sources at the government's expense, after satisfying applicable enrollment fees, deductibles, and co-payments. Currently, there are seven MCS contracts that deliver health care nationwide to the military and their dependents. 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 2003 Private Sector Care budget request

DEFENSE HEALTH PROGRAM

of \$7,159.7 million reflects a net decrease of \$3,082.8 million from the FY 2002 funding level. This includes price growth of \$749.8 million and a net program decrease of \$3,832.7 million. The net -\$3,832.7 million program growth includes reductions of: \$3855.0 million for reduced requirements of appropriated funds for the TRICARE for Life benefit in anticipation of receipts from the health care accrual fund; \$436.0 million for reduced requirements of appropriated funds for the Uniformed Services Family Health Plan and pharmacy programs that service Medicare eligible retirees in anticipation of receipts from the health care accrual fund; \$375.7 for a one-time carryover of FY 2001/02 supplemental funds not continued in FY 2003; and, \$99.5 million in reduced costs for dental and cancer programs, one-time implementation costs of new benefits, and completion of the FEHBP demonstration program. These program decreases are offset by the following program increases: \$343.6 million in program growth above inflation for the managed care support contracts; \$275.9 million realigned from In-House Care for private sector health care costs for enrolled beneficiaries; \$233.0 million for one-time FY 2002 congressional reductions not continued in FY 2003; and, \$80.9 million for program growth above inflation for supplemental care, revised financing and <65 National Mail Order Pharmacy and Uniformed Services Family Health Program.

Information Management

The 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 Information Management budget request of \$666.7 million reflects an increase of \$38.6 million above the FY 2002 funding level. This includes price growth of \$14.2 million and a net program increase of \$24.4 million. The net \$24.4 million program growth includes increases of: \$46.5 million for additional software licenses, database conversion costs, and IM/IT sustainment and infrastructure modernization and \$3.8 million transferred in from the Air Force for medical information systems. These program increases are offset by program decreases of \$25.9 million for one-time FY 2002 congressional adds not continued in FY 2003

Education & Training

The DHP Education and Training provides support for worldwide medical education and training for active duty personnel, civilian medical personnel, and students. The FY 2003 Education and Training budget request of \$350.1 million reflects an increase of \$19.9 million above the FY 2002 funding level. This includes a price growth of \$14.5 million and a net program increase of \$5.4 million. The net \$5.4 million program growth includes increases of: \$11.3 million for the development of initial and advanced courses for dental and medical corpsman; \$8.2 million to increase the number of Health Profession Scholarships issued; and, \$6.3 million for upgrades of heating and air conditioning systems and elevators at Uniformed Services University of the Health Sciences (USUHS). These program increases are offset by program decreases of \$16.8 million in one-time FY 2002 congressional adds for USUHS not continued in FY 2003 and \$3.6 for a one-time cost for General Medical Officer Conversion and Accession support.

DEFENSE HEALTH PROGRAM

Management Activities

The DHP Management Activities includes the TRICARE Management Activity (TMA) and the medical commands. These headquarters activities oversee the delivery of DoD healthcare worldwide. The FY 2003 Management Activities budget request of \$221.8 million reflects a net decrease of \$5.3 million from the FY 2002 funding level. This includes a price growth of \$8.1 million and program decreases of \$13.5 million. The -\$13.5 million program growth includes reductions of \$13.2 million for one-time FY 2002 congressional adds not continued in FY 2003 and \$0.3 million transferred to Washington Headquarters Services to provide human resources and security service to TMA civilian personnel.

Consolidated Health Support

The DHP Consolidated Health Support includes support functions such as occupational health, strategic aeromedical evacuation, pathology, examining activities, regional health care management functions and veterinary service. The FY 2003 Consolidated Health Support budget request of \$809.5 million reflects an increase of \$29.6 million above the FY 2002 funding level. This includes a price growth of \$36.5 million and a net program decrease of \$6.9 million. The net -\$6.9 million program growth includes reductions of: \$8.6 million in one time FY 2002 congressional adds not continued in FY 2003; and, \$7.9 million resulting from management efficiencies and reduction in costs for permits, certifications and licensure fees. These program decreases are offset by increases of \$9.0 million for Aeromedical Evacuation due to change of airframe and an increase of \$0.6 million to restore development and production of the adenovirus vaccine

Base Operations

The DHP Base Operations/Communications includes funding for the operation and maintenance of 76 hospitals and 513 clinics and other DHP facilities. The Base Operations/Communications FY 2003 budget request of \$1,081.7 million reflects a net increase of \$66 million above the FY 2002 funding levels. This includes a price growth of \$22.5 million and a net program increase of \$43.5 million. The net \$43.5 million program growth includes increases of \$39.6 million in Facility Sustainment requirements and \$13.1 million transferred from the Army Training and Doctrine Command (TRADOC) to cover the cost of hospital utilities at TRADOC installations. These program increases are offset by decreases of \$6.9 million Defense Finance and Accounting Service rate adjustment and \$2.3 million for a Defense Working Capital Adjustment.

DEFENSE HEALTH PROGRAM

Procurement Program

(\$ in Millions)

	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Medical Equipment - Replacement/Modernization	272.6	+6.6	-18.3	260.9	+6.6	+3.9	271.4
Medical Equipment - New Facility Outfitting	<u>17.8</u>	<u>+4</u>	<u>-11.1</u>	<u>7.1</u>	<u>+2</u>	<u>0</u>	<u>7.3</u>
Total	290.4	+7.0	-29.4	267.9	+6.8	+4.0	278.7

The DHP Procurement Program totals \$278.7 million in FY 2003 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 automated equipment (IM/IT) in support of the TRICARE Management Activity. The Procurement Program funding level increases in FY 2003 from FY 2002 by \$10.8 million, reflecting price growth of \$6.8 million and a program increase of \$4.0 million. The \$4.0 million program increase is for replacement and modernization equipment requirements.

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

(\$ in Millions)

	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
RDT&E	431.7	+6.5	+25.6	463.8	+7.0	-403.5	67.2

The DHP RDT&E program funds health care related Information Management/Information Technology development and Small Business Innovative Research (SBIR). The FY 2003 RDT&E program budget request of \$67.2 million reflects a net decrease of \$396.6 million below the FY 2002 funding level. This includes a price growth of \$7.0 million and a program reduction of \$403.5 million. The \$403.5 million program reduction consists of one-time FY 2002 congressional adds not continued in FY 2003.

DEFENSE HEALTH PROGRAM

Program Data

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Organic Medical Programs</u>					
Hospitals/Medical Centers	76	0	76	0	76
Clinics	515	-2	513	0	513
Dispositions (000)	290	0	290	-1	289
Inpatient Work Units (000)	321	0	321	0	321
Occupied Bed Days (000)	1,008	1	1,009	0	1,009
Average Length of Stay (Days)	3.5	0	3.5	0	3.5
Ambulatory Visits (000)	32,005	5	32,011	-8	32,003
<u>Training Workloads</u>					
USUHS	983	-10	973	3	976
Other Education & Training	63,490	-2,710	60,780	1,310	62,090
Health Professionals Scholarship Program/ Financial Assistance Program	4,434	507	4,941	116	5,057
<u>Civilian Personnel FTEs</u>					
U.S. Direct Hire	37,714	-2,066	35,648	-12	35,636
Foreign National Direct Hire	<u>586</u>	<u>-34</u>	<u>552</u>	<u>-5</u>	<u>547</u>
Total Direct Hire	38,300	-2,100	36,200	-17	36,183
Foreign National Indirect Hire	<u>1,531</u>	<u>+143</u>	<u>1,674</u>	<u>-14</u>	<u>1,660</u>
Total	39,831	-1,957	37,874	-31	37,843
<u>Military Personnel End Strength</u>					
Officers	31,277	+1,203	32,480	-1	32,479
Enlisted	<u>56,944</u>	<u>+1,557</u>	<u>58,501</u>	<u>1</u>	<u>58,502</u>
Total	88,221	2,760	90,981	0	90,981

DEFENSE HEALTH PROGRAM

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Eligible Beneficiary Population (000)</u>					
Active Duty	1,552	+1	1,553	0	1,553
Dependents of Active Duty	2,138	-2	2,136	0	2,136
Dependents of Retirees Under 65	1,940	-19	1,921	-12	1,909
Retirees Under 65	1,120	-16	1,104	-10	1,094
Beneficiaries Over 65	<u>1,481</u>	<u>+52</u>	<u>1,533</u>	<u>+46</u>	<u>1,578</u>
Total	8,231	+16	8,247	+23	8,270
<u>User Population (000)</u>					
Active Duty	1,552	+1	1,553	0	1,553
Dependents of Active Duty	2,046	-1	2,045	0	2,045
Dependents of Retirees Under 65	1,207	-11	1,195	-7	1,188
Retirees Under 65	685	-10	675	-6	669
Beneficiaries Over 65	<u>356</u>	<u>+13</u>	<u>369</u>	<u>+11</u>	<u>380</u>
Total	5,847	-9	5,838	-2	5,836
<u>Managed Care Support (MCS) Contracts (000)</u>					
Total CHAMPUS Eligibles	5,198	-37	5,161	-22	5,139
Total CHAMPUS Users	3,938	-22	3,916	-13	3,903

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

FY 2001	Price	Program	(\$ in millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
970.4^{1,2}	+14.6	-137.4	847.6²	+13.1	-11.9	848.9

¹Included for comparability, these funds were transferred to other Defense appropriations for execution.

²Includes \$300.582 million of no-year funds appropriated in the FY 2000 Emergency Supplemental (Public Law 106-246), of this amount \$186.413 million was allocated in FY 2000, \$103.266 million was allocated in FY 2001, and the remaining \$10.903 million will be allocated in FY 2002.

The Department of Defense continues to pursue a wide range of activities in support of 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.” Additionally, the National Drug Control Strategy outlines five major goals: (1) educate and enable America’s youth to reject illegal drugs and substance abuse; (2) increase the safety of America’s citizens by substantially reducing drug-related crime and violence; (3) reduce the health and social costs of illegal drug use; (4) shield America’s air, land, and sea frontiers from the drug threat; and (5) break foreign and domestic sources of supply. While DoD supports all five strategic goals, the majority of DoD’s resources are dedicated to goals 4 and 5 (Reference table on the following page).

The plans and programs of the Department support the U.S. Government’s international and multi-agency approach to counter the flow of illegal drugs into the United States and fulfill an essential role in our nation's fight against illegal drugs. This mission includes the following responsibilities which have been authorized by Congress: (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.

The Counterdrug (CD) Program is financed through amounts transferred to executing components from the Drug Interdiction and Counterdrug Activities, Defense appropriation, which is a central transfer account (CTA) with a single budget line that accounts for all associated CD resources with the exception of those resources for the Active components’ military personnel and Service OPTEMPO. The CTA provides inherent flexibility for the Department’s CD program to respond effectively to the dynamic nature of the

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

counterdrug threat. The OPTEMPO portion of the CD program (estimated at \$148 million in FY 2002 and \$150 million in FY 2003) is budgeted in the Services' O&M appropriations and supports the President's National Counterdrug Strategy. Further, OPTEMPO is managed by the DASD (Counternarcotics) as an integral part of the Department's CD effort.

Funding Summary: The Department of Defense has budgeted the following resources in the Drug Interdiction and Counterdrug Activities, Defense appropriation to support major goals of the National Counterdrug Strategy.

	<u>FUNDING BY GOAL</u>							
	<u>(\$ in millions)</u>						Net	
	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>	<u>FY 02-03</u>
	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Change</u>
1. Educate America's Youth	28.8	+5	-1.4	27.9	+4	-1.2	27.1	-.8
2. Increase Safety of Citizens	121.4	+1.8	-28.1	95.2	+1.5	-14.9	81.8	-13.4
3. Reduce Health & Social Costs	73.6	+9	+7.0	81.5	+1.3	-.3	82.5	+1.0
4. Shield America's Frontiers	352.8	+6.4	-32.1	327.1	+4.4	+4.1	335.7	+8.6
5. Break Drug Sources of Supply	393.6	+5.0	-82.8	315.9	+5.5	+4	321.8	+5.9
Total	970.4	+14.6	-137.4	847.6	+13.1	-11.9	848.9	+1.3

The Department's FY 2003 CD budget request of \$848.9 million for the CTA reflects a net increase of \$1.3 million, which includes price growth of \$13.1 million and a net program decrease of \$11.9 million (-1.4 percent). For FY 2003, the Drug Interdiction and Counterdrug Activities, Defense central transfer account funds will be allocated as follows:

Goal 1: Education America's Youth

- In FY 2003: \$27.1 million is requested for the National Guard State Plans and Service outreach programs (\$26.2 million) and the Young Marines outreach program (\$.9 million). Funding for this goal reflects a program decrease of \$1.224 million, primarily reflecting a decrease for the Young Marines.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

Goal 2: Increase “Safety of Citizens”

- In FY 2003: \$81.8 million is requested for DoD support to federal, state, and local drug law enforcement agencies’ (DLEAs) requests for domestic operational and logistical support. This funding will assist the DLEAs in their efforts to reduce drug-related crime. Of this amount, \$64.0 million is for National Guard State Plans; \$2.3 million is for the Regional Counterdrug Training Academy (RCTA); \$2.5 million is for the congressionally-directed Florida National Guard Multi-Jurisdictional Counterdrug Task Force (MJCTF) Academy in St. Petersburg; \$7.1 million is for Joint Task Force (JTF)-6 and reserve support to DLEAs; \$2.2 million is for Command, Control, Communication, Computers, and Intelligence (C4I) support; and \$3.7 million is for non-operational support. The net program decrease of \$14.9 million results primarily from one-time FY 2002 congressional increases for RCTA, MJCTF and the National Counternarcotics Training Center in Washington.

Goal 3: Reduce Health & Social Costs

- In FY 2003: \$82.5 million is requested for the continued support of DoD Demand Reduction Programs. These funds support drug testing for active duty military, National Guard and Reserve personnel, and DoD civilian employees; drug abuse prevention/education activities for military and civilian personnel and their dependents; and drug treatment for military personnel. The net program decrease of \$.263 million is due primarily to the one-time increase in FY 2002 to Army LIMS program for their Barcode Labeling Initiative.

Goal 4: Shield America’s Frontiers

- In FY 2003: \$335.7 million is designated to execute counterdrug detection and monitoring programs to assist U. S. law enforcement agencies to counter the flow of drugs in transit into Puerto Rico and the Virgin Islands and across the U.S. Southwest border into the United States. Of this amount, \$35.5 million is for C4I support in the transit zone and along the Southwest border; \$165.4 million is for detection and monitoring platforms and assets; \$3.0 million is for Ground Based End Game Operations in Mexico; \$50.7 million is for National Guard State Plans; \$22.8 million is for JTF-6 and Reserves operational support to DLEAs along the Southwest border and in Puerto Rico and the Virgin Islands; \$43.5 million is for intelligence support and Signals Intelligence (SIGINT) collection and processing; and \$14.8 million is for non-operational support to include research and development activities. There is net program increase of \$4.1 million in FY 2003, mainly from the following program adjustments. There are increases of \$3.9 million to ramp up of base DIA collection program to level effort, \$9.0 million for the startup of Transit Zone Maritime Patrol Aircraft, \$2.8 million to upgrade P-3 aircraft for radar Mid-Life Upgrade and FLIR capability, and a one-time FY 2002 congressional decrease of \$12.4 million for the Aerostats (SWB/Gulf). There are also decreases as a result of FY 2002 one-time congressional increases to National Guard State Plans (\$10.4 million), Southwest Border

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

Information Systems (\$4.2 million), Navy RDT&E (\$2.0 million), Caper Focus (\$2.5 million), MPA Upgrade (\$2.0 million), and a decrease to NSA programs supporting transit zone intelligence (\$3.3 million).

Goal 5: Break Drug Sources of Supply

- In FY 2003: \$321.8 million is designated for CTA funding to continue to provide critical intelligence support, initial detection and monitoring, infrastructure development, training and other support to U.S. and host nation counterdrug law enforcement entities. Of this amount, DoD will provide \$41.0 million for C4I in support of source nation law enforcement initiatives; \$77.2 million for detection, monitoring, and interdiction programs; \$64.5 million for intelligence support and analysis; \$28.0 million for National Guard marijuana eradication efforts; \$87.1 million for operational support to DLEAs to include Ground Based End Game Operations in SOUTHCOM; \$19.9 million for SIGINT collection and processing to include support for the Airborne Reconnaissance-Low platform; and \$4.1 million for non-operational support to include Research and Development. There is a net program increase of \$.4 million in FY 2003. This results mainly from an increase of \$26.6 million for resumed funding for classified programs under Plan Colombia, \$8.5 million for the TPS-70 refurbishment to the Hemispheric Radar System, one-time procurement costs to upgrade storage capacity for Throttle Car (\$2.3 million), and one-time FY 2002 congressional decreases for Enhanced Peru Support (\$7.2 million), LEA Source Nation Support (\$3.0 million), Colombia Airborne Surveillance (\$3.5 million). These were offset by decrease of \$8.3 million to Section 1033 requirements due to deletion of Peru from authority, cancellation of ASP contract (\$4.0 million), training for Ground Based Endgame Operations – SOUTHCOM (\$4.1 million) and National Guard State Plans (\$8.2 million). Additional decreases result from decreased support to MILGROU in Bogota due to reduction of Plan Colombia programs (\$2.3 million), LEA Source Nation Support (\$19.3 million), NSA programs supporting source zone intelligence (\$2.4 million), and the termination of the DoD Tracker Program (\$2.0 million).

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

	(\$ in Millions)						
	FY 2001 <u>Actual*</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2002 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>
ER, Army	389.1	+6.2	-8.2	387.1	+5.8	+3.0	395.9
ER, Navy	293.4	+4.7	-42.9	255.2	+3.8	-2.1	256.9
ER, Air Force	375.5	+6.0	+1.3	382.8	+5.7	+1.3	389.8
ER, Defense-Wide	21.3	+0.3	+1.7	23.3	+0.3	-0.1	23.5
ER, Formerly Used Def. Sites	<u>231.0</u>	<u>+3.7</u>	<u>-14.0</u>	<u>220.7</u>	<u>+3.3</u>	<u>-11.9</u>	<u>212.1</u>
Total	1,310.3	+20.9	-62.1	1,269.1	+18.9	-9.8	1,278.2

* 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 five 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. These five appropriations are transfer accounts that have their own special transfer authority that allows the Department to transfer funds from these appropriations to any other appropriation of the Department of Defense in order to finance environmental restoration efforts.

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 now one of the key tools 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

ENVIRONMENTAL RESTORATION TRANSFER APPROPRIATIONS

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) FY 2003 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 2003, Army and Navy cleanup programs are essentially on schedule to meet the Department's cleanup goals; Air Force and DLA are ahead of schedule which is necessary in some cases to meet legal requirements and agreements with states and regulatory agencies; 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 149 high relative risk sites have been identified for a total of 373 sites. Of the 373 FUDS sites categorized as high relative risk, 126 sites have been removed from the list as of February 2002. 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 recent program review.

Between FY 2002 and FY 2003, the Department's Defense Environmental Restoration Program increases by \$9.1 million, reflecting price growth of \$19.0 million and programmatic reductions of \$9.9 million (-0.8 percent). The program decrease of \$9.9 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2002 (\$-30.4 million) and an increase in the Department's FY 2003 budget request for FUDS to meet emergent requirements related to unexploded ordnance (\$+18.2 million).

FORMER SOVIET UNION (FSU) THREAT REDUCTION

FY 2001 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	(\$ in millions) FY 2002 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>
442.4	+5.5	-47.7	400.2	+6.0	+10.5	416.7

The FY 2003 budget contains \$416.7 million to dismantle delivery systems and prevent the proliferation of weapons of mass destruction in Former Soviet Union (FSU) Countries. The budget request increased by \$16.5 million from the FY 2002 funding level. This includes \$6.0 million for price growth and a net program increase of \$10.5 million. The overall increase is primarily attributed to transferring to the Department of Energy the Elimination of Weapons Grade Plutonium Production and associated funding (\$41.7 million). The program reflects a reduction in requirements for nuclear weapons systems and infrastructure elimination (\$104.1 million); and a reduction for the weapons storage security automated inventory control maintenance/life cycle support, guard force training, and support equipment requirements (\$5.7 million). Offsetting these decreases is additional funding for BW Proliferation Prevention (\$37.7 million); WMD Proliferation Prevention (\$40.0 million), Chemical Weapons Destruction Facility construction in Shchuch'ye, Russia (\$82.8 million), and Other Programs (\$1.5 million).

	(\$ in millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Strategic Offensive Arms Elimination - Russia	177.8	2.9	-47.3	133.4	2.4	-65.3	70.5
Weapons Storage Security – Russia	89.7	1.4	-36.1	55.0	.8	-15.8	40.0
Weapons Transportation Security – Russia	14.0	.2	-4.7	9.5	.1	10.1	19.7
Fissile Material Storage Facility – Russia	56.4	0	-56.4	0	0	0	0
Elimination of Weapon Grade Plutonium Prod.-Russia	32.1	0	9.6	41.7	0	-41.7	0
Strategic Nuclear Arms Elimination - Ukraine	35.9	.6	13.5	50.0	.9	-44.4	6.5
WMD Infrastructure Elimination – Ukraine	0	0	6.0	6.0	.1	2.7	8.8
WMD Infrastructure Elimination - Kazakhstan	0	0	6.0	6.0	.1	2.9	9.0
BW Proliferation Prevention – Former Soviet Union	12.0	.2	4.8	17.0	.3	37.7	55.0
Chemical Weapons Destruction – Russia	0	0	50.0	50.0	.8	82.8	133.6
Nukus Chemical Research Institute Demil - Uzbekistan	2.5	0	-2.5	0	0	0	0
WMD Proliferation Prevention – Former Soviet Union	0	0	0	0	0	40.0	40.0
Defense and Military Contacts	9.0	0	9.4	18.4	.3	.2	18.9
Other Program Support	<u>13.0</u>	<u>.2</u>	<u>0</u>	<u>13.2</u>	<u>.2</u>	<u>1.3</u>	<u>14.7</u>
Total	442.4	5.5	-47.7	400.2	6.0	10.5	416.7

FORMER SOVIET UNION THREAT REDUCTION

The objectives for the Former Soviet Union (FSU) Threat Reduction program for FY 2003 are as follows:

Strategic Offensive/Nuclear Arms Elimination (SOAE/SNAE/WMDIE): - Russia, Ukraine, Kazakhstan

- Dismantle ICBMs, their silos, road and rail mobile launchers, SLBMs, SLBM launchers and associated strategic submarines, strategic bombers, nuclear capable air to surface missiles and WMD infrastructure;
- Operates and maintains solid propellant disposition facility;
- Continues storage of SS-24 disassembled missile motors, completes the construction of the solid propellant disposition facility and eliminates 66 missile motors in Ukraine;
- Assist Ukraine and Kazakhstan eliminate weapons of mass destruction infrastructure.

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;
- Also improves MOD's ability to respond to accidents or attempted theft of nuclear weapons.

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.

Chemical Weapons (CW) Destruction - Russia:

- Dismantles former CW production facilities and supports construction of nerve agent CW destruction facility at Shchuch'ye;
- The FY 2002 National Defense Authorization Act (NDAA) provides funding for a CW destruction facility only after the Secretary of Defense certifies to Congress that specific conditions have been met by Russia and the international community.
- The FY 2003 budget request continues funding for the CW destruction facility in case this certification can be made.

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 2003 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.

FORMER SOVIET UNION THREAT REDUCTION

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,

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FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
145.4	+5.4	+1.9	152.7	+12.9	-0.2	165.4

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 \$165.4 million for the OIG, which reflects an price growth of \$12.9 million net program decrease of \$0.2 million. The total civilian full-time equivalents (FTEs) will be 1,207, a reduction of 5 FTEs, from FY 2002 to FY 2003. The price growth includes \$8.3 million to fully fund the agency's share of the Civil Service Retirement System costs and the estimated retirement accrual costs for current employees for the Federal Employees Health Benefits program. The budget includes additional funds for dedicated classified connectivity for OIG investigative field locations (\$+1.7 million) and critical replacement of investigative equipment offset by the reduction of 11 audit and investigative FTEs (\$-1.1 million) and the shift to maintaining rather than implementing the electronic workflow system (-\$0.8 million).

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
4,308.4	+68.9	-4,198.9	178.4	+2.7	-131.1	50.0

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 are 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 budget request for FY 2003 was similarly adjusted, while still providing funding to finance contingency requirements in excess of those budgeted in the Services accounts.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

<u>(\$ in Millions)</u>						
<u>FY 2001 Actual</u> ^{1/}	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2002 Estimate</u> ^{2/}	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2003 Estimate</u>
48.3	+0.7	+7.8	56.9	+0.8	+0.7	58.4

1. The actual FY 2001 obligations are \$64.8 million. This requirement is financed with unobligated prior year balance of \$27.5 million and \$37.3 million of the FY 2001 appropriation.
2. The estimated FY 2002 program requirements are \$67.8 million. This requirement is financed with FY 2002 appropriated funds of \$49.4 million, FY 2001 planned unobligated balance of \$7.5 million carried forward, and additional FY 2001 unobligated balance of \$10.9 million carried forward.

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 Unified Commanders-in-Chief (CINC) 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 CINCs' 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 2003 OHDACA budget request is \$58.4 million. The FY 2003 decrease (\$9.4 million) from the FY 2002 planned obligations (\$67.8 million) reflects the estimated decline of humanitarian mine programs (\$7.2 million) and emergency response requirements (\$13.5 million), offset by increases in humanitarian assistance programs (\$11.3 million).

OHDACA Program and Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Total Program</u>	<u>64.8</u>	<u>67.8</u>	<u>58.4</u>
Prior Year Projects and Funds Carried Forward	27.5	18.5	-
New Projects/Requirements	37.3	49.3	58.4

The **Humanitarian Mine Action Program** requirement of \$15.0 million will support the geographical CINC's planned humanitarian demining activities. These CINC 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. The decrease in FY 2003 Humanitarian Mine Action Program estimate is based on the reduced number of countries with requirements and reduced availability of Special Operations Forces to conduct the mission. Also, as individual country programs mature and move toward self-sufficiency, less DoD resources are required to sustain them. In addition, DoD has instituted some burden-sharing arrangements with State Department on certain aspects of our joint demining efforts and have reduced DoD costs. The following table arrays new and carried forward projects and funds:

Humanitarian Mine Action Program and Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Total Program</u>	<u>16.6</u>	<u>22.2</u>	<u>15.0</u>
Prior Year Projects and Funds Carried Forward	5.8	6.6	-
New Projects/Requirements	10.8	15.6	15.0

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

The **Humanitarian Assistance Program** FY 2003 requirements of \$28.4 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. The FY 2003 increase in program requirements from the estimated FY 2002 program requirement reflects the increase in humanitarian project requirements in support of the humanitarian assistance efforts related to the campaign on terrorism. These projects help DoD establish a noncontroversial presence in areas of concern and contribute to defusing social conditions that give rise to threats to U.S. national security. Such activities will become increasingly valuable in complementing more traditional military activities.

Humanitarian Assistance Program and Funding

	(\$ in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Total Program</u>	<u>41.8</u>	<u>17.1</u>	<u>28.4</u>
Prior Year Projects and Funds Carried Forward	21.6	4.3	-
New Projects/Requirements	20.2	12.8	28.4

The **Foreign Disaster Relief Assistance/Emergency Response** estimate for FY 2003 is \$15 million. This funding supports the capacity of the Department, through the CINCs, 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. Emergency response 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 country to build capabilities to respond to emergencies response, thereby, reducing the potential need for United States military involvement in crisis response. The FY 2003 decrease in program requirements for emergency

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

response follows from an anticipated reduction in large-scale missions associated with the war on terrorism. The same level of effort is not expected to recur in FY 2003, thereby allowing this funding to decrease to historical levels. The following table arrays new and carried forward projects and funds:

	Disaster Relief Assistance/Emergency Response Funding		
	(\$ in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Total Program</u>	<u>6.4</u>	<u>28.5</u>	<u>15.0</u>
Prior Year Funds Carried Forward	0.0	21.0	-
New Projects/Requirements	6.4	7.5	15.0

SUPPORT FOR INTERNATIONAL SPORTING COMPETITIONS, DEFENSE

FY 2001	Price	Program	(\$ in Millions)	Price	Program	FY 2003
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2002</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
12.3	+0.2	+20.6	33.1	+0.5	-14.6	19.0

* The total requirement to fund the 2002 Winter Olympics and Paralympics in FY 2002 is \$78.1 million. The FY 2002 estimate does not reflect \$45.0 million from the Defense Emergency Response Fund which are being used to partially fund the requirements.

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.

These funds are available to fund safety, security and logistical requirements for special events. Efforts in FY 2003 include specialized event security planning. 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 FY 2003 request of \$19.0 million is based on projected requirements established in support of previous events with similar missions.

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.

DoD plans to execute \$78.1 million (\$33.1 million SISC and \$45.0 million DERF) in support of the 2002 Winter Olympics and 2002 Paralympics during FY 2002. The FY 2003 SISC request of \$19.0 million supports estimated requirements for events scheduled in FY 2003. The scheduled events include the 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. Funding is based on known requests for DoD support to events scheduled through FY 2003.

AIR OPERATIONS

	(\$ in millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Army	716.2	-5.9	216.3	926.6	+41.3	+149.9	1,117.8
Army Reserve	35.6	+0.2	+7.7	43.5	+1.7	+11.1	56.3
Army National Guard	224.8	+1.0	+54.1	279.9	+2.0	+56.7	338.6
Navy	5,295.0	-94.8	+428.8	5,629.0	+205.0	-74.9	5,759.1
Navy Reserve	481.5	-5.0	+48.9	525.4	+1.1	+21.9	548.4
Air Force	14,472.1	+515.8	+1,071.6	16,059.5	+536.7	+318.7	16,914.9
Air Force Reserve	1,844.8	+92.5	-27.1	1,910.2	+71.8	+101.7	2,083.7
Air National Guard	3,586.1	+177.3	+176.1	3,939.5	+229.6	-53.0	4,116.1
USSOCOM	469.4	+20.3	+16.1	505.8	+21.8	+32.7	560.3
Defense Health Program	<u>2.4</u>	<u>-</u>	<u>-</u>	<u>2.4</u>	<u>-</u>	<u>-</u>	<u>2.4</u>
Total	27,127.9	+701.4	+1,992.5	29,821.8	+1,111.0	+564.8	31,497.6

The Air Operations activity supports the day-to-day operational activities; organizational, intermediate, and depot level maintenance; institutional training; unit training and operations; engineering and logistical support; and base support necessary to operate, maintain, and deploy aviation forces in support of the national military strategy. The FY 2003 budget request of \$31,497.6 million reflects a net increase of \$1,675.8 million above the FY 2002 estimate. This includes a price growth of \$1,111.0 million and a net program increase of \$564.8 million (+1.8 percent).

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 combat MACOMs, the FY 2003 program funds rotary wing aircraft at the average OPTempo of 14.5 hours per crew per month. Also included are the flying hours associated with the counter-drug program, Combat Aviation Training Brigade at Fort Hood (the Army's collective trainer for the AH-64D Apache Longbow program), Combat Training Center support (National Training Center, Joint Readiness Training Center, and 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. 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), as well as flight training programs at the Intelligence School at Fort Huachuca, the Infantry School at Fort Benning, and the Transportation Training Center at

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Ft. Eustis. It also funds flying hours for the remaining non-training fleet in the Training and Doctrine Command and flying hours at the United States Military Academy. The Servicewide Support program funds flying hours for a small international program at Supreme Headquarters, Allied Powers Europe (SHAPE). In addition, it supports the Army Materiel Command's (AMC) Corpus Christi Army Depot and the Aviation Missile Command's (AMCOM) Navy Test Pilot School with a small contingent of Army aircraft.

	(\$ in millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<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>
Land Forces Air Operations	501.4	-7.2	+167.6	641.2	+36.5	+65.1	742.8
Depot Maintenance	102.7	+3.1	-9.9	95.9	+4.0	+78.1	178.0
Flight Training	110.8	-1.8	+77.9	186.9	+0.7	+6.2	193.8
Servicewide Support	<u>1.3</u>	<u>-</u>	<u>+1.3</u>	<u>2.6</u>	<u>+0.1</u>	<u>+0.5</u>	<u>3.2</u>
Total	716.2	-5.9	+236.9	926.6	+41.3	+149.9	1,117.0

	FY 2001		FY 2002		FY 2003
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Primary Authorized Aircraft	2,491	-77	2,414	-145	2,269
Total Aircraft Inventory	3,309	-573	2,736	-107	2,629
Flying Hours (000)	602.0	+85	687.0	-6.8	680.2

<u>OPTEMPO (Hrs/Crew/Month)</u>					
Rotary Wing	14.5	-0.5	14.0	+0.5	14.5

The FY 2003 budget request reflects a net increase of \$191.2 million above the FY 2002 level. This includes a price increase of \$41.3 million and a program increase of \$149.9 million (+15.5 percent).

Land Force Air Operations: The FY 2003 flying hour program supports an average OPTEMPO of 14.5 hours per crew per month, which is an increase of 0.5 hours per crew per month above the FY 2002 level. The FY 2003 budget request increases of \$101.6 million above the FY 2002 level and includes a price increase of \$36.5 million and a program increase of \$65.1 million (+9.6 percent). The FY 2003 program increase is primarily attributed to an anticipated increase in flying hour costs based on a 3-year moving average of cost growth in flying hour depot level reparable and consumables attributable to an aging fleet and increased operating costs for modernized, more capable systems (i.e., AH-64D) (\$48.1 million). In addition, the additional flying hours per crew per month needed in FY 2003 in order to enable the Army to fully achieve its training goals (\$21.0 million). These program increases

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are partially offset by savings associated with the Aviation Transformation force structure changes (i.e., Corps and higher aviation units are losing airframes and a number of pilot positions) (\$-5.5 million).

Aircraft Depot Maintenance: The FY 2003 budget request increases by \$82.1 million above the FY 2002 level. This net increase includes a price growth of \$4.0 million and a program growth of \$78.1 million (+78.2 percent) primarily to provide additional support for the Army's Transformation effort to recapitalize its end items. The FY 2003 budget request supports additional recapitalization of UH-60s (+15), CH-47Ds (+1), and Aircraft Ground Support Equipment.

Flight Training: The FY 2003 budget request increases \$6.9 million above the FY 2002 level. This net increase includes a price increase of \$0.7 million and a program increase of \$6.2 million (+3.3 percent). The FY 2003 program increase of \$6.2 million is primarily due to increased flying hour costs, which is offset by reduced number of flight hours required to support the Aviation Transformation Plan.

Servicewide Support: The FY 2003 budget request increases \$0.6 million above the FY 2002 level. This net increase includes a price increase of \$0.1 million and a program increase of \$0.5 million (+0.6 percent). The FY 2003 program increase of \$0.5 million reflects the anticipated increase in flying hour costs based on a 3-year moving average of cost growth in flying hour depot level repairables and consumables attributable to an aging fleet costs of flying.

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 CINCs. The Reserve fixed wing aircraft are an integral part of the military operational mission support airlift system.

	(\$ in millions)						
<u>Funding Summary</u>	<u>FY 2001</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Training Operations	35.6	0.2	7.7	43.5	1.7	11.1	56.3
	<u>FY 2001</u> <u>Actual</u>		<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>		<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft	134		+6	140		+8	148
Total Aircraft Inventory (TAI)	134		+6	140		+8	148

AIR OPERATIONS

	FY 2001		FY 2002		FY 2003
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Flying Hours (000)	33.8	+9.1	42.9	+3.5	46.4
OPTEMPO:					
Rotary (Hours/Crew/Month)	8.9	+0.1	9.0	-	9.0
Fixed (Aircraft Hours/Month)	49.0	+5.0	54.0	-	54.0

The FY 2003 budget request reflects a net increase of \$12.8 million. This includes a price decrease of \$1.7 million and a program increase of \$11.1 million (+24.6 percent), which is primarily due to the fielding of eight UH-60L aircraft to the Army Reserve in FY 2003.

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>						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<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>
Flying Hour Program	224.8	+1.0	+54.1	279.9	+2.0	+56.7	338.6
Program Data	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
Primary Authorized Aircraft	1,830	-154		1,676	-17		1,659
Total Aircraft Inventory	1,830	-154		1,676	-17		1,659
Flying Hours (000)	261.0	+87.4		348.4	-1.4		347.0
OPTEMPO:							
Rotary (Hours/Crew/Month)	5.9	+3.1		9.0	-		9.0
Fixed (Aircraft Hours/Month)	27.5	-4.5		23.0	+2.0		25.0

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The FY 2003 budget request reflects a net increase of \$58.7 million. This includes a price change of \$2.0 million and a net program increase of \$56.7 million (+20.1 percent), which reflects the Army's continued transformation effort to retire Cobra (AH-1) and Huey (UH-1) aircraft and replace them with more capable Blackhawk (UH-60) and Apache (AH-64) aircraft.

ACTIVE NAVY

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.

<u>Funding Summary</u>	<u>(\$ in millions)</u>						
	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</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	3,053.5	-87.7	+186.9	3,152.7	+118.3	-23.8	3,247.2
Fleet Air Training	900.4	-11.2	+87.2	976.4	+28.9	+24.7	1,030.0
Intermediate Maintenance	61.2	+2.0	-1.5	61.7	+3.3	+4.9	69.9
Air Ops and Safety Support	90.0	+1.1	+8.9	100.0	+4.3	+4.7	109.0
Depot Maintenance	758.1	+3.3	+77.0	+838.4	+43.4	-96.7	785.1
Depot Operations Support	30.3	-1.0	+16.8	46.1	+2.1	+7.7	55.9
Combat Communications	59.4	-1.8	+8.1	65.7	+2.2	+3.9	71.8
Flight Training	324.5	+1.0	+44.1	369.6	+1.8	-0.3	371.1
Blue Angels	17.6	-0.5	+1.3	18.4	+0.7	-	19.1
Total	5,295.0	-94.8	+428.8	5,629.0	+205.0	-74.9	5,759.1

<u>Program Data</u>	<u>FY 2001</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>FY 2003</u>
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Primary Authorized Aircraft	2,488	-9	2,479	+6	2,485
Total Aircraft Inventory (TAI) *	4,089	+66	4,155	+53	4,208
Total Flying Hours (000)	1,218.4	+69.3	1,287.7	-2.7	1,285.0
Tactical Fighter Wings	10	-	10	-	10
Hours Per Crew Per Month	21.4	+1.4	22.8	-1.3	21.5
TACAIR Primary Mission Readiness **	80%	+3%	83%	-	N/A
TACAIR Percent of Requirement	N/A	-	N/A	-	89%

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<u>Program Data</u>	<u>FY 2001</u> <u>Actual</u>	<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Naval Aviation Installations					
CONUS	15	-	15	-	15
Overseas	8	-	8	-	8

* TAI includes Navy and Marine Corps Reserve aircraft.

** Tactical Air (TACAIR) PMR percentages include 2% simulator contribution

The FY 2003 budget request increases by \$130.1 million above of the FY 2002 level and reflects a price increase of \$205.0 million and a program decrease of \$74.9 million (-1.3 percent) from the FY 2002 level. The Primary Authorized Aircraft (PAA) decreases from FY 2002 to FY 2003 due to various force structure changes, including reduced number of S-3B aircraft from 8 to 6 per squadron and accelerated decommissioning of F-14s. The FY 2003 budget request will enable the Navy to achieve readiness and safety goals.

Mission/Flight Operations: The FY 2003 budget request reflects a net increase of \$94.5 million above the FY 2002 level, which includes a price increase of \$118.3 million primarily due to increased Aviation Depot Level Repairables (AVDLR) and aviation consumable prices. The FY 2003 program decrease of \$23.8 million (-0.7 percent) is primarily attributable to a decrease in the flying hour requirement (-10,832 hours) and the transfer of the Aviation Consumable Initiative to the Defense Working Capital Fund.

Fleet Air Training: The FY 2003 budget request reflects a net increase of \$53.6 million above the FY 2002 level, which includes a price increase of \$28.9 million primarily due to increased AVDLR and aviation consumable prices. Programmatic adjustments in FY 2003 total \$24.7 million (+2.5 percent), which are primarily attributable to higher usage rate of consumables and repairables, as well as an increase in flying hours (+4,453 hours) to correspond to changes in training requirements.

Navy Intermediate Maintenance: The FY 2003 budget request reflects a net increase of \$8.2 million above the FY 2002 level, which includes a price growth of \$3.3 million and programmatic increases of \$4.9 million (+7.5 percent). The net increase will provide additional engineering and technical support for tactical aircraft and additional Navy Marine Corps Intranet seat service costs.

Air Operations and Safety Support: The FY 2003 budget reflects a net increase of \$9.0 million above the FY 2002 level, which includes a price increase of \$4.3 million and a program increase of \$4.7 million (+4.5 percent). The increase will support additional Air Traffic Control Radar and Tower Maintenance, Precision Approach and Landing System certifications and provide fleet support for fielded shipboard based Air Traffic Control Identification Landing Systems equipment.

Aircraft Depot Maintenance: The FY 2003 budget reflects a net decrease of \$53.3 million, which includes a price increase of \$43.4 million and a net program decrease of \$96.7 million (-11.0 percent). The programmatic decrease is the result of reduced requirements for standard depot level maintenance actions, phased depot maintenance actions, engine overhauls/repairs, and gear box/torque meter overhauls. The program is fully funded to meet Navy readiness goals.

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Aircraft Depot Operations Support: The FY 2003 budget request reflects a net increase of \$9.8 million above the FY 2002 level. This includes a price increase of \$2.1 million and a program increase of \$7.7 million (+16.0 percent). The programmatic increase will fund the development and deployment of the SIGMA Enterprise Resource Planning initiative, as well as a corresponding decrease for non-recurrence of Computer Automatic Test Equipment and Radar Communication Automatic Test Equipment (CAT and RADCOM) congressional increase in FY 2003.

Combat Communications. Combat Communication funds the E-6A/B TACAMO program. The FY 2003 budget request reflects a net increase of \$6.1 million above the FY 2002 level. This includes a price increase of \$2.2 million and a program increase of \$3.9 million (+5.7 percent) in FY 2003. The program growth is attributable to the lease of Boeing 737 aircraft to replace the TC-18 in support of the TACAMO training mission and the contract maintenance associated with these aircraft, partially offset by reductions in other maintenance, primarily associated with the TC-18.

Flight Training: The FY 2003 budget reflects a net increase of \$1.5 million above the FY 2002 level. This includes price growth of \$1.8 million and a program decrease of \$0.3 million (-0.1 percent). The program decreases are attributable to reduction in the pilot training rate for Strike and Rotary and in the Integrated Production Plan for Naval Flight Officer Training Rate (\$-2.4 million); the transfer of Water Survival training to the Air Force (\$-1.6 million); and support to legacy Information Technology systems (\$-2.9 million). These program decreases are partially offset by increases for: training for instructors and support personnel for the new T-6A training aircraft (\$5.3 million) and establishment of the Introductory Flight Syllabus program, which provides introductory training prior to flight school (\$1.3 million).

Blue Angels: The FY 2003 funding is the same as the FY 2001 funding level except for a slight price increase of \$0.7 million.

NAVY RESERVE

As with the Active Navy, the Navy Reserve Air Operations program funds flying-related operations for the Navy Reserve and the Marine Corps Reserve. The Naval Air Reserve Force consists of 1 carrier air wing with a total of 8 squadrons, 1 long-range Anti-Submarine Warfare (ASW) patrol wing with a total of 7 squadrons, 1 helicopter wing with 6 squadrons, and 1 air logistics wing with 14 squadrons. The Fourth Marine Corps Air Wing (4th MAW) consists of 15 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.

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Funding Summary	(\$ in millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Mission/Flight Operations	361.5	-5.8	+35.3	391.0	-4.0	+11.3	398.3
Intermediate Maintenance	16.0	+0.4	+0.7	17.1	+0.7	+0.2	18.0
Air Ops and Safety Support	1.9	-	-	1.9	+0.1	+0.2	2.2
Depot Maintenance	101.9	+0.4	+12.8	115.1	+4.2	+10.2	129.5
Depot Operations Support	<u>0.2</u>	<u>-</u>	<u>+0.1</u>	<u>0.3</u>	<u>+0.1</u>	<u>-</u>	<u>0.4</u>
Total	481.5	-5.0	+48.9	525.4	1.1	21.9	548.4

Program Data	FY 2001	Change	FY 2002	Change	FY 2003
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Primary Authorized Aircraft	403	+6	409	-	409
Total Aircraft Inventory (TAI)*	4,089	+66	4,155	+53	4,208
Total Flying Hours (000)	151.0	+23.6	174.6	-7.7	166.9
Tactical Fighter Wings	1	-	1	-	1
Hours Per Crew Per Month	11.0	-	11.0	-	11.0
Primary Mission Readiness **	87%	-	87%	-	N/A

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

** Includes 2% simulator contribution.

The FY 2003 request reflects a net increase of \$23.0 million above the FY 2002 funding level. This includes a price increase of \$1.1 million and a real program growth of \$21.9 million (4.2 percent) above FY 2002 level. Programmatic increases in FY 2002 are associated with increased costs of Aviation Depot Level reparables (AVDLRs), contract maintenance increases (most notably on the F-5), full year operation of the C-40 "Clipper" aircraft, and increased funding for airframe and engine repairs.

AIR OPERATIONS

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 for the Air Force are subdivided into the following categories:

<u>Funding Summary</u>	(\$ in millions)						
	<u>FY 2001</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Primary Combat Forces	2,684.9	+140.9	+354.8	3,180.6	+122.5	-59.1	3,244.0
Primary Combat Weapons	284.9	+6.6	+9.9	301.4	+8.3	+26.5	336.2
Combat Enhancement Forces	239.7	+5.4	-8.8	236.3	+5.8	+6.3	248.4
Air Operations Training	847.6	+41.3	+320.6	1,209.5	+49.9	-8.8	1,250.6
Combat Communications	1,211.5	+27.3	+163.8	1,402.6	+22.0	+40.7	1,465.3
Facilities Sustainment (FSRM)	763.4	+6.6	+14.6	784.6	+10.2	+166.1	960.9
Base Support	2,027.3	+9.2	+57.3	2,093.8	+51.2	+212.5	2,357.5
Global C3I & Early Warning	762.9	+21.3	+15.5	799.7	+19.5	-3.2	816.0
Other Combat Ops Spt Programs	363.3	+10.2	+19.2	392.7	+13.7	+19.2	425.6
Airlift Operations	2,024.1	+27.7	+28.8	2,080.6	-11.4	+77.9	2,147.1
Flight Training	582.1	+14.6	+66.4	663.1	+6	-5.3	663.8
Rescue & Recovery Services	70.4	+2.8	+6.4	79.6	+3.7	+27.1	110.4
Arms Control	31.9	+0.6	+1.7	34.2	+0.7	-1.8	33.1
Security Programs	731.2	+16.5	+57.9	805.6	+40.2	+208.4	1,054.2
International Support	22.4	+0.2	-8.3	14.3	-0.3	+6.0	20.0
Depot Maintenance (All Air Force)	<u>1,824.5</u>	<u>+184.6</u>	<u>-28.2</u>	<u>1,980.9</u>	<u>+194.7</u>	<u>-393.8</u>	<u>1,781.8</u>
Total	14,472.1	+515.8	+1,071.6	16,059.5	+536.7	+318.7	16,914.9

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The FY 2003 budget request reflects a net increase of \$855.4 million above the FY 2002 funding level. This includes a price increase of \$536.7 million and a program increase of \$318.7 million (+1.9 percent). Of this net program change, \$235.3 million is due to the way the Air Force plans to recover losses at its Depots in FY 2002. The FY 2002 program includes a one-time \$235.3 million surcharge which is not carried forward into FY 2003. Adjusting for the impact of this one-time surcharge the real program growth is \$554.0 million (3.3 percent) above the FY 2002 funded level.

<u>Program Data</u>	<u>FY 2001</u> <u>Actual</u>	<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Primary Aircraft Authorized					
Bomber	130	-18	112	+5	117
Fighter/Attack	1,287	+6	1,293	+15	1,308
Trainer	1,052	-49	1,003	-17	986
Mobility	332	-9	323	5	328
Other	<u>731</u>	<u>-2</u>	<u>729</u>	<u>-</u>	<u>729</u>
Total	3532	-72	3460	8	3468
Total Aircraft Inventory (TAI)					
Bomber	177	-15	162	-18	144
Fighter/Attack	1462	4	1,466	-5	1,461
Trainer	1,263	-177	1,086	2	1,088
Mobility	382	-24	358	5	363
Other	<u>824</u>	<u>16</u>	<u>840</u>	<u>8</u>	<u>848</u>
Total	4,108	-196	3,912	-8	3,904
Flying Hours (000)	1459.1	-134.7	1,324.4	4.3	1,328.7
Fighter Wing Equivalents	20.21	-	20.21	-.19	20.02
Crew Ratio (Average per Aircraft)					
Bombers					
B-52	1.40	-	1.40	-	1.40
B-2	1.31	-	1.31	-	1.31
B-1	1.31	-	1.31	-	1.31

AIR OPERATIONS

<u>Program Data</u>	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Fighters	1.25	-	1.25	-	1.25
OPTEMPO (Hrs/Crew/Month)					
Bombers	17.8	-2.3	15.5	-0.1	15.4
Fighters	15.9	1.2	17.1	0.2	17.3
Airlift	27.6	-3.6	24.0	-0.1	23.9
Tanker	24.8	-6.6	18.2	0.5	18.7
Primary Mission Capable (%)					
Bombers	70.6	-0.4	70.2	0.7	70.9
Fighters	74.5	3.1	77.6	0.5	78.1
Airlift	70.8	-0.6	70.2	0.4	70.6
Tanker	75.8	1.8	77.6	0.1	77.7
ICBM Inventory					
Minuteman III	500	-	500	-	500
Peacekeeper	<u>50</u>	-	<u>50</u>	<u>-17</u>	<u>33</u>
Total	550	-	550	-17	533

Primary Combat Forces: The FY 2003 budget request reflects a net increase of \$63.4 million above the FY 2002 funding level. This includes a price growth of \$122.5 million and a net program decrease of \$59.1 million (-1.8 percent). The net program decrease is primarily attributed to the savings from the consolidation of the B-1B bomber fleet from 93 aircraft to 60 and from five bases to two (\$-61.6 million). The consolidation reduces the costs for contract engineering, contractor support, and technical data. The savings are reapplied to the RDT&E and Aircraft Procurement appropriations for B-1B modernization efforts to improve lethality, survivability, and readiness. In addition, the program decreases in FY 2003 due to one-time increase in F-16 engine costs in FY 2002 (\$-34.1 million). The FY 2003 budget also reflects reduced flying hour costs to reflect the approved cost factors based on FY 2000 consumption, adjusted for a 5-year historical pattern of cost change in flying hour depot level reparable (DLR) and consumables (\$-93.6 million). These program reductions are partially offset by an increase of 1,175 flying hours to fully support the readiness requirements for a consolidated fleet (\$+76.6 million); increase for B-2 readiness upgrades (\$24.2 million); increase in support for the Aerospace Expeditionary Forces Southwest Asia travel expenses to reflect historically executed levels (\$10.2 million); and increase in

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contractor services/logistics support for F-22 (as the aircraft prepares to move from testing to fielding) and F-117 (for increased engine repairs and software updates) programs (\$15.9 million).

Primary Combat Weapons: The FY 2003 funding level increases by \$34.8 million above the FY 2002 level. This includes a price growth of \$8.3 million and a net program increase of \$26.5 million (+8.6 percent). The net program increase reflects increased funding for the Minuteman III to fund propulsion system and guidance set tasks and infrastructure repairs at the launch facilities (\$36.5 million) and provide additional contractor services and logistics support for the Advanced Medium Range Air-to-Air Missile (for independent testing to support product improvements), the Joint Air-to-Surface Standoff Missile (for surveillance and technical support), the Advanced Cruise Missile (for system support services), and the Standoff Attack Weapon (to repair pods and support equipment) (\$7.5 million). These program increases are partially offset by the savings associated with the deactivation of 17 Peacekeepers in FY 2002 (\$-17.5 million).

Combat Enhancement Forces: The FY 2003 budget request includes a net increase of \$12.1 million above the FY 2002 funded level. This includes a price growth of \$5.8 million and a net program growth of \$6.3 million (+2.6 percent). The net program increase is primarily attributed to an increase for the Joint Task Force – Computer Network Operations (JTF-CNO) for modeling and simulation of DoD-wide network activity to analyze and predict threats to critical communication systems (\$10.7 million); increase for installation and operation of the CV-22 simulator at Kirtland AFB to conduct aircrew training and tactics development (\$6.0 million); and increase for Special Operations Forces (SOF) to examine future weapons technology and platforms for Special Operations mobility (SOF C-130s), as well as technical data updates for SOF aircraft (MH-53, MC-130E/H, MC-130P, AC-130U/H) (\$8.4 million). These program increases are primarily offset by Information Warfare realignment from Combat Enhancement Forces to Combat Communications to provide better management and oversight (\$-18.8 million).

Air Operations Training: The FY 2003 budget request reflects a net increase of \$41.1 million above the FY 2002 funded level. This includes a price growth of \$49.9 million and a net program decrease of \$8.8 million (-0.7 percent). The FY 2003 budget request includes increases for combat Air Force student production support (\$16.1 million) and Air Force Space Command participation in combined, joint, and Service exercises/wargames (\$3.2 million). These program increases are offset by decreases in the Flying Hour Program to reflect the approved cost factors based on FY 2000 consumption, adjusted for a 5-year historical pattern of cost growth in flying hour DLRs and consumables and a net reduction of 576 flying hours (\$-11.3 million); reduced non-fly parts and consumable supplies that were increased in FY 2002 budget but not sustained in FY 2003 (\$-8.7 million); and reduced contractor logistics support for Full Mission Combat Training/Distributed Mission Training due to a one-time congressional add in FY 2002 (\$-7.8 million).

Combat Communications: The FY 2003 budget request reflects a net increase of \$62.7 million above the FY 2002 funded level. This includes a price growth of \$22.0 million and a net program increase of \$40.7 million (+2.9 percent). The net program increase primarily includes a functional transfer from the Operation and Maintenance, Navy appropriation to reflect the transfer of the Executive Agent responsibility from the Navy for the Integrated Broadcast Service (\$16.0 million); transfer of the Engineering and Installation support from the Base Support for Servicewide Activities (\$5.0 million); realignment of the Information Warfare from

AIR OPERATIONS

Combat Enhancement Forces to provide better management and oversight (\$18.8 million)); realignment to centralize the Air Force Studies and Analysis Agency functions (\$12.3 million); increase in air operations support (i.e., fuel and maintenance) for U-2 operations affected by CINC requirements (\$14.5 million); increased communication support for the U.S. Central Command (USCENTCOM) to provide reliable communications bridge between the headquarters and deployed forces locations and coalition interoperability (\$10.4 million); and increased contractor logistics support for operation and maintenance of Advanced Concept Technology Development and initial rate production aircraft (\$7.5 million). These program increases are partially offset by program decreases in FY 2003 due to a one-time increase in funding for the Integrated Broadcast System in FY 2002 to enable the Air Force to fulfill its Executive Agent responsibility (\$-32.7 million); a one-time increase in funding for Wargaming and Simulation in FY 2002 (\$-15.6 million); and savings in FY 2003 associated with the retirement of the TC-18 (\$-6.0 million).

Facilities Sustainment, Restoration, and Modernization: The FY 2003 budget request reflects a net increase of \$176.3 million above the FY 2002 funded level. This includes a price growth of \$10.2 million and a net program growth of \$166.1 million (+20.9 percent). The program increase is primarily driven by increases for sustainment of facilities for critical annual maintenance and scheduled repair activities required to maintain the inventory of real property (\$150.0 million) and restoration and modernization to correct deteriorating facilities and infrastructure conditions (\$36.1 million). Partially offsetting the increases is a program decrease associated with a one-time FY 2002 demolition requirement for Johnston Atoll facilities (\$-20.0 million).

Base Support: The FY 2003 budget request reflects a net increase of \$263.7 million above the FY 2002 funded level. This includes a price growth of \$51.2 million and a net program increase of \$212.5 million (+9.9 percent). The net program increase primarily includes Southwest Asia contingency support of Air Expeditionary Force rotations (\$51.7 million); Bosnia contingency support of Operation Joint Forge and Operation Deliberate Forge (\$18.8 million); support for Morale and Welfare related supplies and contracts needed to support new fitness centers at Moody, Hurlburt, Laughlin, and McConnell, the replacement of supplies for dining halls, and increased costs for dining hall contracts (\$46.5 million); increase for operations at Al Udeid Air Base, Qatar (\$21.0 million); increases for constrained base operating support activities to include engineering services required for day-to-day facility maintenance and base maintenance contracts (\$36.7 million); and increase in utility costs, specifically electricity, that have been validated based on the first four months of utility charges in FY 2002 (\$33.3 million).

Global C3I & Early Warning: The FY 2003 budget request reflects a net increase of \$16.3 million above the FY 2002 funded level. This includes a price increase of \$19.5 million and a net program decrease of \$3.2 million (-0.4 percent). The net program decrease is primarily attributed to one-time reductions as a result of one-time congressional adds in FY 2002 for the North Warning System, Clear Radar Upgrade contract claims settlement, Tethered Aerostat radar systems operations earmarks, and one-time stand-up of Space Range which developed counterspace training and exercise capabilities (\$-24.6 million). These program reductions are partially offset by an increase in depot maintenance and engine overhauls for the National Airborne Operations Center aircraft, E-4B to enhance operational readiness (\$22.5 million).

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Other Combat Operations Support Programs: The FY 2003 budget request reflects a net increase of \$32.9 million above the FY 2002 funded level. This includes a price increase of \$13.7 million and a net program increase of \$19.2 million (4.7 percent). In support of the AF transformation efforts to improve the communications architecture and information support, the FY 2003 budget request includes program increases for engineering installation support (\$21.3 million); base physical security systems (\$12.6 million); combat developments for F-22 flying hours as it begins operational test and evaluation, (+1,902 hours) (\$6.7 million); nuclear, biological, and chemical equipment, to include aircrew and ground crew ensembles, in support of Expeditionary Air Forces (\$7.7 million); and enhanced real-time battlefield information to support upgrades to Time Critical Targeting and commercial satellite imagery (\$5.9 million). These increases were offset by one-time increases in FY 2002 (not carried forward to FY 2003) for Anti Terrorism and Air Base Ground Defense (-\$37.3 million).

Airlift Operations: The FY 2002 budget request reflects a net increase of \$66.5 million above the FY 2002 funded level. This includes a price decrease of \$11.4 million and a net program increase of \$77.9 million (+3.8 percent). The net program increase includes a functional transfer in of 10,000 airlift training flying hours to more closely align flying training requirements with channel airlift workload (\$118.2 million) and a transfer of converted officer to civilian authorizations to enable essential military personnel to be reassigned to combat and combat supporting functions (\$0.5 million). After allowing for these transfers, the program declines by \$40.8 million, which is attributed to a current induction schedule of 40 KC-10 engine overhauls to maintain safe and airworthy Federal Aviation Administration (FAA) certified standards (-\$38.7 million). Additionally, the Flying Hour program was repriced to reflect the approved cost factors based on based on FY 2000 consumption, adjusted for a 5-year historical pattern of cost change in flying hour depot level reparables (DLR) and consumables (-\$11.3 million). Other reductions align the mobility travel program to be consistent with congressional actions to reduce services' non-mission travel requirements (-\$8.8 million) and reflect estimated savings through increased competition and expanded employee/ private sector participation (-\$3.1 million). These reductions are partially offset by growth in the C-130J program establishing simulators and developing training products to support the beddown of 40 C-130J aircraft in the outyears (\$12.3 million); increased airlift funding for Air Expeditionary Force (AEF) rotations in support of Operations Northern Watch and Southern Watch (Southwest Asia) to meet historically executed levels (\$6.3 million); and increased civilian pay based on updated assessment of workyear costs and newly approved special salary rates (\$2.5 million).

Flight Training: The FY 2003 funding budget request reflects a net increase of \$0.7 million above the FY 2002 funded level. Changes include a price growth of \$6.0 million and a net program decrease of \$5.3 million (-0.8 percent). The net program decrease includes reduced flying hour costs based on based on FY 2000 consumption, adjusted for a 5-year historical pattern of cost change in flying hour depot level reparables (DLR) and consumables (-\$17.0 million); reduced fuel costs (-\$4.6 million); reduced civilian pay based on actual workyear costs (-\$4.1 million); savings associated with the end of the T-38 Queen Bee upgrades in FY 2002 (-\$1.7 million); and lower flight screening contract costs due to lower fuel costs in FY 2003 (-\$1.3 million). These program decreases are partially offset by a functional transfer from the Military Personnel appropriation for authorizations converted from officers to civilians (\$0.1 million); increase for civilian separation incentives (\$8.5 million); and increase in contractor logistics support to provide additional T-1 engine overhauls, T-6 aircraft maintenance, T-6 ground-based trainer simulator maintenance and Training Information Management System support, and T-38C (new model) maintenance (\$14.8 million).

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Rescue & Recovery Services: The FY 2003 budget request reflects a net increase of \$30.8 million above the FY 2002 funded level. This includes a price increase of \$3.7 million and a program increase of \$27.1 million (+32.5 percent). The net program increase primarily reflects the realignment of the Low Density/High Demand (LD/HD) assets (aircraft, support, and personnel) from the Air Force Reserve Component to the Active Component in order to meet the Aerospace Expeditionary Force (AEF) construct. Each EAF deploys with a rescue and recovery component. This includes HC-130s and HH-60G Pave Hawk helicopters, one of the most heavily tasked assets in the Air Force.

Arms Control: The FY 2003 budget request reflects a net decrease of \$1.1 million below the FY 2002 funded level. This includes a price growth of \$0.7 million and a program decrease of \$1.8 million (-5.2 percent). The net program decrease primarily includes decreases for the counterproliferation program (\$-3.5 million) and savings associated with the completion of START Minuteman II silo destruction (\$-0.5 million). These program decreases are partially offset by increases for planning and logistical support to Entry-into-Force of the treaty on Open Skies (\$1.0 million) and maintenance costs for an aircraft supporting the Open Skies Treaty (\$0.5 million).

Security Programs: The FY 2003 budget request reflects a net increase of \$248.6 million above the FY 2002 funded level. This includes price growth of \$40.2 million and net program growth of \$208.4 million (+24.6 percent). The net program increase is associated with classified programs.

International Support: The FY 2003 budget request reflects a net increase of \$5.7 million above the FY 2002 funded level. This includes a price decrease of \$0.3 million and a net program increase of \$6.0 million (+42.9 percent), which is driven primarily by increases to support the Central Command's military-to-military contacts with Central Asian states (\$5.0 million) and civilian pay cost growth based on actual workyear rates (\$1.0 million).

Depot Maintenance (Air Force-wide): The FY 2003 budget request reflects a net decrease of \$199.1 million below the FY 2002 level. This includes price growth of \$194.7 million and a net program decrease of \$393.8 million (-18.1 percent). The net program decrease is primarily attributed to reductions in FY 2003 to mitigate depot workload that cannot be accomplished in FY 2003 (\$-152.4 million); a one-time depot quarterly surcharge in FY 2002 for Working Capital Fund cost recovery of losses (\$-235.3 million), and a one-time congressional increase for the B-52 Attrition Reserve in FY 2002 (\$-20.1 million).

AIR FORCE RESERVE

The Air Force Reserve Air Operations provide the resources to maintain and train units for immediate mobilization and to provide administrative support for the Air Reserve Personnel Center. The FY 2003 request provides for the operation and training of 73 flying units, 287 mission support units, 13 Air Force Reserve flying installations, and the flying and mission training of 75,600 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.

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	(\$ in millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<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	1,158.4	+50.0	+42.3	1,250.7	+17.2	+78.2	1,346.1
Mission Support Ops	66.9	+2.3	-8.3	60.9	+4.9	+4.0	69.8
Base Support	248.1	+7.1	-13.1	242.1	+16.1	+24.0	282.2
Depot Maintenance	298.9	+31.6	-12.0	318.5	+31.5	-12.9	337.1
Facilities Sustainment (FSRM)	<u>72.5</u>	<u>+1.5</u>	<u>-36.0</u>	<u>38.0</u>	<u>+2.1</u>	<u>+8.4</u>	<u>48.5</u>
Total	1,844.8	+92.5	-27.1	1,910.2	+71.8	+101.7	2,083.7
<u>Program Data</u>	FY 2001			FY 2002			FY 2003
	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
Primary Aircraft Authorized							
Bomber	8	-		8	-		8
Fighter/Attack	104	-		105	-		105
Mobility	232	+5		237	+14		251
Other	<u>46</u>	<u>+7</u>		<u>53</u>	<u>-6</u>		<u>47</u>
Total	390	+13		403	+8		411
Total Aircraft Inventory (TAI)							
Bomber	9	-		9	-		9
Fighter/Attack	122	+1		123	-4		119
Mobility	253	+18		271	+1		272
Other	<u>61</u>	<u>-2</u>		<u>59</u>	<u>-8</u>		<u>51</u>
Total	445	+17		462	-11		451
Flying Hours (000)	135.4	+2.3		137.7	+4.0		141.7
Tactical Fighter Wing Equivalents	1.0	-		1.0	-		1.0
Crew Ratios (Average per Aircraft)							

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<u>Program Data</u>	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Bombers	1.31	-	1.31	-	1.31
Fighters	1.25	-	1.25	-	1.25
OPTEMPO (Hrs/Crew/Month)					
Bombers	17.65	-0.5	17.10	-	17.10
Fighters	11.02	-	10.99	-	10.99

The FY 2003 budget request increases \$173.5 million above the FY 2002 level. Price changes increase \$71.8 million while program changes increase \$101.7 million (+5.1 percent).

Primary Combat Forces (Air Operations): The FY 2003 budget request reflects a net increase of \$95.4 million. This includes a price increase of \$17.2 million and a program growth of \$78.2 million (+6.2 percent). The program growth is primarily attributed to the increase in the flying hour program and reflects the increased consumption and costs of DLRs and consumable spare parts needed to support aging aircraft.

Mission Support Operations: The FY 2003 budget request reflects a net increase of \$8.9 million. This includes a price increase of \$4.9 million and a program growth of \$4.0 million (+6.1 percent). The program increase is primarily attributed to increased civil engineering and services support to sustain support at the current level.

Base Support: The FY 2003 budget request reflects a net increase of \$40.1 million. This includes a price increase of \$16.1 million and a program increase of \$24.0 million (9.3 percent). The program increase primarily reflects an increase in A-76 contract operations and increased network communications training to prevent, detect, and respond to network intrusions.

Depot Maintenance: The FY 2003 budget request includes a net increase of \$18.6 million. This includes a price increase of \$31.5 million and a program decrease of \$12.9 million (-3.7 percent). The program decrease reflects reduced scheduled maintenance for C-141 aircraft.

Facilities Sustainment, Restoration and Modernization: The FY 2003 budget request reflects a net increase of \$10.5 million. This includes a price increase of \$2.1 million and a program increase of \$8.4 million (+20.9 percent). The program increase reflects increased funding support for the sustainment of real property.

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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.

	(\$ in millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<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	2,244.7	101.9	264.2	2,610.8	140.7	-114.1	2,637.4
Mission Support Ops	450.5	15.8	-106.5	359.8	+24.8	-43.2	341.4
Depot Maintenance	465.7	51.8	-19.4	498.1	51.7	15.4	565.2
Base Support	305.9	5.9	61.9	373.7	+10.9	+23.2	407.8
Facilities Sustainment (FSRM)	<u>119.3</u>	<u>1.9</u>	<u>-24.1</u>	<u>97.1</u>	<u>+1.5</u>	<u>+65.7</u>	<u>+164.2</u>
Total	3,586.1	+177.3	+176.1	3,939.5	+229.5	-52.9	4,116.1

	FY 2001		FY 2002		FY 2003
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Primary Aircraft Authorized					
Bomber	16	-16	-	-	-
Fighter/Attack	495	-	495	-15	480
Mobility	450	-	450	+6	456
Other	<u>219</u>	<u>-</u>	<u>219</u>	<u>-</u>	<u>219</u>
Total	1,180	-16	1,164	-9	1,155

Total Aircraft Inventory (TAI)					
Bomber	18	-2	-	-	-
Fighter/Attack	590	-25	565	-32	533
Mobility	478	+4	482	+3	485
Other	<u>275</u>	<u>-13</u>	<u>262</u>	<u>-</u>	<u>262</u>
Total	1,361	-52	1,309	-29	1,280

AIR OPERATIONS

<u>Program Data</u>	FY 2001 <u>Actual</u>	<u>Change</u>	FY 2002 <u>Estimate</u>	<u>Change</u>	FY 2003 <u>Estimate</u>
Flying Hours (000)	301.0	+21.0	322.0	-6.0	316.0
Tactical Fighter Wing Equivalents	6.63	-	6.63	-	6.63
Crew Ratios (Average per Aircraft)					
Bombers	1.50	-	1.50	-	1.50
Fighters	1.25	-	1.25	-	1.25
OPTEMPO (Hrs/Crew/Month)					
Bombers	14.6	-	14.6	-	14.6
Fighters	10.5	-	10.5	-	10.5

The Air National Guard (ANG) FY 2003 budget increases \$176.6 million between FY 2002 and FY 2003 reflecting price growth of \$229.6 million and program decreases of \$53.0 million (-1.3 percent).

Primary Combat Forces Aircraft Operations: The FY 2003 budget request reflects a net increase of \$26.6 million. This includes a price growth of \$140.7 million and a program decrease of \$114.1 million (-4.1 percent). The program increases include increased bench stock supply and equipment items and training costs associated with the transition of an Air National Guard C-141 unit to C-17 aircraft (\$+22.2 million), the conversion to an eight (8) PAA KC-135E air refueling unit (\$+16.9 million), and contractor logistics support for C-38 and C-40 aircraft (\$+11.1 million). Additional growth in FY 2003 provides the contractor logistic support required for the F-15 Distributed Mission Trainer (DMT) (\$+5.8 million), and the Self Contained Navigation System on C-130 tactical airlift aircraft (\$+3.5 million). Program decreases are attributed to DoD's decision to consolidate the Air Force's B-1 bomber force resulting in the loss of two ANG bomber units (\$-95.2 million), the conversion of a fifteen (15) PAA F-16C/D fighter unit to KC-135 aircraft plus the completion of safety modifications on F-16 aircraft (\$-40.8 million). Other decreases are caused by a one-time increase in FY 2002 to satisfy a cash shortfall associated with the higher cost of spare parts for aircraft engines (\$-22.0 million), the final transfer of funds to the new Security Forces program (\$-9.3 million), and one-time Congressional increases in FY 2002 for Defense Systems Evaluation (DSE) and cold weather clothing (\$-3.3 million).

AIR OPERATIONS

Mission Support Operations: The FY 2003 budget reflects a net decrease of \$18.4 million below the FY 2002 level. This includes price increases of \$24.8 million and program decreases of \$43.2 million (-11.2 percent) between FY 2002 and FY 2003. The program increases include increased support for defensive information operations that will insure the integrity of information systems in the face of cyber attacks on critical defense related infrastructure (\$+4.5 million), increased full-time civil engineering support (\$+1.6 million); increased tactical air control support (\$+1.1 million); and increased support of an Air Force air control squadron as part of the transition of the Homeland Defense mission to the ANG (\$+1.5 million). These program increases are offset by one-time congressional adds in FY 2002 for Eagle Vision, Project Alert, State Partnership Program, and cold weather clothing (\$-13.3 million); the realignment of personnel performing management headquarters activities from reserve readiness support to the Administration subactivity group (\$-21.7 million); and the transfer of personnel from air traffic control and combat communications to the Base Support subactivity group (\$-7.6 million). In addition, the Nuclear, Biological, Chemical equipment funding is decreased in FY 2003 because of the significant resources provided in FY 2002 to alleviate some of the shortfall in both individual protective equipment and unit level supplies and equipment (\$-11.4 million).

Depot Maintenance: The FY 2003 budget reflects a net increase of \$67.1 million. This includes price increases of \$51.7 million and program increases of \$15.4 million (+2.8 percent). The FY 2003 budget includes program increase in aircraft/engine repair to support major structural repair of A-10 aircraft in order to replace thin skinned wings with thick skins and repair fuel cell and bell crank (+9.2 million); additional programmed cycle maintenance of C-130E, F-15B/C, KC-135E, and KC-135R aircraft (\$+53.0 million); and increased scheduled engine overhaul and repair of C-141C aircraft (\$3.1 million). These program increases are offset by decreased programmed depot maintenance requirements for C-5, C-141C,, and F-15A aircraft based on prescribed maintenance cycles (\$-23.0 million); reduced engine overhaul for F-16C/D, C-130E, and KC-135R aircraft (\$-19.8 million); and decreased B-1 maintenance requirements attributed to the loss of the B-1 aircraft from the ANG inventory beginning in FY 2003 (\$-7.2 million).

Base Support: In FY 2003, the base support budget reflects a net increase of \$34.1 million. This includes price increases of \$10.9 million and program increases of \$23.2 million (+6.0 percent). Major increases are primarily attributed to a realignment of Security Forces resources from Aircraft Operations to Base Support to centrally fund the Security Forces program (\$+9.3 million); a realignment from the air traffic control and combat communications units to base communications (\$+7.5 million); increase in utility operations and contractual services for preliminary work and training required in FY 2003 to convert from C-141 to C-17 aircraft unit in FY 2004 (+1.0 million); and increase in Defensive Information Operations that provides the command and control of mission essential network systems (\$+1.1 million).

Facilities Sustainment, Restoration and Modernization: The FY 2003 budget request reflects a net increase of \$67.2 million below the FY 2002 level. This includes a price increase of \$1.5 million and a program increase of \$65.7 million (+66.6 percent). The FY 2003 program growth includes increased sustainment support, such as preventive maintenance and emergency response or replacement of facility components, to properly maintain the current inventory of facilities (\$42.9 million); and to restore or modernize damaged facilities due to accident or failure attributable to inadequate sustainment or excessive age or to implement a new, higher

AIR OPERATIONS

standard (including regulatory changes) (\$+27.8 million). These program increases are partially offset by a one-time congressional increase in FY 2002 for the Bangor International Airport runway repair (\$-5.0 million).

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.

	(\$ in millions)						
<u>Funding Summary</u>	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
USSOCOM - SOF Operations	\$469.4	+20.3	+16.1	\$505.8	+21.8	+32.7	\$560.3
	FY 2001 <u>Actual</u>		<u>Change</u>	FY 2002 <u>Estimate</u>		<u>Change</u>	FY 2003 <u>Estimate</u>
Program Data							
Primary Aircraft Authorized							
AFSOC	109		-3	106		+3	109
USASOC	121		+4	125		-2	123
Total Aircraft Inventory (TAI)							
AFSOC	137		-8	129		-	129
USASOC	148		-	148		-	148
Flying Hours (000)							
AFSOC	51.2		+1.1	52.3		+0.6	52.9
USASOC	32.1		+1.8	33.9		-0.1	33.8
Crew Ratio (Average per Aircraft)							
AFSOC	1.7		-	1.7		-	1.7
USASOC	1.2		-	1.2		-	1.2
OPTEMPO							
AFSOC	22.3		-2.1	20.2		+3.0	23.2
USASOC	19.9		-	19.9		-	19.9

AIR OPERATIONS

<u>Program Data</u>	FY 2001	<u>Change</u>	FY 2002	<u>Change</u>	FY 2003
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Primary Mission Readiness (%)	75%	-	75%	-	75%

* Air Force Special Operations Command (AFSOC)

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

The FY 2003 budget reflects a net increase of \$54.5 million above the FY 2002 level. This includes a price increases of \$21.8 million and program increases of \$32.7 million (+6.2 percent). The net program growth primarily includes increased flying hour costs associated with the postponement of the MH-53 drawdown due to delays in fielding CV-22's (\$7.6 million); increase in flying hours to fully fund the Flying Hour program, as well as an increase for readiness spares packages to ensure that USSOCOM main its flight readiness (\$19.6 million); and increase for AC-130 Gunship Restructure to operate two additional AC-130-U aircraft and modify two C-130H2's (\$5.5 million).

DEFENSE HEALTH PROGRAM

The Air Operations funding for the Defense Health Program (DHP) supports 7 UH-1 and 2 C-12 aircraft at the U.S. Army Aeromedical Center (Lyster Army Hospital), Fort Rucker, Alabama that provide aeromedical evacuation support to the Army Aviation.

<u>Funding Summary</u>	FY 2001	Price		FY 2002	Price		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Program</u>	<u>Estimate</u>	<u>Change</u>	<u>Program</u>	<u>Estimate</u>
Defense Health Program	2.4	-	-	2.4	-	-	2.4

<u>Program Data</u>	FY 2001	<u>Change</u>	FY 2002	<u>Change</u>	FY 2003
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Primary Aircraft Authorized	9	-	9	-	9
Flying Hours (000)	2.5	+.5	3.0	-	3.0
Crew Ratio (Average)	2:1	-	2:1	-	2:1

The FY 2003 budget request reflects no net program change from the FY 2002 enacted program.

BASE OPERATIONS SUPPORT

	(\$ in millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Army	4,986.6	-22.6	+67.5	5,031.5	+247.6	+572.6	5,851.7
Navy	2,865.3	+122.6	+118.6	3,106.5	+122.9	+108.0	3,337.4
Marine Corps	945.2	+29.7	+14.9	989.8	+44.6	+54.9	1,089.3
Air Force	4,799.3	+64.5	+45.2	4,909.0	+182.8	+364.3	5,456.1
Army Reserve	356.7	+11.5	+29.2	397.4	+12.8	-48.3	361.9
Navy Reserve	143.3	+3.2	+0.8	147.3	+5.9	-7.1	146.1
Marine Corps Reserve	26.9	+0.3	+2.7	29.9	+0.8	+2.9	33.6
Air Force Reserve	248.0	+7.1	-13.0	242.1	+16.1	+24.0	282.2
Army National Guard	568.2	+10.4	-89.5	489.1	+7.1	+65.7	561.9
Air National Guard	305.9	+5.9	+61.9	373.7	+10.9	+23.2	407.8
Defense Health Program	<u>568.4</u>	<u>+16.3</u>	<u>+15.5</u>	<u>600.2</u>	<u>+13.3</u>	<u>+14.9</u>	<u>628.4</u>
Total	15,813.8	248.9	253.8	16,316.5	664.8	1,175.1	18,156.4

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 sustain mission capability, ensure quality-of-life, and enhance work force productivity and fund personnel and infrastructure support. 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 systems 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 transportation motor pool operations. The FY 2003 budget request of \$18,156.4 million includes a net price increase of \$664.8 million and a net program increase of \$1,175.1 million (+6.9 percent) above from the FY 2002 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

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Number of Active Installations</u>					
CONUS	225	-3	222	-	222
Overseas	126	-1	125	-	125
<u>Active Forces Personnel</u>					
Military (End Strength)	84,985	+1,357	86,342	-10,541	75,801
Civilian (Full-Time Equivalents)	100,320	-13,422	86,898	-1,489	85,409

Installations: There are no changes in the overall of active forces' installations from FY 2002 to FY 2003.

Personnel: The civilian personnel assigned to base support activities decline from FY 2002 to FY 2003 primarily due to anticipated reduction in forces as a result of outsourcing and privatization efforts, congressionally mandated reduction in management headquarters activities, Quadrennial Defense Review (QDR) decisions, installation reform reductions, and transition to the Navy Marine Corps Intranet. The military end strength decreases in FY 2003 primarily due to Air Force's manpower realignment within the Air Force Materiel Command from Logistics and Real Property Maintenance sub-activity groups.

ARMY

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active</u>					
Funding (\$ in millions)	4,986.6	+45.0	5,031.5	+820.1	5,851.7
<u>Installations</u>					
CONUS	58	-1	57	-	57
Overseas	86	-1	85	-	85
<u>Personnel</u>					
Military (End-strength)	9,681	-1,566	8,115	-229	7,886
Civilian (Full-Time Equivalents)	38,838	-8,067	30,771	-376	30,395

BASE OPERATIONS SUPPORT

The FY 2003 budget request for BOS of the active Army increases by \$820.1 million above the FY 2002 funding level. This net increase includes a foreign currency rate increase of \$8.2 million, a price growth of \$239.3 million, a net functional transfer out of \$50.2 million, and a net real program growth of \$622.8 million. In the Army's effort to combat terrorism and better protect its personnel, installations, facilities, and critical resources, the FY 2003 President's Budget includes significant increases to enhance antiterrorism/force protection (\$221.8 million). This program growth is needed to enhance security, which requires emphasis on workforce training and implementing vulnerability assessment programs. It is also critical to control access to Army installations, including vehicle registration, vehicle inspection and visitor pass control; reduction in the number of installation entry points; and providing trained and armed security personnel. The FY 2003 budget request also provides increased funding for critical base operations services to maintain high quality of life for military personnel and their families (such as child care support and various other family programs) and to reduce the risk of migration of funds from mission programs, particularly Operating Tempo, during execution (\$244.3 million). In addition, the FY 2003 budget centrally funds the separation costs for those additional civilians affected by outsourcing/privatization efforts (\$30.6 million). Increased funding also supports environmental programs that have been neglected over the years, such as the hazardous substance management and overseas environmental compliance (\$29.7 million). The increased environmental awareness and activism in Europe and Korea have the potential of impacting U.S.-host nation relations and could reduce the Army's ability to perform its mission. Funding should provide leverage for initiating resolution of serious underground storage tank and other environmental issues. Other program increases are primarily attributed to privatization of remaining utility systems by the end of FY 2003 (\$46.0 million); contract and other support costs associated with opening a new dining facility (\$38.0 million); environmental costs associated with the disposal of excess industrial facilities (not related to Base Realignment and Closure) (\$24.2 million); support for the Army Training and Doctrine Command's effort to contract out dining facility attendant functions to enable increased training time for soldiers (\$19.9 million); and relocate the Strategic Missile Defense offices to a newly constructed facility (Redstone Arsenal) (\$6.4 million). These increases are primarily offset by projected decreases in energy costs below the standard inflation rates (\$-36.2 million); decrease in lease costs due to one-time increases in FY 2002 for recruiting station leases and Fort Jackson repairs/upgrade of Military Entrance Processing facility (\$-20.4 million); and efficiencies and savings resulting from outsourcing and privatization efforts (\$-13.4 million).

	<u>NAVY</u>				
	<u>FY 2001</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>FY 2003</u>
<u>Active</u>	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Funding (\$ in millions)	2,865.3	+241.2	3,106.5	+230.9	3,337.4
Installations					
CONUS	80	-	80	-	80
Overseas	25	-	25	-	25

BASE OPERATIONS SUPPORT

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Personnel					
Military (End-strength)	21,640	+667	22,307	-639	21,668
Civilian (Full-Time Equivalents)	19,410	-2,112	17,298	-1,160	16,138

The FY 2003 budget request for BOS of the active Navy reflects a net increase of \$230.9 million above the FY 2002 funding level. This net increase includes a foreign currency rate growth of \$9.0 million, price growth of \$113.9 million, and a net program increase of \$108.0 million. The FY 2003 net program increase in BOS reflects required 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 (\$29.0 million). In addition, the FY 2003 program increases to finance the Navy's efforts to increase installation force protection posture (\$87.0 million). These program increases are partially offset by a projected decrease in energy costs below the standard inflation rates (\$-8.0 million).

MARINE CORPS

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active</u>					
Funding (\$ in millions)	945.2	+44.6	989.8	+99.5	1,089.3
Installations					
CONUS	19	-	19	-	19
Overseas	3	-	3	-	3
Personnel					
Military (End Strength)	12,559	-	12,559	-	12,559
Civilian (Full-Time Equivalents)	8,165	-687	7,478	-268	7,210

The FY 2003 budget request for BOS of the active Marine Corps reflects a net increase of \$99.5 million above the FY 2002 funding level. This net increase includes a foreign currency rate decrease of \$2.6 million, price growth of \$47.2 million, and a net program increase of \$54.9 million. Major program growth includes cost growth in Navy Marine Corps Intranet (NMCI) services based on the first full year of service costs (\$82.4 million); increase for the Information Assurance and Public Key Infrastructure to establish and sustain the Marine Corps computer network defense (\$8.2 million); increase in lease costs to fully fund the Garrison Mobile Equipment Vehicle Lease program (\$4.0 million); increase in force protection costs to improve its antiterrorism/force protection

BASE OPERATIONS SUPPORT

posture (\$5.4 million); increase in Contracting Officer Representatives and Customer Technical Representatives support associated with the implementation of the Navy Marine Corps Intranet (\$3.2 million); and increase for Legacy application transition to get the existing legacy applications certified and transitioned into the Navy Marine Corps Intranet environment (\$3.0 million). Major program reductions that partially offset these program increases include net decreases in FY 2003 associated with one-time FY 2002 congressional increases/decreases for 29 Palms MAGTF MOU facility feasibility study, training and support facilities improvements, Management Reform initiative, travel, reduced utilities Costs, A-76 studies, and foreign currency fluctuations (\$-3.1 million); decrease in collateral equipment costs associated with the completion of one-time FY 2002 projects (\$-5.8 million); decrease in base support costs due to installation reform savings associated with initiatives such as competition, regionalization, process re-engineering, and elimination of functions (\$-8.3 million); and reduction in NMCI discontinued support costs for the current Marine Corps Enterprise Network (\$-22.4 million); decrease in base communications due to the full implementation of the Navy Marine Corps Intranet (\$-3.4 million); decrease in A-76 program funding due to reduced study costs, civilian separations, and military substitution (\$-4.5 million); and projected decrease in utility costs below the standard inflation rates (\$-4.4 million).

AIR FORCE

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Active</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Funding (\$ in millions)	4,799.3	+109.7	4,909.0	+547.1	5,456.1
Installations					
CONUS	68	-2	66	-	66
Overseas	12	-	12	-	12
Personnel					
Military (End Strength)	41,105	+2,256	43,361	-9,673	33,688
Civilian (Full-Time Equivalents)	33,907	-2,556	31,351	315	31,666

The FY 2003 budget request for BOS of the active Air Force reflects a net increase of \$547.1 million above the FY 2002 funding level. This net increase includes a price growth of \$182.8 million; a net functional transfer out of \$14.8 million, and a technical adjustment of \$69.7 million to align forward base operating support for Air Expeditionary Force rotations (in support of Operations Northern and Southern Watch) to the appropriate BOS subactivity group in order to match budgeting and execution. It also includes a net program increase of \$309.4 million, which primarily includes the projected increase in energy costs above standard inflation rates due to a change in the host country agreements for Air Force operations in Japan, increased square footage, and projected increase in electricity costs based on current experience (\$62.1 million); increases to provide essential quality-of-life support for military personnel and their families, such as food service, gymnasium, library, and other necessary base support (\$46.0 million); increase in

BASE OPERATIONS SUPPORT

base maintenance contract costs in Europe and Asia (\$43.9 million); increase in base communication costs primarily required for the expansion of base communication infrastructure to support Aerospace Expeditionary Force/reachback communication mission requirements and renegotiated telephone maintenance contracts (\$41.5 million); increase to provide beddown for the operation and maintenance support of Al Udeid Air Base in Southwestern Asia (\$21.2 million); increase in vehicle maintenance supply primarily due to aging vehicle fleet (\$16.0 million); increase in childcare support to provide additional 3,461 childcare spaces in FY 2003 (\$15.7 million); and increase in other installation support, such as Pentagon Reservation Maintenance Revolving Fund and Military Transportation Management Command handling costs, to finance “must pay” base support requirements properly and prevent execution problems (\$23.1 million).

DEFENSE HEALTH PROGRAM

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
Funding (\$ in millions)	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
	568.4	+31.8	600.2	+28.2	628.4
Installations					
CONUS	6	-	6	-	6
Overseas	-	-	-	-	-
Personnel					
Military (End Strength)	2,732	+3	2,735	+20	2,755
Civilian (Full-Time Equivalents)	2,226	-242	1,984	+38	2,022

The FY 2003 budget request of \$628.4 million reflects a net increase of \$28.2 million above the FY 2002 funding level. This net increase includes a price growth of \$13.3 million and a net program increase of \$14.9 million. The net program increase is primarily attributed to realignment of base operations expenses from the Army Training and Doctrine Command to the Army Medical Command, and additional visual information requirements for development of medical training material.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ in Millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Army	514.4	+15.7	-116.4	413.7	+7.3	+120.7	541.7
Navy	526.4	+8.4	+27.0	561.8	+8.3	+91.2	661.3
Marine Corps	45.4	+0.8	-3.9	42.3	+0.7	-5.5	37.5
Air Force	1,882.3	+30.0	-102.4	1,809.9	+34.9	+177.1	2,021.9
Defense-Wide	668.3	+9.4	+149.1	826.8	+12.5	-125.8	713.5
Army Reserve	55.0	+0.8	+4.3	60.1	+0.9	-9.1	51.9
Navy Reserve	7.4	+0.2	+0.7	8.3	+0.2	+0.1	8.6
Marine Corps Reserve	2.5	+0.1	-	2.6	+0.2	+0.1	2.9
Air Force Reserve	51.9	+1.3	-5.3	47.9	+2.3	+2.2	52.4
Army National Guard	101.1	+1.6	-11.0	91.7	+1.4	-5.4	87.7
Air National Guard	13.0	+0.2	+3.4	16.6	+0.3	-0.1	16.8
Defense Health Program	38.8	+1.1	+8.7	48.6	+1.1	+0.5	50.2
Court of Military Appeals	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>
Total	3,906.6	+69.6	-45.8	3,930.4	+70.1	+246.0	4,246.5

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 2003 budget request of \$4,246.5 million includes price increases of \$70.1 million and a net program increase of \$246.0 million (6.1 percent) above the FY 2002 funding level.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ in Millions)						
Program Data	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
<u>Communications</u>	<u>2,313.5</u>	<u>+42.1</u>	<u>-52.6</u>	<u>2,303.0</u>	<u>+43.0</u>	<u>+116.9</u>	<u>2,462.9</u>
Sustaining Base Communications	1,188.4	+21.2	-81.5	1,128.1	+23.7	+71.1	1,222.9
Long Haul Communications	791.8	+14.6	+25.2	831.6	+13.9	+20.8	866.3
Deployable and Mobile Communications	333.3	+6.3	+3.7	343.3	+5.4	+25.0	373.7
<u>Command and Control</u>	<u>1,071.9</u>	<u>+17.9</u>	<u>-15.8</u>	<u>1,074.0</u>	<u>+18.2</u>	<u>+12.8</u>	<u>1,105.0</u>
National	292.2	+4.6	-81.1	215.7	+3.7	-4.8	214.6
Operational	749.3	+12.8	+33.5	795.6	+13.6	+11.5	820.7
Tactical	30.4	+0.5	+31.8	62.7	+0.9	+6.1	69.7
<u>C3-Related</u>	<u>521.2</u>	<u>+9.6</u>	<u>+22.6</u>	<u>553.4</u>	<u>+8.9</u>	<u>+116.3</u>	<u>678.6</u>
Navigation	54.0	+0.8	-0.3	54.5	+0.9	+16.6	72.0
Meteorology	159.2	+2.5	-3.5	158.2	+2.6	+4.6	165.4
Combat Identification	2.0	-	+0.7	2.7	-	-0.1	2.6
Information Assurance Activities	306.0	+6.3	+25.7	338.0	+5.4	+95.2	438.6
Total	3,906.6	+69.6	-45.8	3,930.4	+70.1	+246.0	4,246.5

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 mobile communications include funding for systems and capabilities to extend communications into areas of operations, which are

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primarily provided through satellite systems and other wireless transmission means and constitute moveable or transportable communications. The FY 2003 budget request reflects a price increase of \$43.0 million and net program increase of \$116.9 million (+5.0 percent) over the FY 2002 funding level. The following are the significant changes:

- The Army's budget request includes real program growth of \$62.4 million, which includes \$56.6 million for DISA Tier-One services that will be transferred in execution. The increase also provides for increased communications resources for the U.S. Recruiting Command to support the Army's accession mission (\$+4.3 million). The Army Guard and Reserve requests include a \$22.3 million reduction in sustaining base communications costs.
- The Navy's budget request includes real program growth of \$72.0 million, which includes \$54.4 million for DISA Tier-One services that will be transferred in execution. The increase supports the establishment for the Naval Network Warfare Command and increases in Fleet requirements (\$+4.7 million). The budget request also includes a \$+12.9 million increase for 1) software technology refreshment necessary for introducing network protocol implementation to the submarine fleet; 2) increases for Joint Tactical Radio Systems (JTRS) and Global Broadcasting Service (GBS); 3) carry on tools for deploying independent duty Information System Security Officers (ISSO's); and 4) increased connectivity and real-time access to sensitive and critical databases
- The Air Force's budget requests includes real program growth of \$140.4 million, which includes \$52.0 million for DISA Tier-One services that will be transferred in execution. The additional \$80.0 million is requested for defensive information operation improvements in base and service wide communications including 1) expanding the Secret Internet Protocol Router Network (SIPRNET), 2) providing 24-hour coverage of base network control centers, 3) improving information assurance training and implementation of higher-speed firewalls and common access card technology and 4) increasing the Air Force transition of the Public Key Infrastructure (PKI) system from Research Development Test and Evaluation to sustainment
- The Defense Information Systems Agency budget request includes a real program decrease of \$148.7 million, which includes \$163.0 million for Tier-One services, which will be transferred to DISA from the Components in execution. This decrease is partially offset by increases for implementing service contracts to enhance long-haul communications support to the Commanders in Chiefs (CINCs) (\$+14.3 million).

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 2003 budget request reflects price growth of \$18.2 million and a net program increase of \$12.8 million (+1.2 percent) over the FY 2002 funding level. Major changes include:

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- The Army's budget request includes real program growth of \$0.7 million which supports increased contractor support to expand help desk operating hours and desktop repairs.
- The Navy's budget request includes real program growth of \$8.2 million includes a \$2.1 million increase for Command and Control systems used by the National Command Authorities (NCA) and a \$6.1 million increase to establish the Navy as executive agent for *Radiant Mercury* and for increased Deployable Joint Command and Control systems.
- The Air Force's budget requests includes real program growth of \$2.5 million that supports continued operations of the Improved Emergency Messaging Automated System (IEMATS) as the follow-on system whose deployment has been delayed.
- The Defense-Wide budget request includes real program growth of 1.4 million, which predominately supports increased technical and administrative support for Network Operations and Security Centers (NOSCs).

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 2003 budget request reflects price growth of \$8.9 million and a net program increase of \$116.3 million (+20.7 percent) above the FY 2002 funding level. The significant changes include:

- The Army's budget request includes real program growth of \$57.6 million principally to support enhanced Information Assurance initiatives including improved Computer Network Defense (CND) Global Monitoring and Defense-in-Depth processes (\$+18.4 million); 2) the establishment of two additional Regional Computer Emergency Response Teams (RCERTs) and the expansion of the central Army Computer Emergency Response Team (ACERT) (\$+21.7 million); 3) increased information security to support antiterrorism and force protection requirements (\$+13.0 million); and 4) continued work in the Biometrics Information Assurance Program (\$+1.1 million).
- The Navy's budget request includes real program growth of \$11.0 million to support NMCI Information Assurance requirements and the Navy Computer Network Defense Task Force Command.
- The Air Force's budget requests includes real program growth of \$34.2 million that supports improvements to Air Traffic Control systems including installation and integration of equipment upgrades to Air Traffic Control towers such as digital voice data recorders, improved display terminals, and better training simulators (\$+16.7 million); enhanced meteorology support (\$+2.0 million); and significant upgrades for Information Assurance Initiatives (\$+15.6 million).

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- The Defense Information Systems Agency budget request includes real program growth of \$16.3 million, which reflects the realignment of civilian personnel from other functional areas within DISA to directly support the Agency's Information Assurance mission.

DEPOT MAINTENANCE

	(\$ in millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Army	717.6	+22.2	+1.8	741.6	+33.1	+34.0	808.7
Navy	4,118.8	+105.0	+409.5	4,633.3	+85.2	+146.0	4,864.5
Marine Corps	118.5	+8.0	-14.9	111.6	+12.5	+14.5	138.6
Air Force	1,824.5	+153.0	+3.4	1,980.9	+162.3	-361.4	1,781.8
USSOCOM	<u>162.6</u>	<u>+2.6</u>	<u>+8.1</u>	<u>173.3</u>	<u>+2.7</u>	<u>+7.4</u>	<u>183.4</u>
Subtotal Active Forces	6,942.0	+290.8	+407.9	7,640.7	+295.8	-159.5	7,777.0
Army Reserve*	46.7	+1.9	+11.0	59.6	+3.1	-14.2	48.5
Navy Reserve	168.0	+1.4	+18.7	188.1	+5.6	+17.8	211.5
Marine Corps Reserve	12.0	+0.8	-5.0	7.8	+0.6	+4.3	12.7
Air Force Reserve	298.9	+30.4	-10.9	318.4	+29.9	-11.2	337.1
Army National Guard	171.7	+5.8	+14.6	192.1	+10.1	-23.6	178.6
Air National Guard	<u>465.7</u>	<u>+51.8</u>	<u>-19.4</u>	<u>498.1</u>	<u>+51.7</u>	<u>+15.4</u>	<u>565.2</u>
Subtotal Reserve/Guard	1,163.0	+92.1	+9.0	1,264.1	+101.0	-11.5	1,353.6
Total	8,105.0	+382.9	+416.9	8,904.8	+396.8	-171.0	9,130.6

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 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 2003 Depot Maintenance budget request reflects a net funding increase of \$225.8 million above the FY 2002 funding level. This is comprised of \$396.8 million of price growth offset by a net program decrease of \$171.0 million (-1.8%). Of this net program change, \$235.0 million is due to the way the Air Force plans to recover losses at its Depots in FY 2002. The FY 2002 program includes a one-time \$235.3 million surcharge which is not carried forward into FY 2003. Adjusting for the impact of this one-time surcharge the real program growth in overall depot maintenance funding is \$64.0 million (0.7 percent) above the FY 2002 funded level.

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Price Growth

Of the overall \$396.8 million price increase, \$278.0 million is in aircraft maintenance, \$34.7 million is in ship maintenance, \$11.9 million is for combat vehicle maintenance, and \$72.2 million is for maintenance of missiles and other equipment.

Program Changes

There is a net program decrease of \$171.0 million. Net increases of \$219.7 million in ship maintenance and \$48.4 million in combat vehicle maintenance are offset by decreases of \$51.3 million in aircraft maintenance, and \$387.8 million for maintenance of missiles and other equipment. The major programmatic changes are discussed below.

- The Army depot maintenance program decreases by \$3.8 million (-0.4 percent) in FY 2003. The Active Army program increases by \$34.0 million (4.4 percent) which is the net result of program increases totaling \$111.8 million offset by program decreases totaling \$69.2 million. In addition, \$8.6 million in funding for the Heavy Expanded Mobility Tactical Truck-Expanded Service Program (HEMTT-ESP) was realigned to Other Procurement, Army, as all HEMTT funding is being realigned to support this program. The most significant increase is for aircraft depot maintenance (\$74.4 million). This will support increased helicopter recapitalization focused on the UH-60, and CH-47D, as well as in increase to the Aircraft Ground Support Equipment Recap/Electronic Shop Shelters program. Additional increases include \$22.6 million in missile systems depot maintenance, which will primarily support the Patriot Missile and Ground Support Equipment Programs, \$6.6 million to support the Field Artillery Ammunition Supply Vehicle (FAASV) recapitalization program, which will begin in FY 2003 with a planned induction of 18 vehicles; and an increase in the quantity of the Small Emplacement Excavator (SEE) recapitalization program from 78 to 99 in FY 2003 (\$8.1 million). These increases are partially offset by a reduction in combat vehicle funding, primarily due to the Bradley Fighting Vehicle (BFV) recapitalization program, which has been changed to a procurement upgrade program, and therefore will not be funded in O&M, Army; a decrease in weapons armament, including individual and Crew Served Weapons Programs (\$-6.0 million), the 9mm Pistol (\$-1.0 million), the M16 Rifle (\$-3.9 million) and the 5.56mm Squad Automation Weapons (SAW) system (\$-2.6 million); a decrease for post production software support (\$-6.6 million); and a decrease of \$1.9 million in depot maintenance of general equipment. The Army Reserve program decreases \$14.2 million in FY 2003, primarily due to a reduction to aircraft crash damage repair funding (\$-3.9 million) and Tactical Wheeled Vehicles funding (\$-11.5 million), offset by increase in Combat Vehicles (\$0.9 million) and Communications/Electronics (\$0.3 million). Finally, the Army National Guard program decreases by \$23.6 million in FY 2003, the majority of which was in Rotary-wing Aircraft (\$-20.0 million).
- The Navy and Marine Corps depot maintenance programs increase \$182.6 million in FY 2003. For the Active Navy this reflects increases in ship depot maintenance (\$215.4 million) and other depot maintenance (\$27.3 million), offset by a decrease of \$96.7 million in aircraft depot maintenance. The ship depot maintenance program reflects the funding of increased notional requirements for depot maintenance availabilities and increased continuous maintenance (depot level work performed outside full scheduled maintenance availability periods). The increase also reflects the planned execution of a greater percentage of these increased requirements than in the previous year (89.3% in FY 2002 vice 95.5% in FY 2003). "Other" depot maintenance reflects

DEPOT MAINTENANCE

one-time Congressional Adjustments (\$-3.8 million) offset by programmatic increases for software maintenance, target maintenance and cruise missile re-certifications from 103 to 239 in FY 2003. Active Marine Corps major program changes include an increase in combat vehicle overhaul funding (\$49.8 million); increase in missile maintenance (\$2.5 million); decrease in other end item maintenance (\$-30.0 million); a decrease in ordnance maintenance (\$-4.0 million); and the removal of one-time FY 2002 Congressional adjustments (\$-3.8 million). As with the active counterparts, the Navy Reserve ship depot maintenance program increase of \$7.6 million supports increased notional requirements for depot maintenance availabilities and increased Continuous Maintenance depot level work performed outside a full scheduled maintenance availability period. The planned program will satisfy approximately 95% of requirements for the Reserve Forces ship depot maintenance in FY 2003. Navy Reserve aircraft depot maintenance funding reflects a program increase of \$10.2 million associated with the induction of 2 additional airframes and 16 engines over that accomplished in FY 2002. Reserve Marine Corps major program changes from FY 2002 to FY 2003 are associated with an increase of 12 Combat Vehicle overhauls (\$+9.5 million) and a decrease in Other End Item maintenance (\$-5.6 million).

- The Air Force's depot maintenance program has a net decrease of \$357.2 million in FY 2003. This program adjustment is comprised of a \$361.4 million decrease for the Active forces, and a \$4.2 million increase for the Guard and Reserve forces. As noted above, the FY 2003 program includes a one-time decrease of \$235.3 million as the budget request no longer includes the Depot Quarterly Surcharge to finance Air Force Working Capital Fund losses in the Depot Maintenance Activity Group. The Air Force program also reflects reductions reflecting workloads that cannot be accomplished in FY 2003 within the Depot Maintenance Activity Group (\$173.0 million). The Active Air Force program increase includes funding for additional Programmed Depot Maintenance (PDM) and "on-condition" maintenance for a variety of aircraft (\$19.3 million); for 5 first-time engine overhauls for the F118 engine (\$2.9 million); for increased Analytical Condition Inspections (ACI) during scheduled overhauls (\$2.4 million); for software requirements, maintenance, and changes (\$7.8 million); for Base Operating Support Equipment (\$10.0 million); communications electronics equipment repairs in support of Readiness Training (\$3.8 million); and scheduled depot maintenance for modular control systems (\$2.6 million). These increases are offset by decreases to the Airborne Battlefield Command and Control Center (ABCCC) was divested of all assets in FY 2003, and funds were realigned to programs assuming its mission (\$-2.9 million) and the effect of a one-time Congressional increase for B-52 Attrition reserve (\$-20.1 million). The Air Force Reserve depot maintenance program net decreases of \$11.2 million reflect decreases of \$-33.5 million in aircraft DPEM due to a deferral of 3 aircraft, offset by an increase of \$22.6 million in engine DPEMs, which is associated with increased requirements for engine overhauls. The FY 2002 Air National Guard maintenance program includes a net increase of \$15.4 million. This is attributable to: major structural repair on the A-10 aircraft (\$9.2 million), additional C-130E, KC-135 E/R, and F-15B/C aircraft being scheduled for PDMs based on maintenance cycle requirements (\$53.0 million), and scheduled engine overhaul and repair on the C-141C aircraft (\$3.1 million). These increases are partially offset by reduced PDM requirements for C-141C, F-15A, and C-5 aircraft (\$-22.9 million) and the loss of the B-1 bomber aircraft from the ANG inventory (\$-7.2 million). Further reductions in depot maintenance funding are attributable to scheduled engine maintenance requirements on the F-16C/D, KC-135R, and C-130E aircraft in FY 2003.

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- The Special Operations Command (SOCOM) FY 2002 net program increase of \$7.4 million is composed of increases of \$13.1 million offset by decreases of \$5.7 million. The increases included \$5.8 million for air survivability equipment to enhance the survivability of fixed and rotary wing aircraft and for the aging aircraft sustaining engineering program, \$3.9 million to support the first full phase of scheduled depot maintenance for the first platform of the Advanced Seal Delivery System, which will include a comprehensive Hull Integrity program inspection and maintenance, and \$3.5 million for increased requirements for Special Operating Forces Planning and Rehearsal System and technical insertion/maintenance upgrade for multiple systems. These increases are offset by program decreases associated with the cancellation of all scheduled overhaul and depot phased maintenance work due to the planned deactivation of 13 Patrol Coastal ships (\$-3.3 million), a decrease in scheduled maintenance due to the transition to the new Mission Enhancing Little Bird (MELB) and the phasing out of the older A/MH-6J aircraft (\$-1.3 million), and decreases in contractor logistics support (\$-0.7 million) and planning yard contract requirements for Dry Dock Shelters Restricted Availabilities (RAVS) scheduled maintenance requirements (\$-0.4 million)

Maintenance Backlog

- Between FY 2002 and FY 2003, depot maintenance funding increases by \$225.8 million (+2.0 percent), and the percentage of funded executable requirements decrease from 85.2 percent in FY 2002 (\$8,904.8 million of \$10,453.0 million executable requirement is funded) to 84.7 percent in FY 2003 (\$9,130.6 million of \$10,781.4 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)

	<u>FY 2001</u>		<u>FY2001/2002</u>	<u>FY 2002</u>		<u>FY 2002/2003</u>	<u>FY 2003</u>	
	<u>Funded Requirement</u>	<u>Unfunded Requirement</u>	<u>Change in Unfunded Requirement</u>	<u>Funded Requirement</u>	<u>Unfunded Requirement</u>	<u>Change in Unfunded Requirement</u>	<u>Funded Requirement</u>	<u>Unfunded Requirement</u>
<u>Army *</u>	<u>936.0</u>	<u>311.7</u>	<u>+67.4</u>	<u>993.3</u>	<u>379.1</u>	<u>+77.2</u>	<u>1,035.8</u>	<u>456.3</u>
Aircraft	171.3	95.5	+42.7	183.5	138.2	-23.0	273.9	115.2
Combat Vehicle	219.1	66.0	+25.7	228.0	91.7	-42.9	228.4	48.8
Other	545.6	150.2	-1.0	581.8	149.2	+143.1	533.5	292.3
<u>Navy *</u>	<u>4,286.8</u>	<u>738.8</u>	<u>+61.0</u>	<u>4,821.4</u>	<u>798.2</u>	<u>-112.8</u>	<u>5,076.0</u>	<u>686.0</u>
Ship	3,000.7	355.5	+30.0		385.5	-217.6	3,616.8	167.9
Aircraft	906.6	176.9	+18.7	1,043.8	195.6	+120.1	1,006.7	315.7
Other	379.5	206.4	+12.3	418.4	217.1	-15.3	452.5	202.4
<u>Marine Corps *</u>	<u>130.5</u>	<u>30.3</u>	<u>+15.4</u>	<u>119.4</u>	<u>45.7</u>	<u>-24.1</u>	<u>151.3</u>	<u>21.6</u>
Combat Vehicle	41.8	9.9	+16.0	39.3	25.9	-23.1	99.2	2.8
Other	88.7	20.4	-0.6	80.1	19.8	-1.0	52.1	18.8
<u>Air Force *</u>	<u>2,589.1</u>	<u>136.6</u>	<u>+188.6</u>	<u>2,797.4</u>	<u>325.2</u>	<u>+161.7</u>	<u>2,684.1</u>	<u>486.9</u>
Aircraft	1,625.1	56.9	+142.1	1,791.6	199.0	+15.3	1,956.9	214.3
Other	964.0	79.7	+46.5	1,005.8	126.2	+146.4	727.2	272.6
<u>USSOCOM</u>	<u>162.6</u>	<u>=</u>	<u>=</u>	<u>173.3</u>	<u>=</u>	<u>=</u>	<u>183.4</u>	<u>=</u>
Ship	14.0	-	-	6.4	-	-	3.2	-
Aircraft	91.4	-	-	100.1	-	-	105.4	-
Other	57.2	-	-	66.8	-	-	74.8	-
<u>Total</u>	<u>8,105.0</u>	<u>1,217.4</u>	<u>+332.4</u>	<u>8,904.8</u>	<u>1,548.2</u>	<u>+102.0</u>	<u>9,130.6</u>	<u>1,650.8</u>
Ship	3,014.7	355.5	+30.0	3,365.6	385.5	-217.6	3,620.0	167.9
Aircraft	2,794.4	329.3	+203.5	3,119.0	532.8	+112.4	3,342.9	645.2
Combat Vehicles	260.9	75.9	+41.7	267.3	117.6	-66.0	327.6	51.6
Other	2,035.0	456.7	+57.2	2,152.9	512.3	+273.2	1,840.1	786.1

* Includes Active and Reserve Components

ENVIRONMENTAL PROGRAMS

	(\$ in Millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Environmental Restoration	1,310.3	+21.0	-62.2	1,269.1	+19.0	-9.9	1,278.2
Environmental Compliance	1,625.9	+26.1	+6.6	1,658.6	+24.9	+22.2	1,705.7
Environmental Conservation	182.5	+2.9	-21.7	163.7	+2.5	-14.2	152.0
Pollution Prevention	211.8	+3.4	+26.1	241.3	+3.6	+2.6	247.5
Environmental Technology	285.9	+4.6	-64.9	225.6	+3.4	-23.9	205.1
Base Realignment & Closure (BRAC)	<u>793.2</u>	<u>+12.7</u>	<u>-211.8</u>	<u>594.1</u>	<u>+8.9</u>	<u>-83.3</u>	<u>519.7</u>
Total Environmental Program*	4,409.6	+70.7	-327.9	4,152.4	+62.3	-106.5	4,108.2

* 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 2003 budget request of \$4,108.1 million decreases by \$44.3 million, which includes price growth of \$62.3 million and a net program reduction of \$106.6 million (-2.6 percent) that primarily reflects a discontinuance of one-time FY 2002 congressional adds. Each of the Department's environmental pillars is discussed below.

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 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

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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) FY 2003 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 2003, Army and Navy cleanup programs are essentially on schedule to meet the Department's cleanup goals; Air Force and DLA are ahead of schedule which is necessary in some cases to meet legal requirements and agreements with states and regulatory agencies; 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 149 high relative risk sites have been identified for a total of 373 sites. Of the 373 FUDS sites categorized as high relative risk, 126 sites have been removed from the list as of February 2002. 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 recent program review.

Between FY 2002 and FY 2003, the Department's Defense Environmental Restoration Program increases by \$9.1 million, reflecting price growth of \$19.0 million and programmatic reductions of \$9.9 million (-0.8 percent). The program decrease of \$9.9 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2002 (\$-30.4 million) and an increase in the Department's FY 2003 budget request for FUDS to meet emergent requirements related to unexploded ordnance (\$+18.2 million).

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Environmental Compliance

The FY 2003 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 2003, the environmental compliance program increases by \$47.1 million. This increase reflects a price growth of \$24.9 million and a programmatic increase of \$22.2 million (0.1 percent) as DoD addresses some wastewater and drinking water projects to protect our people and the surrounding environment. The program increase of \$22.2 million primarily consists of: an increase in Army recurring and Army National Guard project costs at Massachusetts Military Reservation (\$34.4 million) and an increase in Air Force requirements due to more one-time projects (\$+44.9 million). These increases are offset by a reduction in the Department of Navy requirements due to completion of one time projects (\$-52.3 million) and a decrease in the Defense-wide requirement due to a decrease in one-time projects (\$-4.8 million).

Environmental Conservation

The Department of Defense is the steward of nearly 25 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 2003, the Environmental Conservation funding decreases by \$11.7 million, reflecting a price growth of \$2.5 million and a program decrease of \$14.2 million (+3.7 percent). The program decrease of \$14.2 million primarily consists of decreases in the Air Force recurring costs (\$16.5 million) and a decrease in Defense-wide requirements in the Legacy Program funding due to the discontinuation of a one-time FY 2002 congressional (\$13.0 million). These decreases are offset by an increase in Army recurring costs (\$14.0 million) and an increase in non-recurring projects for the Navy (\$1.3 million).

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 2003 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 2003, the Pollution Prevention program increases by \$6.2 million. This reflects a price increase of \$3.6 million and a program increase of \$2.6 million (+1.1 percent). The program increase of \$2.6 million primarily results from increases in Air Force (\$5.4 million) and Defense-wide (\$4.4 million)

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programs. These increases are offset by a reduction of recurring costs in the Army (-\$6.6 million) and completion of one-time projects in the Navy (-\$0.6 million). The significant success achieved within the Department towards meeting pollution prevention goals will cause periodic fluctuations in program funding as various projects are completed.

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 2003 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 2003, the Environmental Technology program decreases by \$20.5 million. This reflects a price increase of \$3.4 million and a program decrease of \$23.9 million (-10.6 percent). The program decrease of \$23.9 million is primarily the result of the discontinuance of several one-time FY 2002 congressional increases to the Military Department's Research, Development, Test & Evaluation (RDT&E) appropriation (\$-14.4 million) and a small decrease in DoD requirements (-\$15.9 million). This decrease is partially offset by an increase in the Department's Environmental Security Technology Certification Program for accelerated development of new technologies, including the detection and cleanup of unexploded ordnance (\$+7.8 million).

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 2003, the BRAC environmental program decreases by \$74.4 million. This reflects a price increase of \$8.9 million and a program decrease of \$83.3 million (-14.0 percent). The program decrease primarily reflects discontinuance of a one-time FY 2002 congressional add (-\$100.5 million) and an increase of \$18.6 million in requirements.

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(\$ in Millions)

<u>ENVIRONMENTAL RESTORATION*</u>	FY 2001		FY 2002		FY 2003
<u>Cleanup</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	254.8	-5.7	249.1	+55.9	305.0
Navy	168.2	-2.0	166.2	+1.2	167.4
Air Force	212.2	+37.8	250.0	+34.0	284.0
Formerly Used Defense Sites	125.3	-0.1	125.2	+10.5	135.7
Defense-Wide	<u>15.9</u>	<u>+2.5</u>	<u>18.4</u>	<u>-1.4</u>	<u>17.0</u>
Subtotal	776.4	+32.5	808.9	+100.2	909.1
<u>Investigations and Analysis</u>					
Army	96.4	-6.7	89.7	-44.1	45.6
Navy	85.5	-32.2	53.3	+2.1	55.4
Air Force	108.2	-30.4	77.8	-26.1	51.7
Formerly Used Defense Sites	83.9	-14.0	69.9	-18.3	51.6
Defense-Wide	<u>2.1</u>	<u>-1.8</u>	<u>0.3</u>	<u>+1.6</u>	<u>1.9</u>
Subtotal	376.1	-85.1	291.0	-84.8	206.2
<u>Program Oversight</u>					
Army	37.9	+10.4	48.3	-3.0	45.3
Navy	39.7	-4.0	35.7	-1.6	34.1
Air Force	55.1	-0.1	55.0	-0.9	54.1
Formerly Used Defense Sites	21.8	+3.8	25.6	-0.8	24.8
Defense-Wide	<u>3.4</u>	<u>+1.2</u>	<u>4.6</u>	<u>-</u>	<u>4.6</u>
Subtotal	157.9	+11.3	169.2	-6.3	162.9
<u>Total</u>					
Army	389.1	-2.0	387.1	+8.8	395.9
Navy	293.4	-38.2	255.2	+1.7	256.9
Air Force	375.5	+7.3	382.8	+7.0	389.8
Formerly Used Defense Sites	231.0	-10.3	220.7	-8.6	212.1
Defense-Wide	<u>21.3</u>	<u>+2.0</u>	<u>23.3</u>	<u>+0.2</u>	<u>23.5</u>
Total Environmental Restoration	1,310.3	-41.2	1,269.1	+9.1	1,278.2

* 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 2001 amounts (executed in various Component appropriations) are included for comparability purposes.

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(\$ in Millions)

<u>ENVIRONMENTAL COMPLIANCE</u>	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	329.4	+49.6	379.0	+46.1	425.1
Operation & Maintenance, Army Reserve	22.9	+1.6	24.5	-1.2	23.3
Operation & Maintenance, Army National Guard	106.1	+11.6	117.7	+37.7	155.4
Procurement of Ammunition, Army	11.1	+16.1	27.2	-16.0	11.2
Other Procurement, Army	0.0	+0.0	0.0	+0.6	0.6
Military Construction, Army	22.0	+1.0	23.0	-23.0	0.0
Family Housing, Army	3.7	-3.6	0.1	+0.1	0.2
Defense Working Capital Fund	<u>26.0</u>	<u>+0.0</u>	<u>26.0</u>	<u>-0.9</u>	<u>25.1</u>
Total Army	521.2	+76.3	597.5	+43.4	640.9
<u>Navy</u>					
Operation & Maintenance, Navy	264.2	-4.1	260.1	-45.3	214.8
Operation & Maintenance, Navy Reserve	8.8	-3.3	5.5	+0.3	5.8
RDT&E, Navy	3.4	+1.0	4.4	+0.3	4.7
Other Procurement, Navy	54.2	+16.5	70.7	+2.3	73.0
Military Construction, Navy	6.6	+21.5	28.1	-4.7	23.4
Military Construction, Navy Reserve	0.0	0.0	0.0	+2.7	2.7
Defense Working Capital Fund	<u>83.9</u>	<u>+1.3</u>	<u>85.2</u>	<u>-0.5</u>	<u>84.7</u>
Total Navy	421.1	+32.9	454.0	-44.9	409.1
<u>Marine Corps</u>					
Operation & Maintenance, Marine Corps	93.9	-16.2	77.7	+1.1	78.8
Operation & Maintenance, Marine Corps Reserve	<u>3.9</u>	<u>-0.9</u>	<u>3.0</u>	<u>-0.5</u>	<u>2.5</u>
Total Marine Corps	97.8	-17.1	80.7	+0.6	81.3

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(\$ in Millions)

ENVIRONMENTAL COMPLIANCE

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Air Force</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Air Force	272.2	+6.8	279.0	+15.4	294.4
Operation & Maintenance, Air Force Reserve	9.9	+1.4	11.3	+1.7	13.0
Operation & Maintenance, Air National Guard	14.7	+0.1	14.8	+1.4	16.2
Aircraft Procurement, Air Force	12.3	-0.1	12.2	-1.2	11.0
Missile Procurement, Air Force	1.4	-	1.4	-0.2	1.2
Military Personnel, Air Force	13.3	+0.7	14.0	-2.5	11.5
Guard Personnel, Air Force	1.1	+1.2	2.3	-1.0	1.3
Military Construction, Air Force	17.3	-7.3	10.0	+36.5	46.5
Military Construction, Air Force Reserve	3.8	-3.8	-	-	-
Military Construction, Air National Guard	-	-	-	-	-
Defense Working Capital Fund	<u>13.2</u>	<u>+0.2</u>	<u>13.4</u>	<u>+0.2</u>	<u>13.6</u>
Total Air Force	359.2	-0.8	358.4	+50.3	408.7
<u>Defense-Wide</u>					
Operation & Maintenance, Defense-Wide	48.4	+12.1	60.5	-6.5	54.0
Military Construction, Defense-Wide	52.1	-46.6	5.5	+4.0	9.5
RDT&E, Defense-Wide	8.8	+2.8	11.6	-0.7	10.9
Defense Working Capital Fund	<u>117.3</u>	<u>-26.9</u>	<u>90.4</u>	<u>+0.9</u>	<u>91.3</u>
Total Defense-Wide	226.6	-58.6	168.0	-2.3	165.7
<u>Total</u>					
Army	521.2	+76.3	597.5	+43.4	640.9
Navy	421.1	+32.9	454.0	-44.9	409.1
Marine Corps	97.8	-17.1	80.7	+0.6	81.3
Air Force	359.2	-0.8	358.4	+50.3	408.7
Defense-Wide	<u>226.6</u>	<u>-58.6</u>	<u>168.0</u>	<u>-2.3</u>	<u>165.7</u>
Total Environmental Compliance	1,625.9	+32.7	1658.6	+47.1	1705.7

ENVIRONMENTAL PROGRAMS
(\$ in Millions)

<u>ENVIRONMENTAL CONSERVATION</u>	FY 2001		FY 2002		FY 2003
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	49.3	3.2	52.5	+15.8	68.3
Operation & Maintenance, Army Reserve	1.9	-0.3	1.6	+1.0	2.6
Operation & Maintenance, Army Natl Guard	20.0	+3.2	23.2	-2.4	20.8
Defense Working Capital Fund	<u>1.1</u>	<u>+0.2</u>	<u>1.2</u>	<u>+0.8</u>	<u>2.0</u>
Total Army	72.2	+6.3	78.5	+15.2	93.7
Navv					
Operation & Maintenance, Navy	13.7	-2.8	10.9	+1.3	12.2
Operation & Maintenance, Navy Reserve	.2	-0.1	0.1	-	0.1
RDT&E, Navy	0.5	-0.1	0.4	-	0.4
Defense Working Capital Fund	<u>1.5</u>	<u>+0.1</u>	<u>1.5</u>	<u>+0.1</u>	<u>1.7</u>
Total Navy	15.9	-3.0	12.9	+1.5	14.4
Marine Corps					
Operation & Maintenance, Marine Corps	18.4	-10.8	7.6	+0.1	7.7
Operation & Maintenance, MC Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Marine Corps	18.4	-10.8	7.6	+0.1	7.7
Air Force					
Operation & Maintenance, Air Force	61.7	-13.1	48.6	-16.3	32.3
Operation & Maintenance, AF Reserve	1.2	+0.2	1.4	+0.5	1.9
Operation & Maintenance, Air National Guard	<u>0.5</u>	<u>+0.3</u>	<u>0.8</u>	<u>+0.1</u>	<u>0.9</u>
Total Air Force	63.4	-12.6	50.8	-15.7	35.1
Defense-Wide					
O&M, Defense-Wide (Includes Legacy)	12.5	+1.1	13.6	-12.8	0.8
DoD Working Capital Fund	<u>0.1</u>	<u>+0.2</u>	<u>0.3</u>	<u>-</u>	<u>0.3</u>
Total Defense-Wide	12.6	+1.3	13.9	-12.8	1.1
<u>Total</u>					
Army	72.2	+6.3	78.5	15.2	93.7
Navy	15.9	-3.0	12.9	+1.5	14.4
Marine Corps	18.4	-10.8	7.6	+0.1	7.7
Air Force	63.4	-12.6	50.8	-15.7	35.1
Defense-Wide	<u>12.6</u>	<u>+1.3</u>	<u>13.9</u>	<u>-12.8</u>	<u>1.1</u>
Total Environmental Conservation	182.5	-18.8	163.7	-11.7	152.0

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(\$ in Millions)

<u>POLLUTION PREVENTION</u>	FY 2001		FY 2002		FY 2003
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	34.0	+6.5	40.5	-8.3	32.2
Operation & Maintenance, Army Reserve	1.3	+0.8	2.1	-0.9	1.2
Operation & Maintenance, Army National Guard	0.8	+0.4	1.2	2.0	3.2
Other Procurement, Army	2.1	-2.1	-	-	-
Defense Working Capital Fund	<u>1.2</u>	<u>-</u>	<u>1.2</u>	<u>+1.3</u>	<u>2.5</u>
Total Army	39.4	+5.6	45.0	-5.9	39.1
<u>Navy</u>					
Operation & Maintenance, Navy	33.3	-7.1	26.2	+0.5	26.7
Operation & Maintenance, Navy Reserve	0.7	-0.1	0.6	-	0.6
RDT&E, Navy	1.0	-1.0	-	-	-
Other Procurement, Navy	16.5	-1.0	15.5	-0.2	15.3
Defense Working Capital Fund	<u>6.2</u>	<u>+1.1</u>	<u>7.3</u>	<u>-0.3</u>	<u>7.0</u>
Total Navy	57.7	-8.1	49.6	-	49.6
<u>Marine Corps</u>					
Operation & Maintenance, Marine Corps	14.3	17.4	31.7	+0.4	32.1
Operation & Maintenance, Marine Corps Reserve	<u>0.4</u>	<u>+1.5</u>	<u>1.9</u>	<u>+0.2</u>	<u>2.1</u>
Total Marine Corps	14.7	+18.9	33.6	+0.6	34.2

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>POLLUTION PREVENTION</u>	FY 2001		FY 2002		FY 2003
<u>Air Force</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Air Force	83.2	-0.6	82.6	+4.2	86.8
Operation & Maintenance, AF Reserve	3.6	-0.2	3.4	+0.3	3.7
Operation & Maintenance, Air National Guard	2.8	+0.6	3.4	+0.5	3.9
Aircraft Procurement, Air Force	2.8	+0.1	2.9	-0.6	2.3
Missile Procurement, Air Force	1.0	-	1.0	-	1.0
RDT&E, Air Force	2.4	-2.4	-	+2.7	2.7
Other Procurement, Air Force	<u>1.0</u>	<u>-</u>	<u>1.0</u>	<u>-0.2</u>	<u>0.8</u>
Total Air Force	96.8	-2.5	94.3	+6.9	101.2
<u>Defense-Wide</u>					
Operation & Maintenance, Defense-Wide	2.6	+2.6	5.2	-2.4	2.8
RDT&E, Defense-Wide	0.1	+0.1	0.2	-	0.2
Defense Working Capital Fund	<u>0.5</u>	<u>+12.8</u>	<u>13.3</u>	<u>+7.1</u>	<u>20.4</u>
Total Defense-Wide	3.2	+15.5	18.7	+4.7	23.4
<u>Total</u>					
Army	39.4	+5.6	45.0	-5.9	39.1
Navy	57.7	-8.1	49.6	-	49.6
Marine Corps	14.7	+18.9	33.6	+0.6	34.2
Air Force	96.8	-2.5	94.3	+6.9	101.2
Defense-Wide	<u>3.2</u>	<u>+15.5</u>	<u>18.7</u>	<u>+4.7</u>	<u>23.4</u>
Total Pollution Prevention	211.8	+29.5	241.3	+6.2	247.5

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(\$ in Millions)

ENVIRONMENTAL TECHNOLOGY

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
RDT&E, Army	<u>95.9</u>	<u>-19.1</u>	<u>76.8</u>	<u>-24.1</u>	<u>52.7</u>
Total Army	95.9	-19.1	76.8	-24.1	52.7
<u>Navy</u>					
RDT&E, Navy	<u>101.4</u>	<u>-35.3</u>	<u>66.1</u>	<u>-2.5</u>	<u>63.6</u>
Total Navy	101.4	-35.3	66.1	-2.5	63.6
<u>Air Force</u>					
RDT&E, Air Force	<u>1.0</u>	<u>-1.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Air Force	1.0	-1.0	-	-	-
<u>Defense-Wide</u>					
Strategic Environmental R&D Program (SERDP)	<u>59.0</u>	<u>+3.2</u>	<u>62.2</u>	<u>-1.7</u>	<u>60.5</u>
Env Security Technology Certification Program	<u>28.6</u>	<u>-8.1</u>	<u>20.5</u>	<u>+7.8</u>	<u>28.3</u>
Total Defense-Wide	87.6	-4.9	82.7	+6.1	88.8
<u>Total</u>					
Army	<u>95.9</u>	<u>-19.1</u>	<u>76.8</u>	<u>-24.1</u>	<u>52.7</u>
Navy	<u>101.4</u>	<u>-35.3</u>	<u>66.1</u>	<u>-2.5</u>	<u>63.6</u>
Air Force	<u>1.0</u>	<u>-1.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
Defense-Wide	<u>87.6</u>	<u>-4.9</u>	<u>82.7</u>	<u>+6.1</u>	<u>88.8</u>
Total Environmental Technology	285.9	-60.3	225.6	-20.5	205.1

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(\$ in Millions)

<u>BASE REALIGNMENT&CLOSURE (BRAC)</u>	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>BRAC 95</u>					
Army	255.4	-112.2	143.2	+3.0	146.2
Navy	384.6	-163.0	221.6	+27.5	249.1
Air Force	146.7	+75.3	222.0	-102.9	119.1
Defense-Wide	<u>6.5</u>	<u>+0.8</u>	<u>7.3</u>	<u>-2.0</u>	<u>5.3</u>
Total BRAC 95	793.2	-199.1	594.1	-74.4	519.7

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>Operation & Maintenance Title Summary</u>	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	412.7	+59.3	472.0	+53.6	525.6
Army Reserve	26.1	+2.1	28.2	-1.2	27.0
Army National Guard	126.9	+15.2	142.1	+37.3	179.4
Navy	311.2	-14.0	297.2	-43.5	253.7
Navy Reserve	9.7	-3.5	6.2	+0.3	6.5
Marine Corps	126.6	-9.6	117.0	+1.6	118.6
Marine Corps Reserve	4.3	+0.6	4.9	-0.2	4.7
Air Force	417.2	-7.1	410.1	+3.4	413.5
Air Force Reserve	14.7	+1.5	16.2	+2.3	18.5
Air National Guard	17.9	+1.2	19.1	+1.9	21.0
Defense-Wide	63.4	+15.8	79.4	-21.8	57.6
Environmental Restoration (*)	<u>1,297.1</u>	<u>-28.0</u>	<u>1,269.1</u>	<u>+9.1</u>	<u>1,278.2</u>
Total Operation & Maintenance	2,827.6	+33.7	2,861.3	+42.9	2,904.2
<u>Program Summary for Operation and Maintenance</u>					
<u>Title</u>					
Environmental Restoration (*)	1,297.1	-28.0	1,269.1	+9.1	1,278.2
Environmental Compliance	1,174.2	+58.9	1,233.1	+50.2	1,283.3
Environmental Conservation	179.3	-19.0	160.3	-12.8	147.5
Pollution Prevention	<u>177.0</u>	<u>+21.8</u>	<u>198.8</u>	<u>-3.6</u>	<u>195.2</u>
Total Operation & Maintenance	2,827.6	+33.7	2,861.3	+42.9	2,904.2

* FY 2001 does not reflect \$13.2 million executed in Military Construction, Army for Environmental Restoration projects.

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

	(\$ in millions)						
	FY 2001 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2002 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2003 <u>Estimate</u>
Army	1,527.0	-51.1	+379.7	1,855.6	+52.9	-84.6	1,823.9
Navy	1,165.0	+18.0	+78.0	1,261.0	+43.0	+174.0	1,478.0
Marine Corps	497.8	+10.4	-81.4	426.8	+17.9	+65.6	510.3
Air Force	1,652.0	+26.0	-202.0	1,476.0	+43.0	+272.0	1,791.0
Defense-Wide	166.4	+0.1	-34.7	131.8	+2.1	+47.4	181.3
Defense Health Program	400.6	+11.5	+3.3	415.4	+9.2	+28.6	453.2
Army Reserve	130.7	+2.2	+25.6	158.5	+2.6	+15.4	176.5
Navy Reserve	66.5	+1.2	-6.0	61.7	+1.4	+3.4	66.5
Marine Corps Reserve	10.3	+0.2	+2.2	12.7	+0.2	-2.1	10.8
Air Force Reserve	72.5	+1.5	-36.0	38.0	+1.4	+9.1	48.5
Army National Guard	241.1	+3.8	+127.9	372.8	+5.5	-14.7	363.6
Air National Guard	119.3	+1.9	-24.1	97.1	+1.4	+65.7	164.2
Quality of Life Enhancements, Defense	<u>160.1</u>	<u>+2.4</u>	<u>-162.5</u>	-	-	-	-
Total	6,209.3	+28.1	+70.0	6,307.4	+180.6	+579.8	7,067.8

* Number may not add due to rounding

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 2003 budget request of \$7,067.8 million includes price growth of \$180.6 million and net program growth of \$579.8 million (8.9 percent) above the FY 2002 funding level. This request includes \$6,862.5 million for the SRM program, which includes price growth of \$179.3 million and net program growth of \$480.2 million (7.5 percent) above the FY 2002 funded level. It also includes \$206.0 million for the demolition program, which includes price growth of \$1.3 million and net program growth of \$100.1 million (94.5 percent) above the FY 2002 funded level.

The following data provides details on funding levels for the SRM program, and the demolition program and the personnel data associated with these efforts.

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

FACILITIES SUSTAINMENT

(\$ in millions)

	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	1,196.1	-51.0	+617.9	1,763.0	+50.5	-204.2	1,609.3
Navy	1,022.0	+15.0	+6.0	1,043.0	+15.0	+6.0	1,064.0
Marine Corps	461.3	+9.7	-95.4	375.6	+15.7	+86.0	477.3
Air Force	1,517.0	+24.0	-238.0	1,303.0	+39.0	+187.0	1,529.0
Defense-Wide	93.2	-0.5	-17.3	75.4	+1.3	+28.0	104.7
Defense Health Program	356.0	+10.2	-63.9	302.3	+6.7	-0.3	308.7
Army Reserve	121.3	+2.1	+32.7	156.1	+2.5	+15.4	174.0
Navy Reserve	56.6	+1.1	-0.4	57.3	+0.9	-0.2	58.0
Marine Corps Reserve	7.4	+0.2	+3.2	10.8	+0.2	-1.8	9.2
Air Force Reserve	61.2	+1.3	-25.2	37.3	+1.4	+9.3	48.0
Army National Guard	152.6	+3.8	+211.7	368.1	+5.5	-10.0	363.6
Air National Guard	103.0	+1.7	-14.6	90.1	+1.3	+42.9	134.3
Quality of Life Enhancements, Defense	<u>160.1</u>	<u>+2.4</u>	<u>-162.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	5,307.8	+20.0	+254.1	5,582.0	+140.0	+158.1	5,880.1

* Number may not add due to rounding

RESTORATION AND MODERNIZATION

Army	277.4	-0.1	-184.7	92.6	+2.4	+22.0	117.0
Navy	108.0	+2.0	+74.0	184.0	+28.0	+160.0	372.0
Marine Corps	31.5	+0.6	+14.1	46.2	+2.0	-20.2	28.0
Air Force	98.0	+2.0	+19.0	119.0	+3.0	+95.0	217.0
Defense-Wide	67.4	-0.1	-11.9	55.4	+0.8	+12.2	68.4
Defense Health Program	44.6	+1.3	+67.2	113.1	+2.5	+28.9	144.5
Army Reserve	9.4	+0.1	-9.5	-	-	-	-
Navy Reserve	8.7	+0.1	-5.3	3.5	+0.5	+2.1	6.1
Marine Corps Reserve	2.9	-	-1.0	1.9	-	-0.3	1.6
Air Force Reserve	9.2	+0.2	-9.3	0.1	-	-	0.1
Army National Guard	88.5	-	-88.5	-	-	-	-
Air National Guard	<u>14.8</u>	<u>+0.2</u>	<u>-10.0</u>	<u>5.0</u>	<u>+0.1</u>	<u>+21.9</u>	<u>27.0</u>
Total	760.4	+6.3	-145.9	620.8	+39.3	+321.6	981.7

* Number may not add due to rounding

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

TOTAL SRM PROGRAM

(\$ in millions)

	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	1,473.5	-51.1	+433.2	1,855.6	+52.9	-182.2	1,726.3
Navy	1,130.0	+17.0	+80.0	1,227.0	+43.0	+166.0	1,436.0
Marine Corps	492.8	+10.3	-81.3	421.8	+17.7	+65.8	505.3
Air Force	1,615.0	+26.0	-219.0	1,422.0	+42.0	+282.0	1,746.0
Defense-Wide	160.6	-0.6	-29.2	130.8	+2.1	+40.2	173.1
Defense Health Program	400.6	+11.5	+3.3	415.4	+9.2	+28.6	453.2
Army Reserve	130.7	+2.2	+23.2	156.1	+2.5	+15.4	174.0
Navy Reserve	65.3	+1.2	-5.7	60.8	+1.4	+1.9	64.1
Marine Corps Reserve	10.3	+0.2	+2.2	12.7	+0.2	-2.1	10.8
Air Force Reserve	70.4	+1.5	-34.5	37.4	+1.4	+9.3	48.1
Army National Guard	241.1	+3.8	+123.2	368.1	+5.5	-10.0	363.6
Air National Guard	117.8	+1.9	-24.6	95.1	+1.4	+64.8	161.3
Quality of Life Enhancements, Defense	<u>160.1</u>	<u>+2.4</u>	<u>-162.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	6,068.2	+26.3	+108.3	6,202.8	+179.3	+479.7	6,861.8

* Number may not add due to rounding

DEMOLITION COSTS

Army	53.5	-	-53.5	-	-	+97.6	97.6
Navy	35.0	+1.0	-2.0	34.0	-	+8.0	42.0
Marine Corps	5.0	+0.1	-0.1	5.0	+0.2	-0.2	5.0
Air Force	37.0	-	+17.0	54.0	+1.0	-10.0	45.0
Defense-Wide	5.8	+0.7	-5.5	1.0	-	+7.2	8.2
Defense Health Program	-	-	-	-	-	-	-
Army Reserve	-	-	+2.4	2.4	+0.1	-	2.5
Navy Reserve	1.2	-	-0.3	0.9	-	+1.5	2.4
Marine Corps Reserve	-	-	-	-	-	-	-
Air Force Reserve	2.1	-	-1.5	0.6	-	-0.2	0.4
Army National Guard	-	-	+4.7	4.7	-	-4.7	-
Air National Guard	<u>1.5</u>	<u>-</u>	<u>+0.5</u>	<u>2.0</u>	<u>-</u>	<u>+0.9</u>	<u>2.9</u>
Total	141.1	+1.8	-38.3	104.6	+1.3	+100.1	206.0

* Number may not add due to rounding

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

PERSONNEL DATA

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active Force Military Personnel (End Strength)</u>					
Officer	344	-89	255	-22	233
Enlisted	<u>3,960</u>	<u>-383</u>	<u>3,577</u>	<u>-374</u>	<u>3,203</u>
Total	4,304	-472	3,832	-396	3,436
<u>Civilian Personnel (Full-Time Equivalents)</u>					
U.S. Direct Hires	16,360	-2,165	14,195	-617	13,578
Foreign National Direct Hires	<u>829</u>	<u>+97</u>	<u>926</u>	<u>-16</u>	<u>910</u>
Total Direct Hire	17,189	-2,068	15,121	-633	14,488
Foreign National Indirect Hire	<u>4,537</u>	<u>+338</u>	<u>4,875</u>	<u>-16</u>	<u>4,859</u>
Total	21,726	-1,730	19,996	-649	19,347

Army

The Army is requesting \$1,726.3 million in FY 2003 for SRM in its O&M, Army appropriation. These funds reflect a net decrease of \$129.3 million from the FY 2002 funding level (\$+52.9 million in price growth and \$-182.2 million (9.5 percent) in reduced program). The SRM funding for FY 2003 will fund critical requirements and help to upgrade numerous deteriorating facilities. The Army is requesting \$97.6 million for its demolition program, which reflects an increase of \$97.6 million from the FY 2002 funded level.

Navy

The Navy is requesting \$1,436.0 million in FY 2003 for SRM in its O&M, Navy appropriation. These funds reflect a net increase of \$209.0 million from the FY 2002 funding level (\$43.0 million in price growth and \$166.0 million (13.1 percent) in increased program). The program increase in FY 2003 reflects growth to sustain facilities per the Facilities Sustainment Model and to restore and modernize facilities in C3 and C4 readiness conditions in a timely manner. The program growth also funds projects to enhance installation security. The Navy is requesting \$42.0 million for its demolition program, which reflects program growth of \$8.0 million from the FY 2002 funded level.

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

Marine Corps

The Marine Corps is requesting \$505.3 million in FY 2003 for SRM in its O&M, Marine Corps appropriation. These funds reflect a net increase of \$83.5 million from the FY 2002 funding level (\$17.7 million in price growth and \$65.8 million (15.0 percent) in increased program). The program increase will fund projects required to maintain operational capability in all functional areas of the installation core business model, and projects related to waterfront, airfield, and other key infrastructure mission areas. 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 \$1,746.0 million in FY 2002 for SRM in its O&M, Air Force appropriation. These funds reflect a net increase of \$324.0 million from the FY 2002 funding level (\$42.0 million in price growth and \$282.0 million (19.3 percent) in increased program). The program growth over the FY 2002 level achieves the goal of 100% sustainment funding as required by the Facilities Sustainment Model and funds critical annual maintenance and repair activities. The Air Force is requesting \$45.0 million for its demolition program, which reflects a net decrease of \$9.0 million from the FY 2002 funded level.

Defense-Wide

The Defense-Wide activities are requesting \$173.1 million in FY 2003 for SRM in its O&M, Defense-Wide appropriation. These funds reflect a net increase of \$42.3 million from FY 2002 funding level (\$2.1 million in price growth and \$40.2 million (30.2 percent) in increased program). Defense-Wide activities are also requesting \$8.2 million for their demolition programs, which reflects program growth of \$7.2 million over the FY 2002 funding level.

Defense Health Program (DHP)

The DHP is requesting \$453.3 million in FY 2003 for SRM in its O&M budget activity. These funds reflect a net increase of \$37.8 million from the FY 2002 funding level (\$9.2 million for price growth and \$28.6 million (6.7 percent) for program growth). The program increase will be used primarily to maintain military medical facilities heating and air conditioning units, 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 \$830.1 million in FY 2003, which reflects an increase of \$89.3 million from the FY 2002 funding level (\$12.5 million in price growth and \$76.8 million (10.2 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 supporting a level of combat readiness that enables them to augment the active forces. Included in their submissions the Guard and Reserve Forces are requesting \$8.2 million for their demolition programs, which is a net decrease of \$2.4 million (-23.4 percent) from the FY 2002 funded level. These funds will be used to ensure the Reserve Forces are on schedule to meet their demolition goals.

LAND FORCES

	<u>(\$ in Millions)</u>						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army*	3,358.4	-28.9	-28.1	3,301.4	+151.6	+278.9	3,731.9
Marine Corps	<u>481.0</u>	<u>+3.9</u>	<u>-8.8</u>	<u>476.1</u>	<u>+29.0</u>	<u>+126.0</u>	<u>631.1</u>
Total	3,839.4	-25.0	-36.9	3,777.5	+180.6	+404.9	4,363.0

* Includes both Air and Ground OPTEMPO.

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, service support groups, helicopter groups, and light anti-aircraft missile battalions that constitute the Marine air-ground team and Marine security forces.

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 2003 budget request of \$4,363.0 million reflects a net increase of \$585.5 million. This includes a price increase of \$180.6 million, which is driven mostly by changes in working capital fund rates and a net program increase of \$404.9 million (10.2 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 ensure that operating forces train to reach full proficiency on tasks identified in unit mission essential task lists (METL). In FY 2003, it supports an OPTEMPO training level for the M1 ground combat system of 849 training miles, which is the highest level executed in the last decade (i.e., FY 2001). The 849 OPTEMPO miles include live ground operations (homestation and National Training Center (NTC) miles) and Close Combat Tactical Trainer (CCTT) (simulator operations) for those units that have fielded CCTT 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, threat scenarios, 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 Combat Training Centers (CTCs).

LAND FORCES

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. FY 2002 funding will permit the Army to train 9 Active Component and 1 National Guard brigades at the National Training Center, 9 Active Component and 1 National Guard brigades at the Joint Readiness Training Center, and 5 Active Component brigades at the Combat Maneuver Training Center. Additionally, 6 Active Component divisions and 2 Active Component corps staffs (which includes 1 Command and General Staff College (CGSC) Prairie Warrior Exercise, a Corps Battle Command Training Program equivalent) will participate in the Battle Command Training Program.

The FY 2003 program reflects an increase of \$430.5 million above the FY 2002 funding level. This growth in Land Forces includes a price increase of \$151.6 million and a net program increase of \$278.9 million (+8.1 percent). The FY 2003 budget also includes a program increase in OPTEMPO (\$100 million) to fund total tank miles (including homestation, virtual, and NTC) at the highest level executed in the last decade (i.e., FY 2001). This "realistic budgeting" in FY 2003 will enable the Army to achieve its executable goals and maintain a high level of military readiness. In addition, the budget finances the cost increases associated with the demand changes in repair parts, changes in credit rates, and reclassification of depot level reparable and consumables (\$123.9 million) and additional cost increases to maintain and operate the recapitalized/modernized and more advanced combat weapon systems (i.e., M1A2 tanks, M2A2 Bradley Fighting Vehicles, and AH-64D Longbow) (\$38.8 million). The current budget submission continues to include funding to support the Army's transformation vision to produce a combat-ready "interim-brigade" equipped with medium-weight systems. The Interim Brigade Combat Team (IBCT) is a new organization centered on weapon systems that are lighter and faster to deploy than current heavy forces, but more lethal than current light forces. The IBCTs will better equip the Army to handle future operations and support the war on terror. The Army will complete the conversion of its first heavy brigade (Fort Lewis, Washington) to a new "interim-brigade" configuration in FY 2003. To support the Army Transformation properly, the FY 2003 budget finances the first IBCT deployment exercise (\$60.0 million) and the incremental cost to prepare and equip the second and third IBCT brigades as they begin the transformation cycle (\$31.4 million). Other major program increases primarily include the establishment of the Deep Attack Center of Excellence training site in order to provide a "Combat Training Center like" capability for the deep attack aviation community (\$18.1 million); changes in rotation schedules at the Combat Training Centers (\$15.5 million) and replacement of chemical overgarments with the next generation Joint Service Lightweight Integrated Suit Technology (JSLIST) (\$6.9 million). These program increases are partially offset by a net functional transfer of \$108.4 million out of OPTEMPO, primarily to align readiness support programs that indirectly support OPTEMPO with the appropriate Land Forces Readiness Operations Support programs. These transfers resulted due to the findings of the Army's recent in-depth study and analysis of OPTEMPO programs. In addition, the FY 2003 budget includes a program decrease (\$-24.9 million) due to a one-time increase in FY 2002 for the US Joint Forces Command exercise, Millennium Challenge, which was not extended into FY 2003.

LAND FORCES

MARINE CORPS

The Marine Corps Land Forces program encompasses the ground portion of Fleet Marine Forces and includes three Marine divisions, three service support groups, five helicopter groups, and two light anti-aircraft missile battalions. Forces are located at installation 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 2003 program reflects an increase of \$155.0 million above the FY 2002 funding level. This increase is the sum of a price growth of \$29.0 million and a net program increase of \$126.0 million (+24.9 percent), which includes a transfer of the Unit Deployment Program to the Operation and Maintenance, Navy appropriation in order to properly fund Temporary Assigned Duty (TAD) costs for deployed aviation units. Major program increases include cost growth in Navy Marine Corps Intranet Services based on the first full year of service costs (\$101.3 million); increase in lift requirements for training primarily due to changes in aircraft locations in the Pacific Theatre and to support an increased readiness posture (\$13.1 million); increase in operation and maintenance support for newly fielded equipment (\$6.0 million); increase in maintenance costs due to aging equipment (\$8.8 million); increase for replenishment and replacement of individual and unit level equipment required to maintain an increased readiness posture within the operating forces (\$9.0 million); increase for the stand-up and operation of the 4th Marine Expeditionary Brigade (\$4.3 million); increase for the Unit Deployment program to ensure equitable payment of Unit Deployment Program (UDP) per diem to all participants (\$11.0 million); and increase for Joint Experimentation to include Marine Corps participation in joint experiments under the Joint Forces Command and the establishment of an experimental standard Joint Task Force Headquarters (\$3.3 million). These program increases are partially offset by a program decrease in FY 2003 due to a one-time increase in FY 2002 for the US Joint Forces Command exercise, Millennium Challenge (\$-5.0 million); savings associated with the Navy Marine Corps Intranet discontinued support costs (\$-7.4 million); and reduced FY 2003 OPTEMPO costs due to one-time FY 2002 congressional adds for items such as the extended cold weather clothing system, blister guard socks, Modular Lightweight Load-carrying Equipment (MOLLE), and Joint Service Nuclear, Biological, and Chemical (NBC) Defense Equipment Surveillance (\$-14.8 million).

LAND FORCES

Program Data

Army OPTEMPO Miles^{1/}

<u>Battalions</u>	FY 2001	FY 2002	FY 2003
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Armor (M1): Live and Virtual Training^{2/}	849	831	849

1. Excludes M1 OPTEMPO miles executed in Bosnia and S.W. Asia that are partially funded with Overseas Contingency Operations Transfer Funds. FY 2001 Actuals: Training in S.W. Asia (37 miles) and Bosnia (5 miles). Beginning in FY 2002, the funding for contingency operations in Bosnia and S.W. Asia are included in the Operation and Maintenance, Army appropriation (in Additional Activities subactivity group).
2. In FY 2001, the Army changed its policy to require all modernized units to transport armored vehicles rather than drawing from the prepositioned stocks at NTC. As a result, it is difficult to breakout ground operations training tank miles among homestation, NTC, and CCTT.

Marine Corps Participation in Collective Unit Training

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Marine Forces Atlantic (MFL)</u>					
Chairman Joint Chiefs of Staff Exercises	31	-1	30	-	30
II Marine Expeditionary Forces Exercises	61	-1	60	-	60
Marine Operating Force Exercises	14	-	14	-	14
Marine Expeditionary Unit Special Operations Capable (MEUSOC) Exercises	10	-	10	-	10
	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Marine Forces Pacific (MPF)</u>					
Chairman Joint Chiefs of Staff Exercises	22	+3	25	-	25
I Marine Expeditionary Forces Exercises	48	+3	51	-	51
III Marine Expeditionary Forces Exercises	44	+1	45	-	45
Marine Operating Force Exercises	10	-	10	-	10
Marine Expeditionary Unit Special Operations Capable (MEUSOC) Exercises	17	-	17	-	17

LAND FORCES

Personnel Data

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active Forces Personnel</u>			<u>(End Strength)</u>		
Army Officer	31,265	-516	30,749	+432	31,181
Army Enlisted	<u>260,274</u>	<u>+3,676</u>	<u>263,950</u>	<u>+807</u>	<u>264,757</u>
Subtotal Army	291,539	+3,160	294,699	+1,239	295,938
Marine Corps Officer	8,189	+12	8,201	+211	8,412
Marine Corps Enlisted	<u>96,611</u>	<u>+201</u>	<u>96,812</u>	<u>+2,213</u>	<u>99,025</u>
Subtotal Marine Corps	104,800	213	105,013	+2,424	107,437
Total Officer	39,454	-504	38,950	+643	39,593
Total Enlisted	<u>356,885</u>	<u>+3,877</u>	<u>360,762</u>	<u>+3,020</u>	<u>363,782</u>
Total Active Force Personnel	396,339	3,373	399,712	+3,663	403,375
<u>Civilian Personnel</u>			<u>(Full-Time Equivalents)</u>		
Army	3,300	-603	2,697	-69	2,628
Marine Corps	<u>224</u>	<u>-25</u>	<u>199</u>	<u>-</u>	<u>199</u>
Total Civilian Personnel	3,524	-628	2,896	-69	2,827

MAJOR HEADQUARTERS

(Military End Strength/Civilian Full-Time Equivalents)*

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Military	28,873	-325	28,548	-1,202	27,346
Civilian	30,052	-487	29,565	-818	28,747
Total DoD	58,925	-812	58,113	-2,020	56,093

* The FY 1999 actual baseline is 63,786 (Military, 30,860; Civilian, 32,926) in accordance with the revised definition approved in the DoD Directive 5100.73 issued on May 13, 1999, and is consistent with subsection (d) of section 130a of Title 10, United States Code as amended by subsection (a). The Defense-Wide includes the DoD Office of the Inspector General. Defense-Wide amount reflects an increase of 69 civilian-full-time equivalents above estimates reflected in Volume II of the Defense-Wide Data Book for revised agency estimate.

Major Headquarters include the Office of the Secretary of Defense, the Office of the Chairman of the Joint Chiefs of Staff, the Joint Staff, Headquarters of Unified and Specified Commands, Headquarters of the Defense Agencies, the Service Secretariats and Service Staffs, Headquarters of Major Service Commands, and other organizations (i.e., field operating activities and direct reporting units) that manage the programs and operations of the Department of Defense.

The table above reflects the personnel levels applicable to major headquarters activities between FY 2001 and FY 2003. As noted, the FY 1999 DoD baseline used to measure major headquarters personnel (military and civilian) is 63,786, and is consistent with the DoD Directive 5100.73 of May 13, 1999. The FY 2003 estimate of 56,093 reflects a reduction of 2,020 below the FY 2002 program of 58,113, and a cumulative reduction of 7,693 below the FY 1999 baseline (-12.1 percent). The Department of Defense is committed to reducing its headquarters staffs by 15 percent from the FY 1999 levels. The Secretary of Defense has directed a comprehensive review of major headquarters activities throughout the Department, to include delayering and consolidating similar capabilities, both within and among Components. (The Deputy Secretary of Defense advised the Congress of this review in a letter sent to the congressional committees in October 2001.) The review will consider the potential for structural changes to Major Headquarters Activities and will factor in the pending Unified Command Plan to integrate the proposed Standing Joint Task Forces into the current defense structure and identify any duplicative capabilities in the Military Departments and other Components. A report is due to the Secretary in late spring 2002. As a result of this review, individual Component manpower levels may differ from those shown below, but Department aggregate major headquarters manpower levels will be reduced at least to the levels shown.

The estimates on the following pages reflect the total major headquarters military personnel end strength and civilian full-time equivalents in the DoD assigned to the combatant and functional commands and to Departmental headquarters and headquarters support between FY 2001 and FY 2003.

MAJOR HEADQUARTERS

COMBATANT COMMANDS

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
Military	1,914	-27	1,887	-128	1,759
Civilian	<u>1,853</u>	<u>-134</u>	<u>1,719</u>	<u>-90</u>	<u>1,629</u>
Total	3,767	-161	3,606	-218	3,388
<u>Navy</u>					
Military	2,582	-13	2,569	+5	2,574
Civilian	<u>1,282</u>	<u>+9</u>	<u>1,291</u>	<u>-26</u>	<u>1,265</u>
Total	3,864	-4	3,860	-21	3,839
<u>Air Force</u>					
Military	5,123	-106	5,017	-270	4,747
Civilian	<u>1,884</u>	<u>+99</u>	<u>1,983</u>	<u>-113</u>	<u>1,870</u>
Total	7,007	-7	7,000	-383	6,617
<u>Special Operations Forces (Service Components)</u>					
Military	490	+8	498	+7	505
Civilian	<u>432</u>	<u>+1</u>	<u>433</u>	<u>-</u>	<u>433</u>
Total	922	+9	931	+7	938
<u>Unified Commands</u>					
Military	4,473	-51	4,422	-44	4,378
Civilian	<u>1,118</u>	<u>+93</u>	<u>1,211</u>	<u>+17</u>	<u>1,228</u>
Total	5,591	+42	5,633	-27	5,606

MAJOR HEADQUARTERS

(Military End Strength/Civilian Full-Time Equivalents)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>US Special Operations Command (USSOCOM)</u>					
Military	396	-4	392	-36	356
Civilian	<u>210</u>	<u>-13</u>	<u>197</u>	<u>-15</u>	<u>182</u>
Total	606	-17	589	-51	538
<u>Total Combatant Commands</u>					
Military	14,978	-193	14,785	-466	14,319
Civilian	<u>6,779</u>	<u>+55</u>	<u>6,834</u>	<u>-227</u>	<u>6,607</u>
Total	21,757	-138	21,619	-693	20,926

FUNCTIONAL COMMANDS

(Military End Strength/Civilian Full-Time Equivalents)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
Military	1,312	+16	1,328	-243	1,085
Civilian	<u>4,894</u>	<u>-271</u>	<u>4,623</u>	<u>-175</u>	<u>4,448</u>
Total	6,206	-255	5,951	-418	5,533
<u>Navy</u>					
Military	1,562	-21	1,541	-73	1,468
Civilian	<u>2,613</u>	<u>+40</u>	<u>2,653</u>	<u>-11</u>	<u>2,642</u>
Total	4,175	+19	4,194	-84	4,110

MAJOR HEADQUARTERS

FUNCTIONAL COMMANDS

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force</u>					
Military	2,075	-36	2,039	+29	2,068
Civilian	<u>2,382</u>	<u>-49</u>	<u>2,333</u>	<u>+137</u>	<u>2,470</u>
Total	4,457	-85	4,372	+166	4,538
<u>Defense-Wide (less OSD/TJS) *</u>					
Military	661	-7	654	-42	612
Civilian	<u>4,671</u>	<u>+21</u>	<u>4,692</u>	<u>-259</u>	<u>4,433</u>
Total	5,332	+14	5,346	-301	5,045
<u>Total Functional Commands</u>					
Military	5,610	-48	5,562	-329	5,233
Civilian	<u>14,560</u>	<u>-259</u>	<u>14,301</u>	<u>-308</u>	<u>13,993</u>
Total	20,170	-307	19,863	-637	19,226

DEPARTMENTAL HEADQUARTERS AND HEADQUARTERS SUPPORT

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
Military	1,761	-55	1,706	-167	1,539
Civilian	<u>3,334</u>	<u>-232</u>	<u>3,102</u>	<u>-143</u>	<u>2,959</u>
Total	5,095	-287	4,808	-310	4,498

* The Defense-Wide includes the DoD Office of the Inspector General. Defense-Wide amount reflects an increase of 69 civilian-full-time equivalents above estimates reflected in Volume II of the Defense-Wide Data Book for revised agency estimate.

MAJOR HEADQUARTERS

DEPARTMENTAL HEADQUARTERS AND HEADQUARTERS SUPPORT

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Navy</u>					
Military	2,111	-	2,111	-117	1,994
Civilian	<u>1,765</u>	<u>-66</u>	<u>1,699</u>	<u>-22</u>	<u>1,677</u>
Total	3,876	-66	3,810	-139	3,671
<u>Air Force</u>					
Military	2,870	-30	2,840	-106	2,734
Civilian	<u>1,968</u>	<u>-4</u>	<u>1,964</u>	<u>-144</u>	<u>1,820</u>
Total	4,838	-34	4,804	-250	4,554
<u>Office of the Secretary of Defense (OSD)</u>					
Military	469	+16	485	-1	484
Civilian	<u>1,455</u>	<u>+16</u>	<u>1,471</u>	<u>+25</u>	<u>1,496</u>
Total	1,924	+32	1,956	+24	1,980
<u>The Joint Staff (TJS)</u>					
Military	1,074	-15	1,059	-16	1,043
Civilian	<u>191</u>	<u>+3</u>	<u>194</u>	<u>+1</u>	<u>195</u>
Total	1,265	-12	1,253	-15	1,238
<u>Total Departmental Headquarters and Headquarters Support</u>					
Military	8,285	-84	8,201	-407	7,794
Civilian	<u>8,713</u>	<u>-283</u>	<u>8,430</u>	<u>-283</u>	<u>8,147</u>
Total	16,998	-367	16,631	-690	15,941

MAJOR HEADQUARTERS

DOD SUMMARY

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
Military	4,987	-66	4,921	-538	4,383
Civilian	<u>10,081</u>	<u>-637</u>	<u>9,444</u>	<u>-408</u>	<u>9,036</u>
Total	15,068	-703	14,365	-946	13,419
<u>Navy</u>					
Military	6,255	-34	6,221	-185	6,036
Civilian	<u>5,660</u>	<u>-17</u>	<u>5,643</u>	<u>-59</u>	<u>5,584</u>
Total	11,915	-51	11,864	-244	11,620
<u>Air Force</u>					
Military	10,068	-172	9,896	-347	9,549
Civilian	<u>6,234</u>	<u>+46</u>	<u>6,280</u>	<u>-120</u>	<u>6,160</u>
Total	16,302	-126	16,176	-467	15,709
<u>Unified Commands</u>					
Military	4,473	-51	4,422	-44	4,378
Civilian	<u>1,118</u>	<u>+93</u>	<u>1,211</u>	<u>+17</u>	<u>1,228</u>
Total	5,591	+42	5,633	-27	5,606
<u>US Special Operations Command (USSOCOM)</u>					
Military	396	-4	392	-36	356
Civilian	<u>210</u>	<u>-13</u>	<u>197</u>	<u>-15</u>	<u>182</u>
Total	606	-17	589	-51	538

MAJOR HEADQUARTERS

DOD SUMMARY

(Military End Strength/Civilian Full-Time Equivalents)

	<u>FY 2001</u> <u>Actual</u>	<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
<u>Special Operations Forces (Service Components)</u>					
Military	490	+8	498	+7	505
Civilian	<u>432</u>	<u>+1</u>	<u>433</u>	<u>-</u>	<u>433</u>
Total	922	+9	931	+7	938
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Total	1,265	-12	1,253	-15	1,238
<u>Defense-Wide (less OSD/TJS)*</u>					
Military	661	-7	654	-42	612
Civilian	<u>4,671</u>	<u>+21</u>	<u>4,692</u>	<u>-259</u>	<u>4,433</u>
Total	5,332	+14	5,346	-301	5,045
<u>DoD Total</u>					
Military	28,873	-325	28,548	-1,202	27,346
Civilian	<u>30,052</u>	<u>-487</u>	<u>29,565</u>	<u>-818</u>	<u>28,747</u>
Total	58,925	-812	58,113	-2,020	56,093

* The Defense-Wide includes the DoD Office of the Inspector General. Defense-Wide amount reflects an increase of 69 civilian-full-time equivalents above estimates reflected in Volume II of the Defense-Wide Data Book for revised agency estimate.

MOBILIZATION

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

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

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

Airlift and Sealift Programs

	(\$ in millions)				
	FY 2001 <u>Actual</u>	<u>Change</u>	FY 2002 <u>Estimate</u>	<u>Change</u>	FY 2003 <u>Estimate</u>
Airlift Subsidy (Air Force)	476.9	+46.6	523.5	+1.7	525.2

MOBILIZATION

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

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

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

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

MOBILIZATION

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

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

Other Mobilization Programs

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

MOBILIZATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECRUITING, ADVERTISING, AND EXAMINING

(\$ in millions)

	<u>FY 2001</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Army	467.2	+10.7	+43.0	520.9	+25.3	+.2	546.4
Navy	226.2	+3.5	+2.1	231.8	+8.7	+16.8	257.3
Marine Corps	109.0	+2.1	-3.4	107.7	+2.1	+11.5	121.3
Air Force	144.3	+2.6	-13.2	133.7	+3.6	+18.2	155.5
Defense-wide	24.0	+.4	-24.1	0.3	-	+49.2	49.5
Defense Health Program	30.0	+.6	+.5	31.1	+.9	-	32.0
Army Reserve	83.7	+1.3	+4.2	89.2	+2.0	+10.1	101.3
Navy Reserve	24.6	+.4	-3.2	21.8	+.4	+.6	22.8
Marine Corps Reserve	9.8	+.2	-1.9	8.1	+.1	+.1	8.3
Air Force Reserve	15.6	+.3	-4.1	11.8	+.3	+6.6	18.7
Army National Guard	84.3	+1.4	-7.1	78.6	+1.2	+.5	80.3
Air National Guard	<u>19.5</u>	<u>+.3</u>	<u>-10.0</u>	<u>9.8</u>	<u>+.1</u>	<u>+.2</u>	<u>10.1</u>
Total	1,238.2	+23.8	-17.2	1,244.8	+44.7	+114.0	1,403.5

Recruiting

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 2003 recruiting program reflects a net increase of \$38.0 million. Of this amount, \$10.7 million is for price growth and \$27.3 million (4.4 percent) is for net program growth.

Advertising

The advertising funds provide for local, regional, national and corporate advertising to support the procurement and retention of quality enlisted and officer personnel. All advertising is designed to increase public awareness, portray opportunities, and generate recruit leads. The Services fund a media mix of advertising that includes television and radio; magazines and newspapers; direct mail campaigns; and recruiting booklets, pamphlets, and posters. Additionally, the Air Force and Marine Corps advertise with NASCAR and the Army sponsors a car in the National Hot Rod Association, primarily because of the large audience attracted to these events.

RECRUITING, ADVERTISING, AND EXAMINING

The Defense Human Resources Field Activity funds, in the Operation and Maintenance (O&M), Defense-Wide appropriation, a corporate campaign for joint service recruiting advertising, market research and studies and survey requirements for the Active and Reserve Components. Additionally, the O&M, D-W funding pays for consolidated lead lists, direct mail campaigns, youth and adult influencer public opinion polls, and Selective Service System direct market mailings. The FY 2003 Advertising program reflects a net increase of \$110.8 million. This amount is the net sum of \$31.2 million for price growth and \$79.6 million (15.7 percent) for net program growth.

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 provides 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 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 2003 Examining program reflects a net increase of \$9.9 million, of which \$2.8 million is for price growth and \$7.1 million is for net program growth of \$7.1 million (+6.3 percent).

Explanation of Funding Changes

Overall funding in recruiting, advertising, and examining increases from \$1,244.8 million in FY 2002 to \$1,403.5 million in FY 2003, which is a net increase of \$158.7 million above the FY 2002 level. This increase reflects price growth of \$44.7 million, net transfers into this budget activity of \$7.4 million for the Army Golden Knights (\$4.5 million) and the Army Marksmanship Unit (\$2.9 million) from the Administrative and Servicewide Activities and Operating Forces budget activity, respectively, and net program growth of \$106.6 million (8.6 percent). These adjustments are described further in the following pages:

RECRUITING, ADVERTISING, AND EXAMINING

	<u>(\$ in millions)</u>
FY 2002 Current Estimate	1,244.8
Price Growth	+44.7
Transfers Into This Account	+7.4
<u>Program Increases</u>	<u>+168.1</u>
• Funds expanded implementation in the Active Navy and Marine Corps of the Navy Marine Corps Intranet (\$+14.7 million) and other increases necessary for enhanced recruiter training, vehicle support, technological equipment and software upgrades at various Recruiting Stations to provide the capability to process applicants from remote sites (\$+12.5 million).	+27.2
• Funds the Active Army's Recruiting Companies Pilot Test mandated in the FY 2001 National Defense Authorization Act to measure recruiting effectiveness and other fact-of-life increases in base operations for various recruiting facilities.	+25.6
• Restores a one-time decrease in the Defense Human Resources Field Activity (DHRA) for forward funding in FY 2001 for FY 2002 joint recruiting, advertising, and market research and studies and surveys requirements.	+25.2
• Funds a one-time increase in FY 2002 for the DHRA for a media blitz to improve patriotism in the American public.	+24.0
• Funds expanded recruiting and marketing initiatives for the Army Guard and Reserve to include Internet, diversity, officer/warrant officer, and theater conversion as well as fact-of-life recruiter support requirements.	+24.0
• Funds additional media advertising for the Active Air Force to include local advertising, TV advertising, the Air Force NASCAR sponsorship and support to sustain a production recruiter staff of 1,650 (includes 31 additional recruiters added in FY 2002).	+17.0
• Funds Marine Corps requirements for National Media Advertising (i.e., impressions and awareness); and other fact-of-life adjustments for Active Navy and Marine Corps recruiter support (i.e., phone, laptops, vehicles, etc.)	+16.6
• Funds various other miscellaneous increases primarily in Active Army and the Defense Health Program for examining and processing applicants.	+8.5

RECRUITING, ADVERTISING, AND EXAMINING

	<u>(\$ in millions)</u>
<u>Program Decreases</u>	<u>-61.5</u>
• Reflects reductions in the Active Army Recruiting Command for reductions in recruiter support for the level of effort for mission travel, touring exhibits, contracts and small purchases and studies.	-32.6
• Reflects one-time requirements in FY 2002 for the Active Army, Marine Corps, and Air Force, and Army National Guard and Air Force Reserves primarily for base operating costs for recruiting station leases, Recruiting On-line Automation Requirements (ROAR), and other furniture, equipment, and communication costs for recruiter support.	-24.8
• Reflects other minimal reductions in recruiting and advertising support for Army recruiting initiatives that include the Army retail store and other savings in the U.S. Military Entrance Processing Command associated with reduced printing costs.	-4.1
FY 2003 Estimate	1,403.5

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

	<u>RECRUITING</u>		<u>(\$ in millions)</u>		
	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	245.5	+27.0	272.5	+4.8	277.3
Navy	131.8	-3.7	128.1	+19.4	147.5
Marine Corps	62.9	-1.0	61.9	+12.9	74.8
Air Force	66.6	-10.9	55.7	+6.2	61.9
Army Reserve	48.2	-9.6	38.6	+1.9	40.5
Navy Reserve	20.4	-5.8	14.6	+.7	15.3
Marine Corps Reserve	4.9	+.4	5.3	+.1	5.4
Air Force Reserve	6.1	-.7	5.4	-.3	5.1
Army National Guard	35.4	+3.9	39.3	-7.9	31.4
Air National Guard	<u>3.4</u>	<u>+4</u>	<u>3.8</u>	<u>+2</u>	<u>4.0</u>
Total	625.2	-	625.2	+38.0	663.2

RECRUITING, ADVERTISING, AND EXAMINING

ADVERTISING

(\$ in millions)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	143.9	+26.2	170.1	+11.4	181.5
Navy	94.5	+9.2	103.7	+6.1	109.8
Marine Corps	46.1	-.3	45.8	+.7	46.5
Air Force	75.3	-.8	74.5	+15.9	90.4
Defense-Wide	24.0	-23.7	.3	+49.2	49.5
Army Reserve	35.5	+15.1	50.6	+10.2	60.8
Navy Reserve	4.2	+3.0	7.2	+.3	7.5
Marine Corps Reserve	4.9	-2.1	2.8	+.1	2.9
Air Force Reserve	9.5	-3.1	6.4	+7.2	13.6
Army National Guard	48.9	-9.6	39.3	+9.6	48.9
Air National Guard	<u>16.1</u>	<u>-10.1</u>	<u>6.0</u>	<u>+.1</u>	<u>6.1</u>
Total	502.9	+3.8	506.7	+110.8	617.5

EXAMINING

(\$ in millions)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	77.8	+.5	78.3	+9.3	87.6
Air Force	2.4	+1.1	3.5	-.3	3.2
Defense Health Program	<u>30.0</u>	<u>+1.1</u>	<u>31.1</u>	<u>+.9</u>	<u>32.0</u>
Total	110.2	+2.7	112.9	+9.9	122.8

The following tables provide the enlisted accession requirements for each Component.

RECRUITING, ADVERTISING, AND EXAMINING

ENLISTED ACCESSION REQUIREMENTS (000)

	<u>FY 2001</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>FY 2003</u>
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
<u>Active Forces Nonprior Service</u>	<u>203.6</u>	<u>+1.4</u>	<u>205.0</u>	<u>-2.3</u>	<u>202.7</u>
Army	85.6	-2.2	83.4	-0.1	83.3
Navy	52.6	+9	53.5	-4.6	48.9
Marine Corps	30.9	+2.2	33.1	+1.4	34.5
Air Force	34.5	+0.5	35.0	+1.0	36.0
<u>Prior Service</u>	<u>11.2</u>	<u>+0.8</u>	<u>12.0</u>	<u>=</u>	<u>12.0</u>
Army	7.8	+0.2	8.0	-	8.0
Navy	2.5	+0.5	3.0	-	3.0
Marine Corps	0.1	-0.1	-	-	-
Air Force	0.8	+0.2	1.0	-	1.0
Total Active Forces	214.8	+2.2	217.0	-2.3	214.7
<u>Reserve Forces Non-prior Service</u>	<u>70.7</u>	<u>-3.3</u>	<u>67.4</u>	<u>+5.7</u>	<u>73.1</u>
Army Reserve	21.6	-0.9	20.7	+1.7	22.4
Navy Reserve	2.3	+0.5	2.8	-	2.8
Marine Corps Reserve	5.9	+0.1	6.0	+0.1	6.1
Air Force Reserve	2.3	+0.1	2.4	+0.2	2.6
Army National Guard	33.1	-2.8	30.3	+3.2	33.5
Air National Guard	5.5	-0.3	5.2	+0.5	5.7
<u>Prior Service</u>	<u>91.9</u>	<u>+1.8</u>	<u>93.7</u>	<u>-0.8</u>	<u>92.9</u>
Army Reserve	29.9	+0.9	30.8	+1.2	32.0
Navy Reserve	19.0	+0.4	19.4	+1.4	20.8
Marine Corps Reserve	3.0	-	3.0	+0.2	3.2
Air Force Reserve	6.3	-0.3	6.0	-0.4	5.6
Army National Guard	28.9	+1.4	30.3	-3.1	27.2
Air National Guard	4.8	-0.6	4.2	-0.1	4.1
Total Reserve Forces	162.6	-1.5	161.1	+4.9	166.0
Total Active and Reserve Forces	377.4	+0.7	378.1	+2.6	380.7

SHIP OPERATIONS

	(\$ in millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Active Forces	7,063.0	+172.9	+224.9	7,460.8	+154.0	+685.0	8,299.8
Mission and Other Ship Operations	2,337.8	+40.8	-53.2	2,325.4	+40.8	+76.7	2,442.9
Operational Support and Training	516.0	+6.8	+3.0	525.9	+18.6	+45.2	589.7
Intermediate Maintenance	390.5	+4.6	-14.9	380.2	+23.2	+2.8	406.2
Depot Maintenance	2,561.1	+79.5	+274.6	2,915.2	+33.3	+587.9	3,536.4
Depot Operations Support	1,257.7	+41.2	+15.2	1,314.1	+38.1	-27.6	1,324.6
Reserve Forces	143.8	+1.0	-9.6	135.2	+2.5	+26.6	164.3
Mission and Other Ship Operations	57.1	+0.3	-3.7	53.7	+0.9	+13.6	68.2
Operational Support and Training	8.6	+0.1	-8.2	0.5	+0.1	0.0	0.6
Intermediate Maintenance	11.5	-0.5	-3.8	7.2	+0.2	+4.3	11.7
Depot Maintenance	64.5	+1.1	+5.8	71.4	+1.3	+7.6	80.3
Depot Operations Support	2.1	0.0	+0.3	2.4	0.0	+1.1	3.5
Total	7,206.8	+173.9	+215.3	7,596.0	+156.5	+711.6	8,464.1

Ship Operations funds the operating tempo (OPTEMPO), intermediate maintenance, depot level maintenance, engineering support, and logistical 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 2003 Ship Operations budget increases by \$868.1 million from the FY 2002 level. The increase is composed of a price increase of \$156.5 million and net program increases of \$711.6 million (+9.2 percent).

SHIP OPERATIONS

The FY 2002 budget request provides \$8,299.8 million for Active ship operations, which includes price growth of \$154.0 million and program increases of \$685.0 million (+9.0 percent) above the FY 2002 level. This price increase results primarily from increases in Working Capital Fund (WCF) rates (\$151.4 million), civilian pay raises (including CSRS and health care accrual charges) (\$44.9 million) and general inflation charges (44.4 million), offset by decreases in fuel costs (\$-86.7 million).

The key components of the \$685.0 million net program increase for the active forces are described below:

- \$76.7 million increase in Mission and Other Ship Operations for per diem costs due to the transition of AOE ships to the Military Sealift Command (\$45.6 million), increase due to the addition of Patrol Coastal functions (\$20.4 million); and increases due to the change in ship mix and increased operating months (\$15.2 million); offset by decreases in other MSC services (\$-10.3 million).
- \$45.2 million increase in Operational Support and Training associated primarily with increases for AEGIS ship support (\$17.0 million), surface ship configuration management program (\$14.4 million), support for the introduction of Seawolf class submarines to the fleet (\$7.0 million), as well as in the Shipboard Electromagnetic Compatibility Program (SEMCIP) investigations (\$1.3 million) and a ramp-up in the Deep Submergence Systems Program (DSSP) to support the new One Atmosphere Diving Program (\$4.4 million)
- \$587.9 million increase in Ship Depot Maintenance funds the attainment of increased notional requirements for depot maintenance availabilities (\$+310.1 million), and an increased level of Continuous Maintenance (depot level work performed outside of a full scheduled maintenance availability period) (\$+25.6 million). The funded amount of depot maintenance requirements increases from 89.3 percent in FY 2002 to 95.5 percent in FY 2003. Of this, \$353.7 million was a transfer of funding for the Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility from Navy Ship Depot Operations Support (Subactivity Group (SAG) 1B5B to Ship Depot Maintenance (SAG 1B4B) in order to consolidate depot maintenance funding in one SAG. These increases are offset by completion of repairs to USS COLE in FY 2002 (\$-101.5 million).
- \$-27.6 million decrease in Depot Operations Support, comprised of increased funding for Fleet Modernization Program efforts for CVN68, FFG7, CG47, SSN, LHD and LPD4 class ships (\$+276.8 million); increases in Enterprise Resource Planning (ERP) effort for regional maintenance that will benefit both the fleets and the support establishment, including deployment to initial afloat units, supervisors of shipbuilding, a depot level activity, and consolidation of national systems (\$+100.5 million); offset by decreases in Supervisor of Shipbuilding and Fleet Technical Support Center requirements (\$-51.2 million), and the transfer of the Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility to Ship Depot Maintenance (\$-353.7 million).

The FY 2003 Operation and Maintenance, Navy Reserve (OMNR) Ship Operations request includes \$2.5 million in price growth, and a program increase of \$26.6 million (19.3 percent) above the FY 2002 level, associated primarily with the net increase of one Reserve

SHIP OPERATIONS

Battle Force ship in FY 2003, an increase in depot and intermediate maintenance to obtain 95% of the maintenance requirement funding goal versus 92% in FY 2002, and an increase in ship operations funding to reach deployed and non-deployed OPTEMPO goals based on repricing analysis of the ship operations model since the FY 2002 Amended Budget Submission .

<u>Ship Inventory (End of Year)</u>	FY 2001	Change	FY 2002	Change	FY 2003
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Navy Active	259	-2	257	-8	249
MSC Charter/Support	42	+1	43	-	43
Battle Force Ships (Active)	301	-1	300	-8	292
Reserve Battle Force	15	-1	15	+1	16
Reserve Non-Battle Force	11	-1	10	-	10
Naval Reserve Force	26	-2	25	+1	26
Total Battle Force Ships (Active plus Reserve)	316	-2	315	-7	308

The size of the deployable Battle Force declines from FY 2002 to FY 2003 as more multipurpose capability ships are added to the naval inventory and the inactivations of the older Spruance Class Destroyers is accelerated.

<u>Battle Force Ships Inventory by Category</u>	FY 2002	Gains	Losses	FY 2003
	<u>Ending Inventory</u>			<u>Ending Inventory</u>
Strategic (includes two SSGN's in FY 2003)	18	-	-	18
Carriers	12	+1	-1	12
Surface Combatants	116	+6	-9	113
Submarines	54	-	-	54
Amphibious	39	-	-2	37
Mine Warfare, Patrol	17	-	-1	16
Support Ships	<u>59</u>	<u>+1</u>	<u>-2</u>	<u>58</u>
Total	315	+8	-15	308

The total number of Battle Force ships decreases by seven between FY 2002 and FY 2003. In FY 2003, the Navy gains one CVN, three DDGs, and three reserve FFGs, and loses one CV, six DDs, three FFGs, one LSD, one reserve LST, one reserve MCS, and one

SHIP OPERATIONS

MSC ammunition ship (TA-E). Also in FY 2003, the Navy transfers a fast combat support ship (AOE 7) to the Military Sealift Command which is displayed as one loss and one gain in the Support Ships line. The Navy will continue to maintain a force of 12 aircraft carriers in FY 2003.

<u>Shipyears</u>	FY 2001		FY 2002		FY 2003	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	
Conventional, OMN ¹	177	-1	176	+4	180	
Nuclear, OMN	82	-1	81	+1	82	
Conventional, OMNR ²	26	-	26	+1	27	

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 2002 to FY 2003 for the Conventional Forces reflect the net loss of eight conventional battle force ships offset by the gain of 13 non-battle force Patrol Coastal ship. The Nuclear Forces are reflective of the gain of one CVN. There is net gain of one Reserve ship year between FY 2002 and FY 2003.

<u>Operating Tempo (Underway Days Per Quarter)</u>	FY 2001		FY 2002		FY 2003	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	
Deployed Fleet (Readiness Goal) ¹	50.5	-	50.5	-	50.5	
Deployed Fleet (Includes Southwest Asia & Balkans Military Operations) ¹	56.2	-2.2	54.0	-	54.0	
Nondeployed Fleet (Readiness Goal)	28.0	-	28.0	-	28.0	
Deployed Mine Warfare (Reserve)	51.0	-	51.0	-	51.0	
Non-Deployed Mine Warfare (Reserve)	13.8	+10.2	24.0	-	24.0	
Surface Combatant/Amphibious (Reserve)	28.5	-10.5	18.0	-	18.0	

¹ In FY 2002 and FY 2003, Deployed Operating Tempo reflects an estimated 3.5 additional underway days per quarter associated with support of contingency operations previously funded from the Overseas Contingency Operation Transfer Fund but now included in the baseline.

SHIP OPERATIONS

Sustaining the ship operation 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 readiness goal of 50.5 underway days per quarter for the deployed fleet and 28 underway days per quarter for the nondeployed fleet. The budget also supports an additional 3.5 underway days per quarter in support of military operations in Southwest Asia and the Balkans starting in FY 2002.

<u>Operating Months (Less Charter Ships)</u>	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Conventional, OMN	1,820	-17	1,803	+218	2,021
Nuclear, OMN	841	-27	814	-13	801
Conventional, OMNR	306	-8	298	+18	316

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).

Underway Steaming Hours (Thousands)¹

Conventional, OMN	486	-5	481	-22	459
Nuclear, OMN	18	+5	23	-1	22
Conventional, OMNR	48	-6	42	+16	58

¹ In FY 2002 and FY 2003, operations in Southwest Asia are funded in the baseline.

Underway steaming hours display the estimated total number of hours, ships (excluding MSC) are underway. Total steaming hours is dependent upon operating tempo and operating months. Fuel consumed will generally change directly with steaming hours for conventionally powered ships (although fuel burn rates vary widely between ship classes).

SHIP OPERATIONS

Ship Depot Level Maintenance

Ship Depot Level Maintenance requires skills or facilities beyond the capacity or capability of organizational or intermediate level activities and is performed by naval shipyards, private shipyards, naval ship repair facilities, or item depot activities. Alterations and modifications to the ship's military and technical capabilities may also be performed during the maintenance availability. The majority of planned depot maintenance periods are categorized as overhauls, selected restricted availabilities (SRAs), or phased maintenance availabilities (PMAs). Each ship will undergo overhauls, SRAs, or PMA as part of its maintenance schedule, depending on the maintenance plan established for that ship class

Overhauls involve major repairs and modernization, typically take more than 6-months to complete, and require docking. Selected SRAs and PMAs are similar in that both are of relatively short duration (2-3 months), involve labor-intensive repair and modernization efforts, and may be docking or non-docking. However, ships that are scheduled for PMAs generally do not undergo overhauls. Since the SRAs are scheduled at longer intervals than PMAs, these ships periodically require an overhaul. Phased Incremental Availabilities (PIAs) are specific to USS NIMITZ class Aircraft Carriers. Both alterations and repairs are performed, and may be docking or non-docking.

Depot level maintenance work may also be performed outside of scheduled availabilities. Emergent Restricted Availabilities/Technical Availabilities (RA/TA) is used to repair items/problems that cannot wait until the next scheduled availability. Other RA/TA is maintenance planned for execution between scheduled availabilities, and is necessary to keep the ships systems fully operational. Continuous maintenance (CM) is depot level work that is performed outside of a full scheduled maintenance availability period. CM allows greater flexibility in completion of required maintenance and is intended to improve the material condition of our surface fleet.

The following table shows the number of major depot level maintenance availabilities executed in FY 2001 and planned for FY 2002 and FY 2003.

<u>Ship Depot Level Maintenance</u>	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Active Forces</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Overhauls	6	-2	4	-1	3
Selected Restricted Availability	81	+2	83	-17	66
Phased Maintenance Availability	22	+9	31	-7	24
Phased Incremental Availability	6	-2	4	+4	8
<u>Reserve Forces</u>					
Selected Restricted Availability	3	-1	2	+2	4
Phased Maintenance Availability	10	-3	7	+2	9

SPECIAL OPERATIONS FORCES

	(\$ in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army Special Ops Command	433.0	+5.4	-31.9	406.5	+22.3	+6.3	435.1
Joint Special Ops Command	118.5	+0.5	-5.5	113.5	+1.5	+23.2	138.2
Naval Special Warfare Center	229.9	+3.9	-0.2	233.6	+5.6	-2.3	236.9
Air Force Special Ops Command	426.6	+21.7	-5.6	442.7	+19.7	+25.3	487.6
Special Ops Command	106.5	+0.9	+33.2	140.5	+0.4	+31.5	172.4
Special Ops Acquisition Center	132.5	+2.3	+7.2	142.0	+2.6	+29.0	173.6
Theatre Special Ops Command	19.1	+0.7	-4.9	14.9	+0.3	-1.8	13.4
Total	1,466.1	+35.3	-7.8	1,493.6	+52.4	+111.2	1,657.2

The United States Special Operations Command (USSOCOM) is a unified command with worldwide responsibilities to recruit, train, equip, maintain, and provide Special Operations Forces (SOF) in support of the contingency plans developed by the regionally oriented unified commands. When directed by the President, the U.S. Special Operations Commander will assume command of a special operation anywhere in the world. Each of the Services have SOF that are controlled by the CINC, USSOCOM. The Army SOF include Special Forces, Rangers, Special Operations Aviation which provides short to medium range infiltration/exfiltration aircraft, Civil Affairs specialists, and Psychological Operations specialists. The Navy SOF consist of SEAL (Sea, Air, Land) Teams, Patrol Coastal ships, and Special Boat Units. The Air Force SOF units provide medium to long range air infiltration/exfiltration aircraft, specially equipped gunships, and aerial refueling capability. Whether employed individually or together, these forces utilize their unique capabilities of foreign languages, regional orientation, specialized equipment, training and tactics, while ever mindful of the political aspects to accomplish their missions when called upon. The USSOCOM is the only unified command within DoD directly responsible for determining its own force structure and related material and funding requirements, procuring SOF unique equipment, and providing trained and ready forces.

The Operation and Maintenance (O&M) funding is included in the O&M, Defense-Wide appropriation and supports SOF units' training; exercise deployments; and the day-to-day operations of USSOCOM's Army, Navy, and Air Force SOF units. The O&M funding finances mission enhancements, fielding of SOF equipment, depot maintenance of SOF-unique equipment, combat development activities, anti-terrorism/force protection initiatives, and force structure changes. This funding also supports USSOCOM's participation in the established contingency operations of Bosnia, Kosovo and Southwest Asia. The special operations schools (i.e., John F. Kennedy Special Warfare Center and School; the Naval Special Warfare Center; The Joint Special Operations University; the Air Force Special Operations School and the Naval Small Craft Instruction and Technical Training School), training development, and support activities are also funded. The O&M funding also supports program management of the acquisition of advanced special operations forces equipment and management headquarters (i.e., USSOCOM Headquarters and staff, the Naval Special Warfare Command, the U. S. Army Special Operations Command, and the Air Force Special Operations Command).

SPECIAL OPERATION FORCES

	(Dollars in Millions)						
	<u>FY 2001</u>	<u>Price</u>	<u>Program</u>	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
<u>Budget Activity 1 – Operating Forces</u>	<u>1,360.4</u>	<u>+32.9</u>	<u>+3.7</u>	<u>1,397.0</u>	<u>+47.8</u>	<u>+86.6</u>	<u>1,531.3</u>
<u>Special Operations Operational Forces</u>	<u>986.6</u>	<u>+25.3</u>	<u>+17.7</u>	<u>1,029.6</u>	<u>+32.5</u>	<u>+68.3</u>	<u>1,130.4</u>
Flight Operations	469.4	+20.3	+16.1	505.8	+21.8	+32.7	560.3
Ship/Boat Operations	53.0	+0.5	+6.3	59.8	+0.7	-4.7	55.7
Combat Development Activities	264.8	+2.5	+8.6	276.0	+4.6	+28.1	308.7
Other Operations	199.4	+2.0	-13.3	188.1	+5.5	+12.1	205.7
<u>Special Operations Operational Support</u>	<u>373.8</u>	<u>+7.6</u>	<u>-14.1</u>	<u>367.4</u>	<u>+15.2</u>	<u>+18.3</u>	<u>400.9</u>
Force Related Training	33.6	+0.5	+1.3	35.5	+0.8	+0.5	36.8
Operational Support	32.4	-0.4	-4.7	27.4	+2.6	+1.1	31.1
Intelligence & Communications	91.9	+1.1	+3.9	96.9	+1.7	+3.3	101.8
Management/Operational Headquarters	96.0	+3.4	-9.0	90.4	+5.2	+1.6	97.2
Depot Maintenance	101.4	+2.1	-0.2	103.2	+4.6	+11.3	119.2
Base Support	18.5	+0.9	-5.4	14.0	+0.3	+0.6	14.8
<u>Budget Activity 3 – Training and Recruiting</u>	<u>58.4</u>	<u>+1.3</u>	<u>-3.5</u>	<u>56.1</u>	<u>+3.0</u>	<u>+3.9</u>	<u>63.0</u>
<u>Skill and Advanced Training</u>							
Specialized Skill Training	52.5	+1.3	-4.3	49.4	+2.5	+3.7	55.7
Professional Development Education	4.4	-0.2	+0.4	4.6	+0.5	-0.2	5.0
Base Support	1.5	+0.2	+0.4	2.0	-	+0.3	2.3
<u>Budget Activity 4 – Administrative and Service-wide Activities</u>	<u>47.3</u>	<u>+1.1</u>	<u>-7.9</u>	<u>40.6</u>	<u>+1.5</u>	<u>+20.8</u>	<u>62.9</u>
<u>Logistics Operations</u>	<u>47.3</u>	<u>+1.1</u>	<u>-7.9</u>	<u>40.6</u>	<u>+1.5</u>	<u>+20.8</u>	<u>62.9</u>
Acquisition/Program Management	47.3	+1.1	-7.9	40.6	+1.5	+20.8	62.9
Total U.S. Special Operations Command	1,466.1	+35.3	-7.8	1,493.6	+52.4	+111.2	1,657.2

SPECIAL OPERATION FORCES

Explanation of FY 2002 to FY 2003 Program Changes

Budget Activity 1 Operating Forces (\$86.6 million)

Special Operations Operational Forces (\$68.3 million)

Flight Operations: (\$32.7 million) - Increases include, but are not limited to funding provided for the MH-53 Extension; Air Survivability Equipment; Flight Readiness; AC-130 Gunship Restructure; and increase of 17 civilian full time equivalents (FTEs).

Ship/Boat Operations: (\$-4.7 million) – Entire Patrol Coastal inventory retires in FY 2003.

Combat Development Activities: (\$28.0 million) - See Classified Submission provided under separate cover.

Other Operations: (\$12.1 million) - Overseas Contingency Operations Transfer Fund realigned to the Component's funding baselines.

Special Operations Operational Support (\$18.3 million)

Intelligence and Communications: (\$3.3 million) - Net increase is primarily due to sustainment of the Multi-Band Inter/Intra Team Radio (MBITR), Joint Base Station (JBS), Tactical Local Area Network (TACLAN).

Management/Operational Headquarters: (\$1.6 million) - Increase is due to Systems Engineering Technical Assistance (SETA) contract for Air Force Special Operations Command (AFSOC) Tactical Training and the AFSOC Intelligence Databases program.

Depot Maintenance: (\$11.3 million) - Funding provides for the first full phase of the depot maintenance cycle for Advanced Seal Delivery System (ASDS) #1 and aging aircraft sustaining engineering (AASE).

Base Support: (\$0.6 million) - Increase is for base support for the Naval Special Warfare Command (NSWC) associated with completion of several new military construction projects.

Other Program Changes: (\$1.6 million) - Various.

SPECIAL OPERATION FORCES

Budget Activity-3 Training and Recruiting (\$3.9 million)

Increases support an additional 28 civilian FTEs and sustainment costs for the United States Army John F. Kennedy Special Warfare Center School (USAJFKSWCS) and funding for the Naval Special Warfare Command's Credentialized Training Plan.

Budget Activity 4 Administration and Service Wide Activities (\$20.8 million)

Program increases include the Advance Seal Delivery System (ASDS); AC-130 Gunship Restructure; High Level Architecture for SOF Training System and Rotary wing Suite of Integrated Infrared Counter Measure (SIIRCM) and the Suite of Integrated Radio Frequency Counter Measures (SIRFC).

USSOCOM Flying Operations

The USSOCOM Flight Operations includes SOF dedicated aviation assets of the Active Army, and the Air Force Active, Reserve, and National Guard units that operate and maintain over 250 uniquely equipped fixed and rotary wing aircraft. Funding satisfies operations and maintenance requirements necessary to provide highly trained aircrews and mission capable aircraft to accomplish SOF aviation missions including insertion, extraction, re-supply, aerial fire support, air-to-air refueling, combat search and rescue, psychological operations, aerial security, medical evacuation, electronic warfare, mine dispersal, and command and control.

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Primary Aircraft Authorized (PAA) (End of FY)</u>					
<u>Air Force Special Operations Command (AFSOC)</u>					
Tactical/Mobility	109	-3	106	3	109
Training	<u>28</u>	<u>-5</u>	<u>23</u>	<u>-3</u>	<u>20</u>
Total	137	-8	129	0	129
<u>Army Special Operations Command (USASOC)</u>					
Tactical/Mobility	121	4	125	-2	123
Training	<u>27</u>	<u>-4</u>	<u>23</u>	<u>2</u>	<u>25</u>
Total	148	0	148	0	148

TRAINING AND EDUCATION

	(\$ in Millions)						
	FY 2001 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2002 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>
Army	2,797.4	+62.3	+89.2	2,948.9	+65.8	+162.1	3,176.8
Navy	1,663.4	+31.8	+23.1	1,718.3	+55.2	+115.6	1,889.1
Marine Corps	335.3	+7.8	+21.3	364.4	+14.7	+16.5	395.6
Air Force	1,723.3	+40.4	+127.8	1,891.5	+63.1	+42.1	1,996.7
American Forces Information Services (AFIS)	9.1	+0.1	+1.9	11.1	+0.3	-0.2	11.2
Classified Programs	-	-	+6.9	6.9	+0.1	-0.1	6.9
Defense Acquisition University (DAU)	101.5	+2.1	-8.6	95.0	+1.9	+6.6	103.5
Defense Contract Audit Agency (DCAA)	4.3	+0.1	+0.3	4.7	+0.1	+0.1	4.9
Defense Finance and Accounting Svc.(DFAS)	10.9	+0.3	-2.3	8.9	+0.2	+0.1	9.2
Defense Human Resources Activity (DHRA)	42.4	+0.7	+8.3	51.4	+1.1	-12.8	39.7
Defense Security Service (DSS)	7.4	+0.1	-	7.5	+0.2	+2.2	9.9
Defense Threat Reduction Agency (DTRA)	1.0	-	+0.3	1.3	-	-	1.3
USSOCOM	58.4	+1.2	-3.5	56.1	+3.1	+3.8	63.0
Defense Health Program	<u>330.4</u>	<u>+11.6</u>	<u>-11.8</u>	<u>330.2</u>	<u>+14.5</u>	<u>+5.4</u>	<u>350.1</u>
Total	7,084.8	+158.5	+252.9	7,496.2	+220.3	+341.4	8,057.9

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). Also included are resources to finance base support activities. The FY 2003 budget request reflects a total funding increase of \$561.7 million. Of this amount, \$220.3 million is for price growth and \$341.4 million (4.5 percent) is for net program growth. Specific changes by program are provided after the workload data. The following table summarizes the financial data displayed above by various training categories.

TRAINING AND EDUCATION

Individual Training by Category by Service

	(\$ in Millions)						
	FY 2001 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2002 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>
<u>Recruit Training</u>							
Army ^{1/}	39.0	+1.0	-3.2	36.8	+1.3	+4.6	42.7
Navy	5.8	+0.1	+.7	6.6	+.2	+3.6	10.4
Marine Corps	10.5	+0.2	-0.2	10.5	+.2	-0.2	10.5
Air Force	<u>6.4</u>	<u>+0.1</u>	<u>-0.9</u>	<u>5.6</u>	<u>+2</u>	<u>+1.1</u>	<u>6.9</u>
Total	61.7	+1.4	-3.6	59.5	+1.9	+9.1	70.5
<u>Specialized Skills Training</u>							
Army	290.8	+10.1	-38.1	262.8	+7.3	+95.0	365.0
Navy	282.1	+4.1	+20.3	306.5	+9.9	+34.7	351.1
Marine Corps	33.8	+0.6	+2.5	36.9	+2.6	+1.0	40.5
Air Force	278.9	+6.9	+25.2	311.0	+12.4	-15.8	307.6
Defense Health Program	128.6	+3.8	-13.6	118.8	+5.3	+11.5	135.6
USSOCOM	<u>52.5</u>	<u>+1.3</u>	<u>-4.3</u>	<u>49.5</u>	<u>+2.6</u>	<u>+3.6</u>	<u>55.7</u>
Total	1,066.7	+26.8	-8.0	1,085.5	+40.1	+129.9	1,255.5
<u>Officer Acquisition</u>							
Army	79.9	+2.7	-2.8	79.8	+2.0	+6.2	88.0
Navy	92.8	+3.4	-0.2	96.0	+5.7	+14.2	115.9
Marine Corps	0.3	-	-	0.3	-	+0.1	0.4
Air Force	68.7	+2.0	-4.5	66.2	+4.2	-1.1	69.3
Defense Health Program	<u>184.3</u>	<u>+7.2</u>	<u>+3.6</u>	<u>195.1</u>	<u>+8.5</u>	<u>-6.0</u>	<u>197.6</u>
Total	426.0	+15.3	-3.9	437.4	+20.4	+13.4	471.2

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

TRAINING AND EDUCATION

	(\$ in Millions)						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
<u>Professional Development</u>	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	102.5	+2.9	+5.9	111.3	+2.5	+19.8	133.6
Navy	112.1	+3.6	+2.1	117.9	+5.8	+14.1	137.8
Marine Corps	8.7	+0.2	-0.4	8.5	+0.4	-	8.9
Air Force	101.1	+2.3	+11.9	115.3	+6.0	+20.6	141.9
AFIS	9.1	+0.1	+1.9	11.1	+0.3	-0.2	11.2
Classified Programs	-	-	+6.9	6.9	+0.1	-0.1	6.9
DAU	101.5	+2.1	-8.6	95.0	+1.9	+6.6	103.5
DCAA	4.3	+0.1	+0.3	4.7	+0.1	+0.1	4.9
DFAS	10.9	+0.3	-2.3	8.9	+0.2	+0.1	9.2
DHRA	42.4	+0.7	+8.3	51.4	+1.1	-12.8	39.7
DSS	7.4	+0.1	-	7.5	+0.2	+2.2	9.9
DTRA	1.0	-	+0.3	1.3	-	-	1.3
USSOCOM	4.4	-0.2	+0.4	4.6	+0.5	-0.1	5.0
Defense Health Program	<u>17.5</u>	<u>+0.5</u>	<u>-1.8</u>	<u>16.2</u>	<u>+0.7</u>	<u>-0.1</u>	<u>16.8</u>
Total	522.9	+12.7	+24.9	560.5	+19.8	+50.2	630.5
<u>Senior ROTC</u>							
Army	162.1	+3.7	+18.8	184.6	+3.4	+21.6	209.6
Navy	75.4	+3.4	+1.0	79.8	+3.9	-.2	83.5
Air Force	<u>57.3</u>	<u>+1.0</u>	<u>+3.0</u>	<u>61.3</u>	<u>+1.1</u>	<u>+5.6</u>	<u>68.0</u>
Total	294.8	+8.1	+22.8	325.7	+8.4	+27.0	361.1
<u>Flight Training</u>							
Army	320.2	+0.9	+74.4	395.5	+13.4	-6.4	402.5
Navy	324.5	+1.0	+44.1	369.6	+1.8	-0.3	371.1
Marine Corps	0.2	-	-	0.2	-	-	0.2
Air Force	<u>582.1</u>	<u>+14.6</u>	<u>+66.4</u>	<u>663.1</u>	<u>+6.0</u>	<u>-5.3</u>	<u>663.8</u>
Total	1,227.0	+16.5	+184.9	1,428.4	+21.2	-12.0	1,437.6

TRAINING AND EDUCATION

<u>Training Support</u>	(\$ in Millions)						
	<u>FY 2001</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>
Army	457.0	+11.6	+7	469.3	+11.0	-48.8	431.5
Navy	202.5	+4.3	-14.7	192.1	+7.2	+19.5	218.8
Marine Corps	90.2	+1.8	+6.4	98.4	+2.5	+11.3	112.2
Air Force	79.4	+2.6	-1.8	80.2	+6.4	+6.0	92.6
Total	829.1	+20.3	-9.4	840.0	+27.1	-12.0	855.1

Base Support/Facilities Sustainment, Restoration and Modernization

Army <u>2/</u>	1,346.0	+29.4	+33.5	1,408.9	+24.9	+70.1	1,503.9
Navy	568.3	+11.7	-30.3	549.7	+20.6	+30.1	600.4
Marine Corps	191.6	+5.0	+13.0	209.6	+9.0	+4.4	223.0
Air Force	549.2	+10.8	+28.8	588.8	+26.8	+31.0	646.6
USSOCOM	1.5	+0.2	+0.4	2.1	-	+0.3	2.4
Total	2,656.6	+57.1	+45.4	2,759.1	+81.3	+135.9	2,976.3

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

PROGRAM DATA

<u>Flying Hours</u>	(Hours in Thousands)				
	<u>FY 2001</u> <u>Actual</u>	<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>
Army	256.3	+5.9	262.2	-14.5	247.7
Navy	326.6	-6.3	320.3	+4.7	325.0
Air Force	452.2	-9.9	442.3	-0.6	441.7
Total	1,035.1	-10.3	1,024.8	-10.4	1,014.4

TRAINING AND EDUCATION

WORKLOAD INDICATORS

(Student/Trainee Workyears)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>61,841</u>	<u>+5,048</u>	<u>66,889</u>	<u>+805</u>	<u>67,694</u>
Recruit Training	14,258	+54	14,312	+569	14,881
One Station Unit Training	8,792	+1,329	10,121	-414	9,707
Specialized Skill <u>3/</u>	31,099	+3,479	34,578	+698	35,276
Officer Acquisition	4,476	+42	4,518	-13	4,505
Flight Training	1,070	+293	1,363	-98	1,265
Professional Development	2,146	-149	1,997	+63	2,060
<u>Navy</u>	<u>47,428</u>	<u>+3,321</u>	<u>50,749</u>	<u>+33</u>	<u>50,782</u>
Recruit Training	9,708	+3,735	13,443	-389	13,054
One Station Unit Training	-	-	-	-	-
Specialized Skill <u>3/</u>	21,940	-703	21,237	-176	21,061
Officer Acquisition	5,353	-150	5,203	+430	5,633
Senior ROTC	5,579	+406	5,985	+60	6,045
Flight Training	2,552	-63	2,489	+82	2,571
Professional Development	2,296	+96	2,392	+26	2,418
<u>Marine Corps</u>	<u>17,174</u>	<u>+1,752</u>	<u>18,926</u>	<u>+430</u>	<u>19,356</u>
Recruit Training	7,864	+897	8,761	+337	9,098
One Station Unit Training	-	-	-	-	-
Specialized Skill <u>3/</u>	7,927	+717	8,644	+128	8,772
Officer Acquisition	331	-54	277	+1	278
Flight Training (included in Navy above)	-	-	-	-	-
Professional Development	1,052	+192	1,244	-36	1,208

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

TRAINING AND EDUCATION

(Student/Trainee Workyears)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force</u>	<u>25,533</u>	<u>-2,363</u>	<u>23,170</u>	<u>+903</u>	<u>24,073</u>
Recruit Training	4,780	-772	4,008	+347	4,355
One Station Unit Training	-	-	-	-	-
Specialized Skill ^{3/}	12,297	-1,195	11,102	+501	11,603
Officer Acquisition	5,329	-543	4,786	+45	4,831
Flight Training	2,299	-603	1,696	+6	1,702
Professional Development	828	+750	1,578	+4	1,582
<u>Defense Health Program</u>	<u>68,868</u>	<u>-2,198</u>	<u>66,670</u>	<u>+1,425</u>	<u>68,095</u>
Recruit Training	-	-	-	-	-
One Station Unit Training	-	-	-	-	-
Specialized Skill	56,125	-2,531	53,594	+1,224	54,818
Officer Acquisition	5,378	+512	5,890	+115	6,005
Flight Training	-	-	-	-	-
Professional Development	7,365	-179	7,186	+86	7,272
<u>USSOCOM</u>	<u>2,248</u>	<u>+463</u>	<u>2,711</u>	<u>+10</u>	<u>2,721</u>
Recruit Training	-	-	-	-	-
One Station Unit Training	-	-	-	-	-
Specialized Skill	2,161	+458	2,619	+2	2,621
Officer Acquisition	-	-	-	-	-
Flight Training	-	-	-	-	-
Professional Development	87	+5	92	+8	100

^{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

Funding for the Training and Education activity increases by \$561.7 million, from \$7,496.2 million in FY 2002 to \$8,057.9 million in FY 2003. This net increase reflects price growth of \$220.3 million; net functional transfers out of the training account for approximately \$13.4 million primarily from the Operation and Maintenance (O&M), Air Force appropriation to the Military Personnel account for the buy-back of the A-76 Competition for “Pick-a-Base,” and for the transfer within the O&M, Army appropriation from this budget activity to the Administration and Servicewide Support (Budget Activity 4) for centralized support to Army Museums; and program increases of approximately \$544.9 million partially offset by decreases of \$190.1 million. These adjustments are further described as follows:

	<u>(\$ in Millions)</u>
FY 2002 Current Estimate	7,496.2
Price Growth	+220.3
Net Transfers	-13.4
<u>Program Increases</u>	<u>+544.9</u>
<ul style="list-style-type: none">● Provides for increased security and force protection and anti-terrorism and law enforcement requirements at various Army and Navy training facilities (\$+65.1 million). Additionally, funds utility rate increases (\$+17.0 million) and facility sustainment, restoration, and modernization requirements (\$+44.0 million) to correct deteriorating facilities and infrastructure conditions at various Air Force installations. Funds other base support for increased costs for contractor support at the Air Force academy (\$+11.0 million).	+137.1
<ul style="list-style-type: none">● Funds increased contractor support and services for the Navy and Marine Corps Intranet and various other electronic-learning initiatives in the Navy for FY 2003.	+85.6
<ul style="list-style-type: none">● Funds increases for off-duty and voluntary education to pay for counselors, tuition assistance and more than 23,000 additional enrollments in the Army (\$+42.1 million) and the Marine Corps (\$+14.7 million). Also funds expansion of the Army University Access On-line Program for recruiting and retention by offering soldiers the opportunity to pursue academic, post-secondary degree, and technical certification via the internet. Funds support sustainment of the bases (i.e., Fort Carson and Fort Lewis) added in FY 2002 and further expansion in FY 2003 to Army installations (not yet identified) (\$+21.7 million).	+78.5
<ul style="list-style-type: none">● Funds Active Army Training and Doctrine Command Transformation requirements to restructure the way the Army trains and accesses soldier and officers. Funds support a redesign of professional military education, establishment of a new organizational construct built around reengineered processes, and enhancements to initial entry training.	+74.7

TRAINING AND EDUCATION

(\$ in Millions)

- Funds increased training support for recruit, officer acquisition, and specialized skills training for the Army for 1,267 student load increases (\$+7.5 million); for the Navy primarily for cryptological, intelligence, and other training equipment and for 430 additional student load increases (\$+19.5 million); for the Marine Corps for equipment replacement, 466 student load increases, and supplies and materials and postage and printing costs for training materials (\$+11.3 million), and for the Air Force for approximately 893 student load increases and for increased costs for the Defensive Information Operations Support to detect network intrusions (\$+21.4 million). +59.7
- Funds Air Force civilian workforce shaping initiatives which include salary and recruiting costs for 120 additional interns and 230 cooperative college students (\$+18.0 million). Additionally, funds an increase of 93 interns in the Navy for the Acquisition Workforce (\$+7.9 million) and other civilian education and training requirements in the Army (\$+8.8 million). +34.7
- Funds approximately 520 additional Senior Reserve Officers Training Corps (ROTC) scholarships and required staffing for the Army, Navy and Air Force. Additionally, includes Army initiatives to improve Hispanic and Native American student access to Army ROTC program. +24.4
- Supports increased Professional Military Education training for the Active Air Force (\$+11.0 million) for increased attendance at Squadron Officer Schools and in the Active Navy for distance learning initiatives (\$+7.9 million) +18.9
- Funds additional equipment, laboratories, curriculum development, instructors, and other infrastructure requirements necessary to support expansion of the International Military Education Training (IMET) program. (This increase is consistent with the expansion of the program by the State Department.) +15.0
- Funds approximately 100 additional Junior Reserve Officer Training Corps units in FY 2003 in the Army, Navy, and Air Force. +11.0
- Funds various other fact-of-life increases in the Defense Agencies. +5.3

TRAINING AND EDUCATION

(\$ in Millions)

Program Decreases

-190.1

- One-time requirements in FY 2002 for Army training development initiatives and distance learning requirements at Fort Knox, KY (\$-44.6 million), civilian separation costs for the Air Force (\$-18.4 million), and start-up costs for a martial arts program in the Marine Corps (\$-5.2 million). -68.2
- Decrease of approximately 15,100 flying hours in the Army and Air Force and reduced pilot training for strike and rotary wing in the Navy. -41.1
- Completion of facilities sustainment restoration modernization projects in the Marine Corps (\$-18.9 million) and projected decreases in utilities at various Army installations (\$-8.1 million). -27.0
- Civilian personnel savings in the Air Force (\$-17.0 million) and the Navy (\$-4.7 million) primarily for outsourcing and privatization initiatives. -21.7
- Projected savings for reduced travel and permanent change of station costs in the Navy (\$-3.4 million) and Air Force (\$-18.3 million). -21.7
- Savings for reduced legacy systems support and revised implementation schedule for the Navy Marine Corps Intranet. -10.4

FY 2003 Estimate

8,057.9

TRANSPORTATION

<u>By Service</u>	(\$ in Millions)						
	FY 2001	FY 2002			FY 2003		
	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
Army	408.1	-1.8	+3.3	409.6	-9.6	+116.5	516.5
Navy	182.0	-1.0	+4.0	185.0	-4.0	+6.0	187.0
Marine Corps	29.4	+0.2	+1.4	31.0	-0.8	+4.4	34.6
Air Force	238.0	-14.5	-6.8	216.7	-0.4	+10.9	227.2
Defense-Wide	383.5	-16.8	-14.9	351.8	+18.7	+18.3	388.8
Army Reserve	1.3	-	-	1.3	-	+0.1	1.4
Navy Reserve	1.6	-	-0.1	1.5	-	-	1.5
Marine Corps Reserve	4.0	-	-0.3	3.7	+0.1	-	3.8
Air Force Reserve	1.7	-	+0.8	2.5	-	+0.4	2.9
Army National Guard	28.5	+0.3	-4.5	24.3	+0.4	+5.6	30.3
Air National Guard	<u>19.9</u>	<u>-0.5</u>	<u>-9.6</u>	<u>9.8</u>	<u>+0.2</u>	<u>+0.2</u>	<u>10.2</u>
Total	1,298.0	-34.1	-26.7	1,237.2	+4.6	+162.4	1,404.2

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 2003, total DoD transportation costs are \$1,404.2 million, an increase of \$167.0 million above the FY 2002 estimate of \$1,237.2 million. This net increase includes price growth of \$4.6 million and a net program increase of \$162.4 million (+13.1 percent). The change in price growth is due to the different mix in the types of transportation procured; the Working Capital Fund publishes the approved transportation rates. The FY 2003 program increase of \$162.4 million results from various program changes among the Components. The largest single increase is in the Army program which grows \$116.5 million (+29.1 percent). This growth supports increased force modernization and sustainment movements including those supporting the Army Transformation (\$+56.0 million); improvements to the transportation systems which carry weapons, ammunition and other explosives on CONUS highways (\$+19.2 million); the reconfiguration of the Army's propositioned stockpiles from Europe to other locations (\$+16.7 million); and increases to properly finance the Commercial Transportation Office and to sustain the program at historically

TRANSPORTATION

executed levels (\$+20.0 million). The Navy's program increase of \$6.0 million (+3.3 percent) reflects a small increase in the shipment of commercial goods in support of Navy-Marine Corps Exchange operations. The Marine Corps' program increase of \$4.4 million (+14.6 percent) supports increased ammunition movements overseas as well as the shipment of equipment involved with the Defense Reutilization & Marketing Service (DRMS) and Excess Equipment Recovery Program. The \$10.9 million (+5.0 percent) increase in Air Force Transportation costs reflects the permanent transfer of funds from the Overseas Contingency Operations Transfer Fund (OCOTF) to support Air Force operations in Bosnia, Kosovo and Southwest Asia. The Air Force program also supports the world-wide relocation of aircraft loading and unloading equipment. The \$18.3 million (+4.9 percent) increase in Defense-wide activities primarily reflects a \$21.9 million increase to the Chairman of the Joint Chiefs of Staff (CJCS) exercise program to support 34,000 C-17 equivalent flying hours and 1,100 steaming days, partially offset by a \$3.1 million reduction to the DoD Dependents Educational Activity (DoDEA) First Destination Transportation program. The net increase of \$6.3 million (+14.4 percent) to the Guard and Reserve programs primarily reflect the \$5.6 million (+22.7 percent) increase for the Army National Guard to support additional unit training at the National Training Center at Fort Irwin, California.

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>(\$ in Millions)</u>						
	<u>FY 2001</u>				<u>FY 2002</u>		
<u>First Destination Transportation</u>	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
<u>Major Commodity</u>	<u>46.6</u>	<u>+0.7</u>	<u>-1.1</u>	<u>46.2</u>	<u>+4.3</u>	<u>-2.9</u>	<u>47.6</u>
Military Supplies and Equip	46.6	+0.7	-1.1	46.2	+4.3	-2.9	47.6
<u>Mode of Shipment</u>	<u>46.6</u>	<u>+0.7</u>	<u>-1.1</u>	<u>46.2</u>	<u>+4.3</u>	<u>-2.9</u>	<u>47.6</u>
<u>Military Commands</u>	<u>19.9</u>	<u>-0.2</u>	<u>+1.6</u>	<u>21.3</u>	<u>+0.3</u>	<u>-</u>	<u>21.6</u>
Surface	10.4	-0.2	+1.7	11.9	+0.3	-0.2	12.0
Sealift	5.0	-1.0	-	4.0	-	-	4.0
Airlift	4.5	+1.0	-0.1	5.4	-	+0.2	5.6

TRANSPORTATION

<u>First Destination Transportation</u>	<u>(\$ in Millions)</u>						
	<u>FY 2001</u>				<u>FY 2002</u>		
	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
<u>Commercial</u>	26.7	+0.9	-2.7	24.9	+4.0	-2.9	26.0
Surface	26.2	+0.9	-2.7	24.4	+4.0	-2.9	25.5
Air	0.5	-	-	0.5	-	-	0.5

Second Destination Transportation

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:

<u>Second Destination Transportation</u>	<u>(\$ in Millions)</u>						
	<u>FY 2001</u>				<u>FY 2002</u>		
	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
<u>Major Commodity</u>	1,251.4	-34.8	-25.6	1,191.0	+0.3	+165.3	1,356.6
Military Supplies and Equip	865.0	-29.2	-40.6	795.2	+1.4	+159.5	956.1
Mail Overseas	174.7	-3.8	+7.0	177.9	+1.3	-6.0	173.2
Subsistence	33.2	-1.1	-0.8	31.3	-0.4	+2.0	32.9
Base Exchange	178.5	-0.7	+8.8	186.6	-2.0	+9.8	194.4
<u>Mode of Shipment</u>	1,251.4	-34.8	-25.6	1,191.0	+0.3	+165.3	1,356.6
<u>Military Commands</u>	898.6	-38.5	-42.2	817.9	-4.5	+165.2	978.6
Traffic Management	84.4	-10.8	+4.8	78.4	-5.5	+14.1	87.0
Surface	38.1	-4.6	+4.0	37.5	-3.6	+26.0	59.9

TRANSPORTATION

<u>Second Destination Transportation</u>	<u>(\$ in Millions)</u>							
	FY 2001				FY 2002			FY 2003
	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	
Sealift	323.4	-5.2	-20.1	298.1	+1.1	+67.7	366.9	
Airlift	452.7	-17.9	-30.9	403.9	+3.5	+57.4	464.8	
<u>Commercial</u>	<u>352.8</u>	<u>3.7</u>	<u>16.6</u>	<u>373.1</u>	<u>4.8</u>	<u>0.1</u>	<u>378.0</u>	
Surface	145.3	+1.8	+2.6	149.7	+2.1	+1.9	153.7	
Sea	32.0	-	-1.9	30.1	-	-8.0	22.1	
Air	175.5	+1.9	+15.9	193.3	+2.7	+6.2	202.2	

CIVILIAN PERSONNEL

(Full-Time Equivalents)

	FY 2001		FY 2002		FY 2003
<u>By Service/Defense-Wide</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	220,176	-4,091	216,085	-723	215,362
Navy	193,622	-7,874	185,748	-4,246	181,502
Air Force	160,083	-2,789	157,294	-321	156,973
Defense-Wide	<u>113,424</u>	<u>-760</u>	<u>112,664</u>	<u>-1,897</u>	<u>110,767</u>
DoD Total	687,305	-15,514	671,791	-7,187	664,604
<u>By Type of Hire</u>					
U.S. Direct Hire	634,748	-14,614	620,134	-7,306	612,828
Foreign National Direct Hire	15,143	-544	14,599	+3	14,602
Total – Direct Hire	649,891	-15,158	634,733	-7,303	627,430
Foreign National Indirect Hire	<u>37,414</u>	<u>-356</u>	<u>37,058</u>	<u>+116</u>	<u>37,174</u>
DoD Total	687,305	-15,514	671,791	-7,187	664,604
<u>By Appropriation</u>					
Operation and Maint, Active & Defense-Wide	374,011	-11,313	362,698	-3,139	359,559
Operation and Maintenance, Reserve	27,335	-393	26,942	-270	26,672
Operation and Maintenance, National Guard	48,991	+259	49,250	+102	49,352
Research, Development, Test, and Evaluation	25,908	+170	26,078	+126	26,204
Military Construction	8,570	-539	8,031	-28	8,003
Family Housing	1,177	+26	1,203	-8	1,195
Defense Working Capital Funds	198,293	-3,704	194,589	-3,955	190,634

CIVILIAN PERSONNEL

<u>By Appropriation</u>	<u>(Full-Time Equivalents)</u>				<u>FY 2003</u>
	<u>FY 2001</u>			<u>FY 2002</u>	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	
Pentagon Reservation Maintenance Fund	755	+4	759	-	759
Defense Stockpile	318	-71	247	-10	237
Building Maintenance Fund	61	+10	71	-	71
Foreign Military Assistance	343	+12	355	-	355
Defense Health Program	292	+5	297	-	297
Office of the Inspector General	1,198	+14	1,212	-5	1,207
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	687,305	-15,514	671,791	-7,187	664,604

ARMY

<u>Direct Hires by Appropriation</u>	<u>(Full-Time Equivalents)</u>				<u>FY 2003</u>
	<u>FY 2001</u>			<u>FY 2002</u>	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	
<u>Operation and Maintenance, Army</u>					
U. S. Direct Hire	115,364	-3,834	111,530	-376	111,154
Foreign National Direct Hire	<u>7,840</u>	<u>-228</u>	<u>7,612</u>	<u>+43</u>	<u>7,655</u>
Total Direct Hire	123,204	-4,062	119,142	-333	118,809
<u>Operation and Maintenance, Army Reserve</u>					
U. S. Direct Hire	10,783	+141	10,924	-18	10,906
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	10,783	+141	10,924	-18	10,906

CIVILIAN PERSONNEL

	<u>ARMY</u>				
	<u>(Full-Time Equivalents)</u>				
<u>Direct Hires by Appropriation</u>	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Army National Guard</u>					
U. S. Direct Hire	25,122	+17	25,139	+54	25,193
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	25,122	+17	25,139	+54	25,193
 <u>Research, Development, Test & Evaluation, Army</u>					
U. S. Direct Hire	16,223	-67	16,156	+423	16,579
Foreign National Direct Hire	<u>128</u>	<u>+13</u>	<u>141</u>	<u>-1</u>	<u>140</u>
Total Direct Hire	16,351	-54	16,297	+422	16,719
 <u>Military Construction, Army</u>					
U. S. Direct Hire	5,675	-262	5,413	-88	5,325
Foreign National Direct Hire	<u>234</u>	<u>-48</u>	<u>186</u>	<u>-</u>	<u>186</u>
Total Direct Hire	5,909	-310	5,599	-88	5,511
 <u>Family Housing, Army</u>					
U. S. Direct Hire	737	+6	743	-15	728
Foreign National Direct Hire	<u>44</u>	<u>-</u>	<u>44</u>	<u>-1</u>	<u>43</u>
Total Direct Hire	781	+6	787	-16	771
 <u>Working Capital Fund, Army</u>					
U. S. Direct Hire	20,761	+150	20,911	-874	20,037
Foreign National Direct Hire	<u>84</u>	<u>-16</u>	<u>68</u>	<u>-</u>	<u>68</u>
Total Direct Hire	20,845	+134	20,979	-874	20,105

CIVILIAN PERSONNEL

<u>Direct Hires by Appropriation</u>	<u>ARMY</u>		<u>(Full-Time Equivalents)</u>		<u>FY 2003</u>
	<u>FY 2001</u>		<u>FY 2002</u>		
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	
<u>Foreign Military Assistance, Army</u>					
U. S. Direct Hire	11	+1	12	-	12
Foreign National Direct Hire	-	-	-	-	-
Total Direct Hire	11	+1	12	-	12
 <u>Army Total</u>					
U. S. Direct Hire	194,676	-3,848	190,828	-894	189,934
Foreign National Direct Hire	<u>8,330</u>	<u>-279</u>	<u>8,051</u>	<u>+41</u>	<u>8,092</u>
Total Direct Hire	203,006	-4,127	198,879	-853	198,026

Summary of Changes

Direct Hires

	<u>FY 02-03</u>
	<u>Change</u>
Working Capital Fund	
Depot Maintenance	-238
Information Services	-11
Ordnance	-203
Supply Maintenance	-96
Transportation	-50
Research and Development	-577
Medical Structure	-188
Force Structure Adjustments	<u>+510</u>
Total Direct Hire	-853

CIVILIAN PERSONNEL

	<u>ARMY</u>		<u>(Full-Time Equivalents)</u>		
	FY 2001		FY 2002		FY 2003
<u>Indirect Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Army	16,288	+93	16,381	+129	16,510
Military Construction, Army	242	-50	192	-7	185
Family Housing, Army	396	+20	416	+8	424
Working Capital Fund, Army	<u>244</u>	<u>-27</u>	<u>217</u>	<u>-</u>	<u>217</u>
Total Indirect Hire	17,170	+36	17,206	+130	17,336
Total Direct Hire	203,006	-4,127	198,879	-853	198,026
Total Indirect Hire	<u>17,170</u>	<u>+36</u>	<u>17,206</u>	<u>+130</u>	<u>17,336</u>
Total Army Civilians	220,176	-4,091	216,085	-723	215,362

CIVILIAN PERSONNEL

	<u>NAVY</u>		<u>(Full-Time Equivalents)</u>		
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Direct Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Navy</u>					
U. S. Direct Hire	74,454	-4,529	69,925	-2,607	67,318
Foreign National Direct Hire	<u>2,867</u>	<u>-9</u>	<u>2,858</u>	<u>+30</u>	<u>2,888</u>
Total Direct Hire	77,321	-4,538	72,783	-2,577	70,206
 <u>Operation and Maintenance, Marine Corps</u>					
U. S. Direct Hire	12,159	-788	11,371	-546	10,825
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	12,159	-788	11,371	-546	10,825
 <u>Operation and Maintenance, Navy Reserve</u>					
U. S. Direct Hire	1,877	-344	1,533	-78	1,455
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,877	-344	1,533	-78	1,455
 <u>Operation and Maintenance, Marine Corps Reserve</u>					
U. S. Direct Hire	150	-2	148	+3	151
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	150	-2	148	+3	151
 <u>Research, Development, Test and Evaluation, Navy</u>					
U. S. Direct Hire	1,059	+62	1,121	+50	1,171
Foreign National Direct Hire	<u>238</u>	<u>-16</u>	<u>222</u>	<u>+1</u>	<u>223</u>
Total Direct Hire	1,297	+46	1,343	+51	1,394

CIVILIAN PERSONNEL

	<u>NAVY</u>		<u>(Full-Time Equivalents)</u>		
	<u>FY 2001</u>		<u>FY 2002</u>		
<u>Direct Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Military Construction, Navy</u>					
U. S. Direct Hire	2,286	-179	2,107	+67	2,174
Foreign National Direct Hire	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>61</u>
Total Direct Hire	2,347	-179	2,168	+67	2,235
 <u>Working Capital Fund, Navy</u>					
U. S. Direct Hire	87,598	-1,911	85,687	-1,194	84,493
Foreign National Direct Hire	<u>23</u>	<u>+1</u>	<u>24</u>	<u>-2</u>	<u>22</u>
Total Direct Hire	87,621	-1,910	85,711	-1,196	84,515
 <u>Foreign Military Assistance, Navy</u>					
U. S. Direct Hire	6	-	6	-	6
Foreign National Direct Hire	<u>33</u>	<u>+15</u>	<u>48</u>	<u>-</u>	<u>48</u>
Total Direct Hire	39	+15	54	-	54
 <u>Total Navy</u>					
U. S. Direct Hire	167,280	-6,901	160,379	-3,762	156,617
Foreign National Direct Hire	<u>3,222</u>	<u>-9</u>	<u>3,213</u>	<u>+29</u>	<u>3,242</u>
Total Direct Hire	170,502	-6,910	163,592	-3,733	159,859
 <u>Total – Marine Corps</u>					
U. S. Direct Hire	12,309	-790	11,519	-543	10,976
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	12,309	-790	11,519	-543	10,976

CIVILIAN PERSONNEL

NAVY

	<u>(Full-Time Equivalents)</u>				<u>FY 2003</u>
	<u>FY 2001</u>		<u>FY 2002</u>		
<u>Direct Hires</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total Department of Navy (DON)</u>					
U. S. Direct Hire	179,589	-7,691	171,898	-4,305	167,593
Foreign National Direct Hire	<u>3,222</u>	<u>-9</u>	<u>3,213</u>	<u>+29</u>	<u>3,242</u>
Total Direct Hire	182,811	-7,700	175,111	-4,276	170,835

Summary of Changes

Direct Hires

FY 02-03

Change

Changes to Working Capital Fund Workload	
Depot Maintenance	-90
Transportation	+317
Supply Management	-483
Research and Development	-340
Other Workload Changes	-600
Changes to Non-Working Capital Fund Workload	
Base Support	-1,818
Military Construction	+67
Research, Development, Test and Evaluation	+51
Engineering/Acquisition Commands	-713
Other Workload Changes	<u>-667</u>
Total Direct Hires	-4,276

CIVILIAN PERSONNEL

NAVY

	<u>(Full-Time Equivalents)</u>				
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Indirect Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Navy	6,040	-14	6,026	+30	6,056
Operation and Maintenance, Marine Corps	2,970	-160	2,810	-	2,810
Research, Development, Test, and Evaluation, Navy	4	-	4	-	4
Military Construction, Navy	72	-	72	-	72
Working Capital Fund, Navy	1,720	-1	1,719	-	1,719
Foreign Military Assistance, Navy	<u>5</u>	<u>+1</u>	<u>6</u>	<u>-</u>	<u>6</u>
Total Indirect Hire	10,811	-174	10,637	+30	10,667
<u>DON Direct Hire</u>					
Navy	170,502	-6,910	163,592	-3,733	159,859
Marine Corps	<u>12,309</u>	<u>-790</u>	<u>11,519</u>	<u>-543</u>	<u>10,976</u>
	182,811	-7,700	175,111	-4,276	170,835
<u>DON Indirect Hire</u>					
Navy	7,841	-14	7,827	+30	7,857
Marine Corps	<u>2,970</u>	<u>-160</u>	<u>2,810</u>	<u>-</u>	<u>2,810</u>
Total – Indirect Hire	10,811	-174	10,637	+30	10,667
<u>Total Department of the Navy</u>					
Navy	178,343	-6,924	171,419	-3,703	167,716
Marine Corps	<u>15,279</u>	<u>-950</u>	<u>14,329</u>	<u>-543</u>	<u>13,786</u>
Total Civilians	193,622	-7,874	185,748	-4,246	181,502

CIVILIAN PERSONNEL

	<u>AIR FORCE</u>		<u>(Full-Time Equivalents)</u>		
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Direct Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Air Force</u>					
U. S. Direct Hire	80,283	-1,788	78,495	-461	78,034
Foreign National Direct Hire	<u>2,306</u>	<u>-252</u>	<u>2,054</u>	<u>-58</u>	<u>1,996</u>
Total Direct Hire	82,589	-2,040	80,549	-519	80,030
 <u>Operation and Maintenance, Air Force Reserve</u>					
U. S. Direct	14,525	-188	14,337	-177	14,160
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	14,525	-188	14,337	-177	14,160
 <u>Operation and Maintenance, Air National Guard</u>					
U. S. Direct	23,869	+242	24,111	+48	24,159
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	23,869	+242	24,111	+48	24,159
 <u>Research, Development, Test, and Evaluation, Air Force</u>					
U. S. Direct Hire	7,099	+91	7,190	-338	6,852
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	7,099	+91	7,190	-338	6,852
 <u>Working Capital Fund, Air Force</u>					
U. S. Direct Hire	25,451	-579	24,872	+673	25,545
Foreign National Direct Hire	<u>139</u>	<u>-11</u>	<u>128</u>	<u>-6</u>	<u>122</u>
Total Direct Hire	25,590	-590	25,000	+667	25,667

CIVILIAN PERSONNEL

AIR FORCE

	<u>(Full-Time Equivalents)</u>				<u>FY 2003</u>
	<u>FY 2001</u>			<u>FY 2002</u>	
<u>Direct Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force Total</u>					
U. S. Direct Hire	151,227	-2,222	149,005	-255	148,750
Foreign National Direct Hire	<u>2,445</u>	<u>-263</u>	<u>2,182</u>	<u>-64</u>	<u>2,118</u>
Total Direct Hire	153,672	-2,485	151,187	-319	150,868

Summary of Changes

Direct Hires

	<u>FY 02-03</u>
	<u>Change</u>
Strategic Force	+259
General Purpose Forces	+241
Intelligence and Communications	+140
General Research and Development	-338
Other Defense Wide Missions	-271
Logistics Support	+112
Personnel Support	+221
Other Centralized Support	<u>-683</u>
Total Direct Hires	-319

CIVILIAN PERSONNEL

AIR FORCE

	<u>(Full-Time Equivalents)</u>				FY 2003 <u>Estimate</u>
	FY 2001 <u>Actual</u>	<u>Change</u>	FY 2002 <u>Estimate</u>	<u>Change</u>	
<u>Indirect Hires by Appropriation</u>					
Operation and Maintenance, Air Force	6,202	-326	5,876	-2	5,874
Working Capital Fund, Air Force	<u>209</u>	<u>+22</u>	<u>231</u>	<u>-</u>	<u>231</u>
Total Indirect Hire	6,411	-304	6,107	-2	6,105
Total Direct Hire	153,672	-2,485	151,187	-319	150,868
Total Indirect Hire	<u>6,411</u>	<u>-304</u>	<u>6,107</u>	<u>-2</u>	<u>6,105</u>
Total Air Force Civilians	160,083	-2,789	157,294	-321	156,973

DEFENSE-WIDE ACTIVITIES

	<u>(Full-Time Equivalents)</u>				FY 2003 <u>Estimate</u>
	FY 2001 <u>Actual</u>	<u>Change</u>	FY 2002 <u>Estimate</u>	<u>Change</u>	
<u>Direct Hires by Appropriation</u>					
<u>Operation and Maintenance, Defense-Wide</u>					
U. S. Direct Hire	46,507	+510	47,017	+677	47,694
Foreign National Direct Hire	<u>456</u>	<u>+10</u>	<u>466</u>	<u>+2</u>	<u>468</u>
Total Direct Hire	46,963	+520	47,483	+679	48,162
<u>Research, Development, Test, & Evaluation, Defense-Wide</u>					
U. S. Direct Hire	1,157	+87	1,244	-9	1,235
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,157	+87	1,244	-9	1,235

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

(Full-Time Equivalents)

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
<u>Direct Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Working Capital Fund</u>					
U. S. Direct Hire	56,628	+587	57,215	-2,505	54,710
Foreign National Direct Hire	<u>690</u>	<u>-3</u>	<u>687</u>	<u>-5</u>	<u>682</u>
Total Direct Hire	57,318	+584	57,902	-2,510	55,392
<u>Pentagon Reservation Fund</u>					
U. S. Direct Hire	755	+4	759	-	759
<u>National Defense Stockpile</u>					
U. S. Direct Hire	318	-71	247	-10	237
<u>Building Maintenance Fund</u>					
U. S. Direct Hire	61	+10	71	-	71
<u>Defense Health Program</u>					
U. S. Direct Hire	292	+5	297	-	297
<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	1,197	+14	1,211	-5	1,206
<u>Foreign Military Sales, Defense-Wide</u>					
U. S. Direct Hire	288	-5	283	-	283

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

<u>Direct Hires by Appropriation</u> <u>Total Defense-Wide Activities</u>	<u>(Full-Time Equivalents)</u>				<u>FY 2003</u> <u>Estimate</u>
	<u>FY 2001</u> <u>Actual</u>	<u>Change</u>	<u>FY 2002</u> <u>Estimate</u>	<u>Change</u>	
U. S. Direct Hire	109,256	-853	108,403	-1,852	106,551
Foreign National Direct Hire	<u>1,146</u>	<u>+7</u>	<u>1,153</u>	<u>-3</u>	<u>1,150</u>
Total Direct Hire	110,402	-846	109,556	-1,855	107,701

Summary of Changes

Direct Hires

	<u>FY 02-03</u> <u>Change</u>
Defense Contract Audit Agency	-11
Classified and Communications	+522
Defense Finance and Accounting Services	-975
Defense Commissary Agency	-734
Defense Contract Management Agency	-177
Defense Logistics Agency	-579
National Defense Stockpile	-10
DoD Dependents Education Agency	+174
Ballistic Missile Defense Organization	+25
Other	<u>-90</u>
Total Direct Hires	-1,855

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

	<u>(Full-Time Equivalents)</u>				
	FY 2001		FY 2002		FY 2003
<u>Indirect Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Defense-Wide	275	+2	277	-	277
Office of the Inspector General	1	-	1	-	1
Working Capital Fund, Defense-Wide	<u>2,746</u>	<u>+84</u>	<u>2,830</u>	<u>-42</u>	<u>2,788</u>
Total Indirect Hire	3,022	+86	3,108	-42	3,066
Total Direct Hire	110,402	-846	109,556	-1,855	107,701
Total Indirect Hire	<u>3,022</u>	<u>+86</u>	<u>3,108</u>	<u>-42</u>	<u>3,066</u>
Total Defense-Wide Civilians	113,424	-760	112,664	-1,897	110,767

MILITARY PERSONNEL

ACTIVE FORCE PERSONNEL

	FY 2001		(End Strength)		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>Estimate</u>
			<u>Estimate</u>		
<u>DoD Total by Type</u>	<u>1,385,116</u>	<u>+2,284</u>	<u>1,387,400</u>	<u>+2,300</u>	<u>1,389,700</u>
Officer	217,011	+417	217,428	-13	217,415
Enlisted	1,155,344	+2,628	1,157,972	+2,313	1,160,285
Cadets	12,761	-761	12,000	-	12,000
<u>DoD Total by Service</u>	<u>1,385,116</u>	<u>+2,284</u>	<u>1,387,400</u>	<u>+2,300</u>	<u>1,389,700</u>
Army	480,801	-801	480,000	-	480,000
Navy	377,810	-1,810	376,000	-300	375,700
Marine Corps	172,934	-334	172,600	+2,400	175,000
Air Force	353,571	+5,229	358,800	+200	359,000

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

<u>Average Strength by Service</u>	<u>(Average Strength)</u>				<u>FY 2003 Estimate</u>
	<u>FY 2001 Actual</u>	<u>Change</u>	<u>FY 2002 Estimate</u>	<u>Change</u>	
<u>Army</u>	<u>483,905</u>	<u>-4,230</u>	<u>479,675</u>	<u>+5,871</u>	<u>485,546</u>
Officer	76,983	+171	77,154	-385	76,769
Enlisted	402,931	-4,410	398,521	+6,256	404,777
Cadets	3,991	+9	4,000	-	4,000
<u>Navy</u>	<u>372,936</u>	<u>+860</u>	<u>373,796</u>	<u>-1,159</u>	<u>372,637</u>
Officer	53,562	+263	53,825	-200	53,625
Enlisted	315,178	+950	316,128	-958	315,170
Midshipmen	4,196	-353	3,843	-1	3,842
<u>Marine Corps</u>	<u>172,320</u>	<u>-1,214</u>	<u>171,106</u>	<u>+3,094</u>	<u>174,200</u>
Officer	18,117	-56	18,061	+177	18,238
Enlisted	154,203	-1,158	153,045	+2,917	155,962
<u>Air Force</u>	<u>358,239</u>	<u>+2,783</u>	<u>361,022</u>	<u>+3,484</u>	<u>364,506</u>
Officer	69,431	+874	70,305	+742	71,047
Enlisted	284,574	+1,913	286,487	+2,803	289,290
Cadets	4,234	-4	4,230	-61	4,169
<u>DoD Total</u>	<u>1,387,400</u>	<u>-1,801</u>	<u>1,385,599</u>	<u>+11,290</u>	<u>1,396,889</u>
Officer	218,093	+1,252	219,345	+334	219,679
Enlisted	1,156,886	-2,705	1,154,181	+11,018	1,165,199
Cadets	12,421	-348	12,073	-62	12,011

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

ARMY

	FY 2001		(End Strength)		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>Estimate</u>
<u>Total</u>	<u>480,801</u>	<u>-801</u>	<u>480,000</u>	<u>-</u>	<u>480,000</u>
Officer	76,179	-446	75,733	+228	75,961
Enlisted	400,461	-194	400,267	-228	400,039
Cadets	4,161	-161	4,000	-	4,000

	FY 02-FY 03
	<u>Change</u>
<u>Total</u>	<u>-</u>
Strategic Forces	+5
General Purpose Forces	+559
Intelligence & Communications	-10
General Research & Development	+73
Other Defense Wide Missions	-42
Logistics Support	-38
Personnel Support	-198
Other Centralized Support	-349

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

NAVY

	FY 2001		(End Strength)		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>Estimate</u>
			<u>Estimate</u>		
<u>Total</u>	<u>377,810</u>	<u>-1,810</u>	<u>376,000</u>	<u>-300</u>	<u>375,700</u>
Officer	53,908	-167	53,741	+125	53,866
Enlisted	319,601	-1,342	318,259	-425	317,834
Midshipmen	4,301	-301	4,000	-	4,000

	FY 02-FY 03
	<u>Change</u>
<u>Total</u>	<u>-300</u>
Strategic Forces	-747
General Purpose Forces	-2,083
Intelligence & Communications	-195
General Research & Development	+67
Other Defense Wide Missions	-155
Logistics Support	+52
Personnel Support	+2,312
Other Centralized Support	+449

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

MARINE CORPS

	FY 2001		(End Strength)		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total</u>	<u>172,934</u>	<u>-334</u>	<u>172,600</u>	<u>+2,400</u>	<u>175,000</u>
Officer	18,062	-174	17,888	+200	18,088
Enlisted	154,872	-160	154,712	+2,200	156,912

	FY 02-FY 03
	<u>Change</u>
<u>Total</u>	<u>+2,400</u>
Strategic Forces	-
General Purpose Forces	+2,400
Intelligence & Communications	-
General Research & Development	-
Other Defense Wide Missions	-
Logistics Support	-
Personnel Support	-
Other Centralized Support	-

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

AIR FORCE

	FY 2001		(End Strength)		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>FY 2002</u>	<u>Change</u>	<u>Estimate</u>
	<u>353,571</u>	<u>+5,229</u>	<u>358,800</u>	<u>+200</u>	<u>359,000</u>
Officer	68,862	+1,204	70,066	-566	69,500
Enlisted	280,410	+4,324	284,734	+766	285,500
Cadets	4,299	-299	4,000	-	4,000

	FY 02-FY 03
	<u>Change</u>
<u>Total</u>	<u>+200</u>
Strategic Forces	-567
General Purpose Forces	-8,682
Intelligence & Communications	+98
General Research & Development	+18
Other Defense Wide Missions	-175
Logistics Support	-139
Personnel Support	+10,088
Other Centralized Support	-441

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

U.S. SPECIAL OPERATIONS COMMAND (USSOCOM) SUPPORT

Included within the Services' estimates are the following active military end strength that provide direct support to USSOCOM.

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>15,232</u>	<u>+28</u>	<u>15,260</u>	<u>+119</u>	<u>15,379</u>
Officer	2,890	+11	2,901	+4	2,905
Enlisted	12,342	+17	12,359	+115	12,474
<u>Navy</u>	<u>5,146</u>	<u>+5</u>	<u>5,151</u>	<u>-244</u>	<u>4,907</u>
Officer	812	-8	804	-40	764
Enlisted	4,334	+13	4,347	-204	4,143
<u>Marine Corps</u>	<u>49</u>	<u>=</u>	<u>49</u>	<u>=</u>	<u>49</u>
Officer	24	-	24	-	24
Enlisted	25	-	25	-	25
<u>Air Force</u>	<u>8,727</u>	<u>-39</u>	<u>8,688</u>	<u>+228</u>	<u>8,916</u>
Officer	1,662	-19	1,643	+15	1,658
Enlisted	7,065	-20	7,045	+213	7,258
<u>DoD Total</u>	<u>29,154</u>	<u>-6</u>	<u>29,148</u>	<u>+103</u>	<u>29,251</u>
<u>Officer</u>	<u>5,388</u>	<u>-16</u>	<u>5,372</u>	<u>-21</u>	<u>5,351</u>
<u>Enlisted</u>	<u>23,766</u>	<u>+10</u>	<u>23,776</u>	<u>+124</u>	<u>23,900</u>

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

	FY 2001		FY 2002		FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total Selected Reserve</u>	<u>868,534</u>	<u>-4,576</u>	<u>863,958</u>	<u>+600</u>	<u>864,558</u>
Trained in Units	723,521	+1,290	724,811	-3,057	721,754
Individual Mobilization Augmentees (IMAs)	19,602	+2,893	22,495	-1	22,494
Training Pipeline	60,128	-10,680	49,448	+3,478	52,926
Full-time Duty	65,283	+1,921	67,204	+180	67,384
Active Military Support to Reserves	9,550	-388	9,162	+182	9,344
Civilian FTEs For Reserves/National Guard (Technicians Included Above)	76,326 (63,762)	-134 (+637)	76,192 (64,399)	-168 (+220)	76,024 (64,619)
<u>Selected Reserve By Service</u>	<u>868,534</u>	<u>-4,576</u>	<u>863,958</u>	<u>+600</u>	<u>864,558</u>
Army Reserve	205,628	-628	205,000	-	205,000
Navy Reserve	87,913	-1,613	86,300	+1,500	87,800
Marine Corps Reserve	39,810	-252	39,558	-	39,558
Air Force Reserve	74,869	-169	74,700	+900	75,600
Army National Guard	351,829	-1,829	350,000	-	350,000
Air National Guard	108,485	-85	108,400	-1,800	106,600

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	<u>(Military End Strength/ Civilian Full-Time Equivalents)</u>				
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army Reserve (AR)</u>	<u>205,628</u>	<u>-628</u>	<u>205,000</u>		<u>205,000</u>
Trained in Units	171,366	-832	170,534	-1,397	169,137
Individual Mobilization Augmentees (IMAs)	5,113	+2,887	8,000	-	8,000
Training Pipeline	16,043	-2,983	13,060	+1,215	14,275
Full-time Duty	13,106	+300	13,406	+182	13,588
Active Military Support to AR	494	-235	259	-	259
Civilian FTEs for AR	10,783	+141	10,924	-18	10,906
(Technicians Included Above)	(6,859)	(+299)	(7,158)	(+48)	(7,206)
<u>Navy Reserve (NR)</u>	<u>87,913</u>	<u>-1,613</u>	<u>86,300</u>	<u>+1,500</u>	<u>87,800</u>
Trained in Units	73,317	-2,169	71,148	+1,739	72,887
Individual Mobilization Augmentees (IMAs)	-	+168	168	-	168
Training Pipeline	24	+149	173	-	173
Full-time Duty	14,572	+239	14,811	-239	14,572
Active Military Support to NR	3,470	-273	3,197	+133	3,330
Civilian FTEs for NR	1,877	-344	1,533	-78	1,455
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)
<u>Marine Corps Reserve (MCR)</u>	<u>39,810</u>	<u>-252</u>	<u>39,558</u>		<u>39,558</u>
Trained in Units	33,103	-243	32,860	-	32,860
Individual Mobilization Augmentees (IMAs)	1,511	-91	1,420	-	1,420
Training Pipeline	2,928	+89	3,017	-	3,017
Full-time Duty	2,268	-7	2,261	-	2,261
Active Military Support to MCR	4,227	+58	4,285	+60	4,345
Civilian FTEs for MCR	150	-2	148	+3	151
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	<u>(Military End Strength/ Civilian Full-Time Equivalents)</u>				
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force Reserve (AFR)</u>	<u>74,869</u>	<u>-169</u>	<u>74,700</u>	<u>+900</u>	<u>75,600</u>
Trained in Units	58,728	+711	59,439	+300	59,739
Individual Mobilization Augmentees (IMAs)	12,978	-71	12,907	-1	12,906
Training Pipeline	1,818	-901	917	+540	1,457
Full-time Duty	1,345	+92	1,437	+61	1,498
Active Military Support for AFR	666	+58	724	-8	716
Civilian FTEs for AFR	14,525	-188	14,337	-177	14,160
(Technicians Included Above)	(9,959)	(-144)	(9,815)	(+92)	(9,907)
<u>Army National Guard (ARNG)</u>	<u>351,829</u>	<u>-1,829</u>	<u>350,000</u>		<u>350,000</u>
Trained in Units	296,430	-9	296,421	-1,793	294,628
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-
Training Pipeline	32,276	-2,395	29,881	+1,723	31,604
Full-time Duty	23,123	+575	23,698	+70	23,768
Active Military Support to ARNG	184	-	184	-	184
Civilian FTEs for ARNG	25,122	+17	25,139	+54	25,193
(Technicians Included Above)	(24,403)	(+229)	(24,632)	(+64)	(24,696)
<u>Air National Guard (ANG)</u>	<u>108,485</u>	<u>-85</u>	<u>108,400</u>	<u>-1,800</u>	<u>106,600</u>
Trained in Units	90,577	+3,832	94,409	-1,906	92,503
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-
Training Pipeline	7,039	-4,639	2,400	-	2,400
Full-time Duty	10,869	+722	11,591	+106	11,697
Active Military Support for ANG	509	+4	513	-3	510
Civilian FTEs for ANG	23,869	+242	24,111	+48	24,159
(Technicians Included Above)	(22,541)	(+253)	(22,794)	(+16)	(22,810)

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 2003 budget has established the stabilized composite price of \$35.28 per barrel to be charged to DoD customers in FY 2003. This price is anticipated to result in adequate revenue to fully finance the Defense Working Capital Fund's costs of anticipated fuel purchases and the costs of FY 2003 operations. The FY 2003 stabilized composite price declines by nearly 16 percent from the FY 2002 stabilized price of \$42.00 per barrel. The decline reflects projected decreases in fuel costs.

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 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
AVGAS OCONUS	3.76	157.92	4.63	194.46	3.60	151.20
AVGAS CONUS	1.22	51.24	1.29	54.18	1.06	44.52
Motor Gas Leaded	1.27	53.34	1.17	49.14	.97	40.74
Motor Gas Unleaded	1.09	45.78	1.26	52.92	.86	36.12
Premium	1.17	49.14	1.41	59.22	.97	40.74
Midgrade	1.13	47.46	1.22	51.24	.85	35.70
Regular	1.07	44.94	1.07	44.94	.75	31.50
Gasohol	1.10	46.20	1.20	50.40	.99	41.58

DOD CUSTOMER FUEL PRICES

<u>Product Type</u>	(Rates in Dollars)					
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
Jet Fuel						
Widecut	1.21	50.82	1.09	45.78	1.10	46.20
Commercial Grade	1.00	42.00	1.06	44.52	1.13	47.46
JP-5	1.03	43.26	1.02	42.84	.86	36.12
JP-8	1.01	42.42	1.00	42.00	.84	35.28
Distillates	.98	41.16	.96	40.32	.81	34.02
Diesel (Generic)	.95	39.90	1.15	48.30	.90	37.80
Diesel KSN PC&S	.96	40.32	1.10	46.20	.92	38.64
Diesel KS1 PC&S	1.00	42.00	1.14	47.88	.95	39.90
Diesel FS2 PC&S	.85	35.70	.88	36.96	.69	28.98
Diesel FS1 PC&S	.96	40.32	.98	41.16	.73	30.66
Diesel DFA High Sulfur	1.00	42.00	1.07	44.94	.89	37.38
Diesel DLA Low Sulfur	1.17	49.14	1.31	55.02	1.08	45.36
Diesel DL1 Low Sulfur	1.07	44.94	1.18	49.56	.98	41.16
Diesel DF1 High Sulfur	.95	39.90	.95	39.90	.84	35.28
Diesel DF2 High Sulfur	.87	36.54	1.02	42.84	.86	36.12
Diesel DL2 Low Sulfur	1.00	42.00	1.13	47.46	1.01	42.42
Residuals	.65	27.30	.70	29.40	.70	29.40
Navy Reclaimed	.35	14.70	.50	21.00	.58	24.36
Into Plane Jet Fuel	1.27	53.34	1.18	49.56	1.27	53.34
Into Plane AVGAS	1.50	63.00	1.37	57.54	1.54	64.68
Bunker - Marine	.96	40.32	.89	37.38	.82	34.44
Bunker - Intermediate	.67	28.14	.56	23.52	.51	21.42
Local Purchase						
Bunker	-	-	-	-	1.25	52.50
Jet Fuel	1.50	63.00	1.66	69.72	1.66	69.72
Ground Fuel	1.43	60.06	1.43	60.06	1.43	60.06
Special Fuels 2 (JP-TS)	3.25	136.50	3.45	144.90	3.75	157.50
Special Fuels 1 (JP-7)	3.00	126.00	3.00	126.00	3.00	126.00
Composite Price	1.01	42.42	1.00	42.00	.84	35.28
Budgeted DWCF Cost	1.06	44.69	.86	36.03	.84	35.32

FOREIGN CURRENCY RATES

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 (O&M) and Military Personnel (MILPERS) 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. 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. Effective 1 January, FY 2002, the national currencies of Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, and Spain were consolidated in the European Community (i.e., euro) currency.

FOREIGN CURRENCY EXCHANGE RATES (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 2001</u>	<u>FY 2002</u>	<u>Budget Rates</u>
				<u>FY 2003</u>
Belgium	Franc	49.6404	51.6472*	-
Denmark	Krone	9.1871	9.5300	8.4732
European Community	Euro	1.2325	1.2803	1.1386
France	Franc	8.0786	8.3982*	-
Germany	Deutsche Mark	2.4048	2.5040*	-
Greece	Drachma	416.6065	436.2620*	-
Italy	Lira	2,384.6890	2,479.0060*	-
Japan	Yen	122.1325	133.4000	124.3300
Netherlands	Guilder	2.7115	2.8214*	-
Norway	Krone	9.9314	10.2284	9.0313
Portugal	Escudo	247.6330	256.6770*	-
Singapore	Dollar	1.9098	1.9541	1.8384
South Korea	Won	1,244.0760	1,443.8100	1,265.0000
Spain	Peseta	205.5207	213.0240*	-
Turkey	Lira	719,969.0000	1,342,706.0000	1,493,000.0000
United Kingdom	Pound	0.7415	0.7643	0.7091

* Represents equivalent exchange rates for euro legacy currencies corresponding to a euro exchange rate of 1.2803 to the dollar.

KEY ACTIVITY INDICATORS

	FY 2001		FY 2002		FY 2003
	Actuals	Change	Estimate	Change	Estimate
<u>ARMY</u>					
Active Duty Military Personnel (End Strength)	480,801	-801	480,000	-	480,000
Civilian Personnel (O&M FTEs)	123,204	-4,062	119,142	-333	118,809
Total Aircraft Inventory (TAI)	4,293	-203	4,090	-158	3,932
Primary Authorized Aircraft (PAA)	2,449	+42	2,491	-69	2,422
Flying Hours (000s)	602	+85	687	-7	680
Training Workloads	61,841	+5,048	66,889	+805	67,694
Major Installations	144	-2	142	-	142
<u>NAVY</u>					
Active Duty Military Personnel (End Strength)	377,810	-1,810	376,000	-300	375,700
Civilian Personnel (O&M FTEs)	77,321	-4,538	72,783	-2,577	70,206
Total Aircraft Inventory (TAI) (Includes Reserves)	4,055	+15	4,070	+24	4,094
Primary Authorized Aircraft (PAA) (Active)	2,499	+9	2,508	-10	2,498
Flying Hours (000's)	1,200	-42	1,158	+158	1,316
Ship Inventory	301	-1	300	-9	291
Steaming Hours (Conventional) (000's)	486	-5	481	-22	459
Steaming Hours (Nuclear) (000's)	18	+5	23	-1	22
Training Workloads	47,428	+3,321	50,749	+33	50,782
Major Installations	105	-	105	-	105
<u>MARINE CORPS</u>					
Active Duty Military Personnel (End Strength)	172,934	-334	172,600	+2,400	175,000
Civilian Personnel (O&M FTEs)	12,159	-788	11,371	-546	10,825
Training Workloads	17,174	+1,752	18,926	+430	19,356
Major Installations	22	-	22	-	22
Major Supply Depots	2	-	2	-	2

KEY ACTIVITY INDICATORS

	FY 2001		FY 2002		FY 2003
	Actuals	Change	Estimate	Change	Estimate
<u>AIR FORCE</u>					
Active Duty Military Personnel (End Strength)	353,571	+5,229	358,800	+200	359,000
Civilian Personnel (O&M FTEs)	82,589	-2,040	80,549	-519	80,030
Total Aircraft Inventory (TAI)	3,931	-43	3,888	-140	3,748
Primary Assigned Aircraft (PAA)	3,335	+23	3,358	-57	3,301
Flying Hours (000's)	1,257	+36	1,293	+6	1,299
Training Workloads	25,533	-2,363	23,170	+903	24,073
Major Installations	80	-2	78	-	78
<u>ARMY RESERVE</u>					
Total Selected Reserve Strength (End Strength)	205,628	-628	205,000	-	205,000
Civilian Personnel (O&M FTEs)	10,783	+141	10,924	-18	10,906
(Technicians Included Above)	(6,859)	(+299)	(7,158)	(-4,452)	(2,706)
Total Aircraft Inventory (TAI)/PAA	129	+6	135	+8	143
Flying Hours (000's)	32	+11	43	-	43
Major Installations	6	-	6	-	6
Training Locations (Installations and Reserve Centers)	809	-	809	-23	786
<u>NAVY RESERVE</u>					
Total Selected Reserve Strength (End Strength)	87,913	-1,613	86,300	+1,500	87,800
Civilian Personnel (O&M FTEs)	1,877	-344	1,533	-78	1,455
Primary Authorized Aircraft (PAA)	411	-7	404	-1	403
Flying Hours (000's)	174	-3	171	-	171
Ship Inventory	26	-1	25	+1	26
Steaming Hours (000's)	48	-6	42	+16	58
Training Centers	159	-2	157	-1	156
Major Installations	5	-1	4	-	4

KEY ACTIVITY INDICATORS

	FY 2001		FY 2002		FY 2003
	Actuals	Change	Estimate	Change	Estimate
<u>MARINE CORPS RESERVE</u>					
Total Selected Reserve Strength (End Strength)	39,810	-252	39,558	-	39,558
Civilian Personnel (O&M FTEs)	150	-2	148	+3	151
Division/Wing Team	37,257	-	37,257	-	37,257
Training Centers	185	-	185	-	185
<u>AIR FORCE RESERVE</u>					
Total Selected Reserve Strength (End Strength)	74,869	-169	74,700	+900	75,600
Civilian Personnel (O&M FTEs)	14,525	-188	14,337	-177	14,160
(Technicians Included Above)	(9,959)	(+144)	(9,815)	(-92)	(9,907)
Total Aircraft Inventory (TAI)	445	+11	456	+3	459
Primary Authorized Aircraft (PAA)	397	+1	398	+5	403
Flying Hours (000's)	124	+12	136	+2	138
Major Installations	13	-	13	-	13
<u>ARMY NATIONAL GUARD</u>					
Total Selected Reserve Strength (End Strength)	351,829	-1,829	350,000	-	350,000
Civilian Personnel (O&M FTEs)	25,122	+17	25,139	+54	25,193
(Technicians Included Above)	(24,403)	(+229)	(24,632)	(+64)	(24,696)
Total Aircraft Inventory (TAI)/PAA	1,930	-99	1,831	-154	1,677
Flying Hours (000's)	251	+90	341	+9	350
Training Locations	283	-	283	-	283
Divisions	8	-	8	-	8
Brigades	15	-	15	-	15

KEY ACTIVITY INDICATORS

	FY 2001		FY 2002		FY 2003
	Actuals	Change	Estimate	Change	Estimate
<u>AIR NATIONAL GUARD</u>					
Total Selected Reserve Strength (End Strength)	108,485	-85	108,400	-1,800	106,600
Civilian Personnel (O&M FTEs)	23,869	+242	24,111	+48	24,159
(Technicians Included Above)	(22,541)	(+253)	(22,794)	(+16)	(22,810)
Total Aircraft Inventory (TAI)	1,362	-33	1,329	-20	1,309
Primary Authorized Aircraft (PAA)	1,171	+9	1,180	-16	1,164
Flying Hours (000's)	309	+29	338	-22	316
Major Installations	3	-1	2	-	2
Other Operating Locations	172	-	172	+1	173
<u>DEFENSE HEALTH PROGRAM</u>					
Total Aircraft Inventory (TAI)/(PAA)	27	-18	9	-	9
Flying Hours (000's)	21	-18	3	-	3
Occupied Bed Days (000's)	1,008	+1	1,009	-	1,009
Ambulatory Visits (000's)	32,005	+6	32,011	-8	32,003
<u>SPECIAL OPERATIONS COMMAND</u>					
Total Aircraft Inventory (TAI)					
USASOC	146	-	146	-	146
AFSOC	139	-3	136	-4	132
Primary Authorized Aircraft (PAA)					
USASOC	146	-	146	-	146
AFSOC	139	-3	136	-4	132
Flying Hours (000's)					
USASOC	33	-1	32	+2	34
AFSOC	52	-1	51	+1	52

LEGISLATIVE PROPOSALS

The FY 2003 budget includes funding and legislation for new authorities to enhance retention and improve quality-of-life for military and civilian members of the Department. The following tables provide a summary of the legislative proposals and the applicable funding reflected in the FY 2003 request. The proposals listed in this section have not yet been cleared by the Office of Management and Budget for submission to Congress.

	<u>(\$ in Millions)</u>
	<u>FY 2003</u>
Military Personnel, Army	+2,296.3
Military Personnel, Navy	+1,787.2
Military Personnel, Marine Corps	+833.1
Military Personnel, Air Force	+1,727.1
Reserve Personnel, Army	+414.5
Reserve Personnel, Navy	+200.4
Reserve Personnel, Marine Corps	+78.4
Reserve Personnel, Air Force	+150.7
National Guard Personnel, Army	+705.6
National Guard Personnel, Air Force	+242.1
Operation and Maintenance, Army	+619.9
Operation and Maintenance, Navy	+331.6
Operation and Maintenance, Marine Corps	+47.4
Operation and Maintenance, Air Force	+531.9
Operation and Maintenance, Defense-Wide	+346.0
Operation and Maintenance, Army Reserve	+43.2
Operation and Maintenance, Navy Reserve	+6.2
Operation and Maintenance, Air Force Reserve	+55.5
Operation and Maintenance, Army National Guard	+87.3
Operation and Maintenance, Air Force Guard	+88.5
Office of the Inspector General	+8.3
United States Court of Appeals for the Armed Forces	+0.3
Research, Development, Test and Evaluation, Army	+98.2
Research, Development, Test and Evaluation, Navy	+5.6
Research, Development, Test and Evaluation, Air-Force	+36.2
Research, Development, Test and Evaluation, Defense-Wide	+14.7
Military Construction, Army	+26.1

LEGISLATIVE PROPOSALS

	<u>(\$ in Millions)</u> <u>FY 2003</u>
Military Construction, Navy	+10.5
Working Capital Fund, Army	+109.0
Working Capital Fund, Navy	+373.2
Working Capital Fund, Air Force	+122.3
Working Capital Fund, Defense Commissary Agency	+27.6
Working Capital Fund, Defense-Wide	+206.9
Family Housing, Army	+3.3
Family Housing, Defense Logistics Agency	*
Defense Health Program	<u>-7,975.9</u>
Total	+3,659.2

* Less than \$50,000

Military Personnel Initiatives

Medical Health Care Accrual – Current law provides for the normal cost contribution for medicare-eligible healthcare accrual – currently estimated at \$8.1 billion in FY 2003 – to be paid into the Fund from within the Defense Health Program resources. However, the Department believes that the future liability for healthcare costs of active duty personnel is more appropriately charged to the Military Personnel appropriations and has submitted legislation to reflect this change. The FY 2003 budget includes \$8.1 billion in the Military Personnel appropriations to pay into the Medical-Eligible Retiree Health Care Fund.

Military Personnel, Army	+2,214.2
Military Personnel, Navy	+1,708.4
Military Personnel, Marine Corps	+801.8
Military Personnel, Air Force	+1,655.6
Reserve Personnel, Army	+402.4
Reserve Personnel, Navy	+194.1
Reserve Personnel, Marine Corps	+77.1
Reserve Personnel, Air Force	+138.8
National Guard Personnel, Army	+684.8
National Guard Personnel, Air Force	+224.9
Defense Health Program	<u>-8,102.1</u>
Total	-

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 2003

Targeted Pay Raise – The Administration has not yet decided whether to seek this legislation. The optional pay increase would provide higher rates of pay for a specified range of members

Military Personnel, Army	+72.2
Military Personnel, Navy	+74.8
Military Personnel, Marine Corps	+30.7
Military Personnel, Air Force	+56.9
Reserve Personnel, Army	+11.1
Reserve Personnel, Navy	+6.2
Reserve Personnel, Marine Corps	+1.3
Reserve Personnel, Air Force	+11.9
National Guard Personnel, Army	+18.7
National Guard Personnel, Air Force	<u>+17.2</u>
Total	+301.0

Army Reserve Officer's Training Corps (ROTC) Green to Gold Program – Authorizes Army active duty personnel to remain on active duty, receive full pay and allowances, enroll in the Army ROTC program, while completing an undergraduate degree program. Any soldier accepted into the Green to Gold (Active) Program is ineligible for an Army ROTC scholarship.

Military Personnel, Army	<u>+1.8</u>
Total	+1.8

Army College First Pilot Program – Improves the Army's ability to penetrate the college-bound market by extending the time in the Delayed Entry Program (DEP) to 2 ½ years, pay tuition expenses during participation in the DEP program up to a 75 percent cap, establishes a \$300 monthly allowance, and establishes recoupment standards.

Military Personnel, Army	<u>+1.6</u>
Total	+1.6

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 2003

Inclusion of Loan Interest in Loan Repayment Program– Authorizes the Service Components to pay principal and interest on qualifying loans on behalf of Loan Repayment Program (LRP) participants.

Military Personnel, Army	+4.1
Military Personnel, Navy	<u>+0.1</u>
Total	+4.2

Permanent Grade Relief for USAF Majors – Authorizes permanent grade ceiling relief of 7 percent for majors.

Military Personnel, Air Force	<u>+10.3</u>
Total	+10.3

Increase Top Two Enlisted Inventory by One-Half Percent – Authorizes a one-half percent increase in the top two enlisted grades to allow parity for all services. Currently, only the Army has the additional one-half percent enlisted grade inventory.

Military Personnel, Navy	<u>+1.0</u>
Total	+1.0

Multiple Basic Allowance for Subsistence (BAS) Meal Rates – Authorizes the grandfathering of Rations-in-Kind Not Available (RIKNA) rates until they match the BAS rate and establishes a BAS II rate for single members living in government quarters without adequate food cooking or storage facilities and without access to an appropriated fund dining facility.

Military Personnel, Army	+1.7
Military Personnel, Navy	+0.8
Military Personnel, Marine Corps	+0.3
Military Personnel, Air Force	<u>+4.2</u>
Total	+7.0

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 2003

Distribution Incentive Pay – Authorizes a flexible, market-based incentive to encourage enlisted members to volunteer for jobs in less than desirable geographic locations and difficult-to-fill jobs.

Military Personnel, Navy	+1.0
Reserve Personnel, Navy	+0.1
Operation and Maintenance, Navy	<u>+2.1</u>
Total	+3.2

Vehicle Storage in Lieu of Transportation – Authorizes the storage of privately owned vehicles (POVs) when a member is ordered to a non-foreign duty station outside the continental United States (OCONUS) and the transportation of the POV is prohibited or for members ordered to a duty station in CONUS but whose unit is specified as operating in OCONUS for 1 year or more.

Military Personnel, Army	+0.3
Military Personnel, Navy	+0.6
Military Personnel, Marine Corps	<u>+0.2</u>
Total	+1.1

Pay for Certain Service Academy Prep School Students – Authorizes a reserve enlisted member to receive their equivalent active duty pay grade status when entering a service academy prep school as a student.

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

Low Cost or No Cost Move – Authorizes members assigned to OCONUS locations to receive a housing allowance when making a low cost/no cost move. Currently, only CONUS members are allowed this payment.

Military Personnel, Army	*
Military Personnel, Navy	+0.2
Military Personnel, Air Force	<u>*</u>
Total	+0.2

* Less than \$50,000

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 2003

Shipment of Two Privately Owned Vehicles (POVs) Upon Death – Authorizes the shipment of a second POV in addition to household goods and personal effects upon the death of a member.

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

Civilian Personnel Initiatives

Full Accrual Accounting of Civil Service Retirement Systems (CSRS) and Federal Employee Health Benefits (FEHB) Programs – Beginning in FY 2003, the Administration has proposed legislation to finance costs of CSRS and FEHB program for future retirees on an accrual basis in the accounts that currently pay the salaries of current employees.

Operation and Maintenance, Army	+612.4
Operation and Maintenance, Navy	+324.3
Operation and Maintenance, Marine Corps	+47.2
Operation and Maintenance, Air Force	+531.1
Operation and Maintenance, Defense-Wide	+346.0
Operation and Maintenance, Army Reserve	+43.2
Operation and Maintenance, Navy Reserve	+6.2
Operation and Maintenance, Air Force Reserve	+55.4
Operation and Maintenance, Army National Guard	+87.3
Operation and Maintenance, Air Force Guard	+88.4
Office of the Inspector General	+8.3
United States Court of Appeals for the Armed Forces	+0.3
Research, Development, Test and Evaluation, Army	+98.2
Research, Development, Test and Evaluation, Navy	+5.6
Research, Development, Test and Evaluation, Air-Force	+36.2
Research, Development, Test and Evaluation, Defense-Wide	+14.7
Military Construction, Army	+26.1
Military Construction, Navy	+10.5

LEGISLATIVE PROPOSALS

	<u>(\$ in Millions)</u>
	<u>FY 2003</u>
Working Capital Fund, Army	+109.0
Working Capital Fund, Navy	+373.2
Working Capital Fund, Air Force	+122.3
Working Capital Fund, Defense Commissary Agency	+27.6
Working Capital Fund, Defense-Wide	+206.9
Family Housing, Army	+3.3
Family Housing, Defense Logistics Agency	*
Defense Health Program	<u>+126.2</u>
Total	+3,309.9
* Less than \$50,000	

Last Move Travel and Transportation – Authorizes the payment of a last home move for civilian employees who are eligible for an annuity or are within 5 years of eligibility and relocate at government expense.

Operation and Maintenance, Army	+0.6
Operation and Maintenance, Navy	+0.5
Operation and Maintenance, Marine Corps	+0.1
Operation and Maintenance, Air Force	<u>+0.4</u>
Total	+1.6

Increase Student Loan Repayment – Authorizes an increase from \$6,000 to \$10,000 in any calendar year that may be paid on student loans in an effort to attract college graduates for the DoD civilian workforce.

Operation and Maintenance, Navy	<u>+2.0</u>
Total	+2.0

Modify the Overtime Pay Cap – Authorizes civilian employees to receive at least their hourly basic rate of pay for overtime performed. Currently, the overtime rate is capped at the GS-10, Step 1 rate.

Operation and Maintenance, Army	+6.5
Operation and Maintenance, Navy	+2.4

LEGISLATIVE PROPOSALS

	<u>(\$ in Millions)</u>
	<u>FY 2003</u>
Operation and Maintenance, Marine Corps	+0.1
Operation and Maintenance, Air Force	+0.4
Operation and Maintenance, Air Force Reserve	+0.1
Operation and Maintenance, Air Force Guard	+0.1
Research, Development, Test and Evaluation, Air Force	*
Total	<u>+9.6</u>
* Less than \$50,000	

Full Permanent Change of Station (PCS) Benefits to New Employees – Authorizes a new recruiting incentive for individuals with critical skill specialties by paying their PCS costs associated with accepting a new position.

Operation and Maintenance, Army	+0.4
Operation and Maintenance, Navy	<u>+0.3</u>
Total	+0.7

Reserve Affairs Initiatives

Reserve Component Prior Service Enlistment Bonus – Authorizes an increase to the prior service enlistment bonus from a maximum of \$5,000 to \$8,000 for individuals enlisting in critically manned career fields for the Reserve Components.

Reserve Personnel, Army	+1.0
National Guard Personnel, Army	<u>+2.0</u>
Total	+3.0

Increase Retired Pay for Enlisted Reserve Component Personnel Decorated for Extraordinary Heroism – Authorizes a 10 percent retired pay increase for Reserve Component enlisted personnel decorated for extraordinary heroism.

Reserve Personnel, Army	*
National Guard Personnel, Army	<u>+0.1</u>
Total	+0.1
* Less than \$50,000	

LEGISLATIVE PROPOSALS

Health Affairs Initiative

(\$ in Millions)
FY 2003

Survivor Eligibility for Dependents' Dental Plan— Authorizes service member dependents to enroll in a dependent's dental plan, regardless of their enrollment status, when a member dies while serving on active duty for a period of more than 30 days.

Military Personnel, Army	+0.1
Military Personnel, Navy	+0.1
Military Personnel, Marine Corps	+0.1
Military Personnel, Air Force	*
Total	+0.3

* Less than \$50,000

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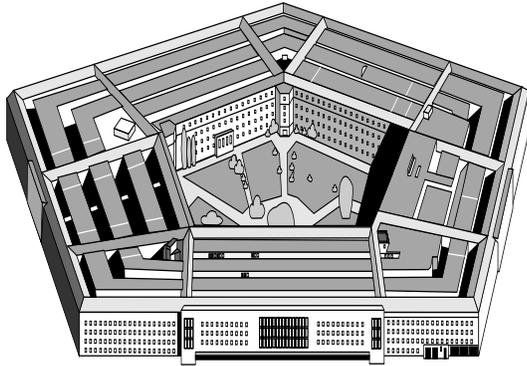
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The Operation and Maintenance Overview is available on the

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MILITARY PERSONNEL PROGRAMS (M-1)



Department of Defense Budget

Fiscal Year 2003

February 2002

Office of the Under Secretary of Defense (Comptroller)

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UNCLASSIFIED

The Military Personnel Programs (M-1) is derived from and consistent with the Comptroller Information System database.

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>

Office of the Under Secretary of Defense
(Comptroller)

UNCLASSIFIED

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

		(DOLLARS IN THOUSANDS)			
APPROP	ID		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
MILITARY PERSONNEL, ARMY					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
2010A	5	BASIC PAY	3,709,975	3,907,747	4,138,217
2010A	10	RETIRED PAY ACCRUAL	1,098,153	1,184,047	1,133,871
2010A	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	270,390
2010A	25	BASIC ALLOWANCE FOR HOUSING	659,666	697,084	832,483
2010A	30	BASIC ALLOWANCE FOR SUBSISTENCE	147,779	152,688	156,455
2010A	35	INCENTIVE PAYS	76,798	77,299	76,694
2010A	40	SPECIAL PAYS	213,893	215,764	218,677
2010A	45	ALLOWANCES	70,908	45,000	65,397
2010A	50	SEPARATION PAY	67,777	116,708	111,690
2010A	55	SOCIAL SECURITY TAX	282,134	296,364	313,641
TOTAL BUDGET ACTIVITY 1:			6,327,083	6,692,701	7,317,515
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
2010A	60	BASIC PAY	8,205,286	8,708,554	9,277,977
2010A	65	RETIRED PAY ACCRUAL	2,428,765	2,638,692	2,542,166
2010A	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	1,943,850
2010A	80	BASIC ALLOWANCE FOR HOUSING	1,361,623	1,417,031	1,474,070
2010A	85	INCENTIVE PAYS	68,287	68,236	67,866
2010A	90	SPECIAL PAYS	533,124	454,338	547,812
2010A	95	ALLOWANCES	426,272	366,210	409,382
2010A	100	SEPARATION PAY	192,453	278,632	321,423
2010A	105	SOCIAL SECURITY TAX	616,508	658,400	701,953
TOTAL BUDGET ACTIVITY 2:			13,832,318	14,590,093	17,286,499

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 3: PAY AND ALLOW OF CADETS					
2010A	110	ACADEMY CADETS	41,697	46,889	47,352
TOTAL BUDGET ACTIVITY 3:			41,697	46,889	47,352
ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL					
2010A	115	BASIC ALLOWANCE FOR SUBSISTENCE	803,189	804,243	833,180
2010A	120	SUBSISTENCE-IN-KIND	573,019	597,088	614,538
2010A	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	2,088	5,198	5,198
TOTAL BUDGET ACTIVITY 4:			1,378,296	1,406,529	1,452,916
ACTIVITY 5: PERMANENT CHANGE OF STATION					
2010A	125	ACCESSION TRAVEL	176,639	177,621	188,434
2010A	130	TRAINING TRAVEL	34,154	36,639	46,250
2010A	135	OPERATIONAL TRAVEL	171,187	165,186	179,001
2010A	140	ROTATIONAL TRAVEL	557,386	445,590	525,754
2010A	145	SEPARATION TRAVEL	157,822	136,801	152,926
2010A	150	TRAVEL OF ORGANIZED UNITS	11,354	2,043	1,822
2010A	155	NON-TEMPORARY STORAGE	29,724	25,611	28,105
2010A	160	TEMPORARY LODGING EXPENSE	19,277	18,431	20,672
2010A	165	OTHER	-	-	-
TOTAL BUDGET ACTIVITY 5:			1,157,543	1,007,922	1,142,964

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS					
2010A	170	APPREHENSION OF MILITARY DESERTERS	947	606	611
2010A	175	INTEREST ON UNIFORMED SERVICES SAVINGS	215	202	202
2010A	180	DEATH GRATUITIES	1,824	7,632	3,360
2010A	185	UNEMPLOYMENT BENEFITS	83,001	77,939	83,314
2010A	190	SURVIVOR BENEFITS	7,892	6,562	7,204
2010A	195	EDUCATION BENEFITS	20,368	23,917	19,163
2010A	200	ADOPTION EXPENSES	252	250	252
2010A	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	13,815	8,801	20,200
2010A	210	TRANSPORTATION SUBSIDY	1,001	2,040	2,092
2010A	215	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 6:	129,315	127,949	136,398
2010A	215	LESS REIMBURSABLES	(153,061)	(159,099)	(294,352)
		TOTAL DIRECT - MILITARY PERSONNEL, ARMY	22,713,191	23,712,984	27,089,292

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

		(DOLLARS IN THOUSANDS)			
APPROP	ID		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
MILITARY PERSONNEL, NAVY					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
1453N	5	BASIC PAY	2,636,777	2,768,376	2,887,210
1453N	10	RETIRED PAY ACCRUAL	780,487	838,818	791,096
1453N	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	248,010
1453N	25	BASIC ALLOWANCE FOR HOUSING	626,313	682,457	730,451
1453N	30	BASIC ALLOWANCE FOR SUBSISTENCE	103,818	106,498	109,467
1453N	35	INCENTIVE PAYS	160,564	172,317	177,881
1453N	40	SPECIAL PAYS	236,278	226,525	257,016
1453N	45	ALLOWANCES	63,930	57,166	55,443
1453N	50	SEPARATION PAY	27,878	57,923	59,069
1453N	55	SOCIAL SECURITY TAX	200,305	210,301	219,838
TOTAL BUDGET ACTIVITY 1:			4,836,350	5,120,381	5,535,481
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
1453N	60	BASIC PAY	6,445,775	7,012,343	7,434,536
1453N	65	RETIRED PAY ACCRUAL	1,905,581	2,122,305	2,037,050
1453N	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	1,460,429
1453N	80	BASIC ALLOWANCE FOR HOUSING	1,628,838	1,880,947	2,075,003
1453N	85	INCENTIVE PAYS	82,300	87,615	100,889
1453N	90	SPECIAL PAYS	772,726	764,926	911,110
1453N	95	ALLOWANCES	404,573	391,507	386,850
1453N	100	SEPARATION PAY	99,942	186,365	213,869
1453N	105	SOCIAL SECURITY TAX	488,102	531,447	563,249
TOTAL BUDGET ACTIVITY 2:			11,827,837	12,977,455	15,182,985

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 3: PAY AND ALLOW OF MIDSHIPMEN					
1453N	110	MIDSHIPMEN	42,791	45,417	47,294
TOTAL BUDGET ACTIVITY 3:			42,791	45,417	47,294
ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL					
1453N	115	BASIC ALLOWANCE FOR SUBSISTENCE	533,816	562,008	573,757
1453N	120	SUBSISTENCE-IN-KIND	315,253	336,673	344,595
1453N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	35	2,640	2,640
TOTAL BUDGET ACTIVITY 4:			849,104	901,321	920,992
ACTIVITY 5: PERMANENT CHANGE OF STATION					
1453N	125	ACCESSION TRAVEL	56,760	61,203	64,511
1453N	130	TRAINING TRAVEL	58,054	50,358	58,287
1453N	135	OPERATIONAL TRAVEL	164,372	153,972	180,140
1453N	140	ROTATIONAL TRAVEL	249,367	236,183	268,923
1453N	145	SEPARATION TRAVEL	90,139	108,010	105,254
1453N	150	TRAVEL OF ORGANIZED UNITS	16,772	18,821	19,375
1453N	155	NON-TEMPORARY STORAGE	10,483	10,920	11,390
1453N	160	TEMPORARY LODGING EXPENSE	6,840	11,338	13,888
1453N	165	OTHER	7,213	7,140	7,247
TOTAL BUDGET ACTIVITY 5:			660,000	657,945	729,015

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

		(DOLLARS IN THOUSANDS)			
APPROP	ID	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	
ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS					
1453N	170	APPREHENSION OF MILITARY DESERTERS	698	812	825
1453N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	188	206	209
1453N	180	DEATH GRATUITIES	1,398	1,440	1,470
1453N	185	UNEMPLOYMENT BENEFITS	42,826	44,085	50,858
1453N	190	SURVIVOR BENEFITS	3,157	2,850	2,748
1453N	195	EDUCATION BENEFITS	6,773	8,009	6,746
1453N	200	ADOPTION EXPENSES	207	232	236
1453N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	4,136	7,946	10,433
1453N	210	TRANSPORTATION SUBSIDY	1,258	4,391	4,391
1453N	215	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 6:	60,641	69,971	77,916
1453N	215	LESS REIMBURSABLES	(234,966)	(221,806)	(399,282)
		TOTAL DIRECT - MILITARY PERSONNEL, NAVY	18,041,757	19,550,684	22,094,401

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

(DOLLARS IN THOUSANDS)

APPROP	ID		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
MILITARY PERSONNEL, MARINE CORPS					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
1105N	5	BASIC PAY	855,387	906,086	953,611
1105N	10	RETIRED PAY ACCRUAL	253,196	274,741	261,005
1105N	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	83,310
1105N	25	BASIC ALLOWANCE FOR HOUSING	161,487	181,119	193,249
1105N	30	BASIC ALLOWANCE FOR SUBSISTENCE	34,790	35,735	37,231
1105N	35	INCENTIVE PAYS	45,899	45,350	46,651
1105N	40	SPECIAL PAYS	1,846	1,749	2,451
1105N	45	ALLOWANCES	21,251	20,922	19,727
1105N	50	SEPARATION PAY	6,986	14,119	16,126
1105N	55	SOCIAL SECURITY TAX	64,782	68,594	73,350
TOTAL BUDGET ACTIVITY 1:			1,445,624	1,548,415	1,686,711
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
1105N	60	BASIC PAY	2,887,926	3,051,928	3,297,782
1105N	65	RETIRED PAY ACCRUAL	852,868	922,623	900,416
1105N	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	718,487
1105N	80	BASIC ALLOWANCE FOR HOUSING	471,766	534,878	606,017
1105N	85	INCENTIVE PAYS	8,360	8,356	8,356
1105N	90	SPECIAL PAYS	127,267	113,993	118,988
1105N	95	ALLOWANCES	165,513	168,364	163,489
1105N	100	SEPARATION PAY	40,672	71,600	62,002
1105N	105	SOCIAL SECURITY TAX	220,420	232,938	251,375
TOTAL BUDGET ACTIVITY 2:			4,774,792	5,104,680	6,126,912

EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL					
1105N	115	BASIC ALLOWANCE FOR SUBSISTENCE	239,405	251,115	269,393
1105N	120	SUBSISTENCE-IN-KIND	168,347	184,122	189,268
1105N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	-	750	750
TOTAL BUDGET ACTIVITY 4:			407,752	435,987	459,411
ACTIVITY 5: PERMANENT CHANGE OF STATION					
1105N	125	ACCESSION TRAVEL	29,521	32,028	39,258
1105N	130	TRAINING TRAVEL	5,094	7,315	7,431
1105N	135	OPERATIONAL TRAVEL	70,582	59,592	68,889
1105N	140	ROTATIONAL TRAVEL	99,131	86,894	99,944
1105N	145	SEPARATION TRAVEL	40,741	45,933	43,492
1105N	150	TRAVEL OF ORGANIZED UNITS	2,632	2,465	3,124
1105N	155	NON-TEMPORARY STORAGE	4,491	3,029	5,006
1105N	160	TEMPORARY LODGING EXPENSE	6,994	9,119	10,985
1105N	165	OTHER	3,432	1,181	2,191
TOTAL BUDGET ACTIVITY 5:			262,618	247,556	280,320

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS					
1105N	170	APPREHENSION OF MILITARY DESERTERS	1,392	920	1,437
1105N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	15	15	16
1105N	180	DEATH GRATUITIES	666	984	708
1105N	185	UNEMPLOYMENT BENEFITS	25,922	19,738	28,753
1105N	190	SURVIVOR BENEFITS	1,712	1,287	1,511
1105N	195	EDUCATION BENEFITS	1,408	3,046	1,725
1105N	200	ADOPTION EXPENSES	77	48	80
1105N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	972	1,870	2,900
1105N	210	TRANSPORTATION SUBSIDY	310	2,611	1,297
1105N	215	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 6:	32,474	30,519	38,427
1105N	215	LESS REIMBURSABLES	(30,400)	(31,717)	(32,294)
		TOTAL DIRECT - MILITARY PERSONNEL, MARINE CORPS	6,892,860	7,335,440	8,559,487

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

(DOLLARS IN THOUSANDS)

APPROP	ID		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
MILITARY PERSONNEL, AIR FORCE					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
3500F	5	BASIC PAY	3,473,352	3,694,784	3,872,634
3500F	10	RETIRED PAY ACCRUAL	1,028,112	1,119,520	1,061,102
3500F	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	326,881
3500F	25	BASIC ALLOWANCE FOR HOUSING	642,769	717,759	778,898
3500F	30	BASIC ALLOWANCE FOR SUBSISTENCE	133,326	139,105	145,032
3500F	35	INCENTIVE PAYS	284,048	293,610	284,327
3500F	40	SPECIAL PAYS	181,893	200,625	261,119
3500F	45	ALLOWANCES	61,977	59,643	58,222
3500F	50	SEPARATION PAY	60,729	103,591	122,004
3500F	55	SOCIAL SECURITY TAX	263,333	280,335	294,071
TOTAL BUDGET ACTIVITY 1:			6,129,539	6,608,972	7,204,290
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
3500F	60	BASIC PAY	6,251,146	6,598,455	7,105,972
3500F	65	RETIRED PAY ACCRUAL	1,850,339	1,999,332	1,947,036
3500F	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	1,328,732
3500F	80	BASIC ALLOWANCE FOR HOUSING	1,239,744	1,389,885	1,542,052
3500F	85	INCENTIVE PAYS	32,077	32,841	33,250
3500F	90	SPECIAL PAYS	357,453	474,386	444,437
3500F	95	ALLOWANCES	342,205	351,303	359,219
3500F	100	SEPARATION PAY	49,938	136,125	135,166
3500F	105	SOCIAL SECURITY TAX	478,211	504,782	543,607
TOTAL BUDGET ACTIVITY 2:			10,601,113	11,487,109	13,439,471

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 3: PAY AND ALLOWANCES OF CADETS					
3500F	110	ACADEMY CADETS	41,182	48,773	49,821
TOTAL BUDGET ACTIVITY 3:			41,182	48,773	49,821
ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL					
3500F	115	BASIC ALLOWANCE FOR SUBSISTENCE	681,933	687,941	722,407
3500F	120	SUBSISTENCE-IN-KIND	119,854	121,708	124,086
3500F	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	55	1,141	1,177
TOTAL BUDGET ACTIVITY 4:			801,842	810,790	847,670
ACTIVITY 5: PERMANENT CHANGE OF STATION					
3500F	125	ACCESSION TRAVEL	76,643	65,555	95,779
3500F	130	TRAINING TRAVEL	58,681	62,785	65,087
3500F	135	OPERATIONAL TRAVEL	152,662	145,092	166,545
3500F	140	ROTATIONAL TRAVEL	452,629	440,115	466,133
3500F	145	SEPARATION TRAVEL	106,563	98,620	120,933
3500F	150	TRAVEL OF ORGANIZED UNITS	4,460	6,404	6,614
3500F	155	NON-TEMPORARY STORAGE	21,500	21,601	25,446
3500F	160	TEMPORARY LODGING EXPENSE	36,636	37,838	42,226
3500F	165	OTHER	505	-	-
TOTAL BUDGET ACTIVITY 5:			910,279	878,010	988,763

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</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	1,506	1,506	1,506
3500F	185	UNEMPLOYMENT BENEFITS	28,550	19,709	26,456
3500F	190	SURVIVOR BENEFITS	3,094	3,450	3,290
3500F	195	EDUCATION BENEFITS	3,465	3,636	3,690
3500F	200	ADOPTION EXPENSES	800	800	800
3500F	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	10,322	18,400	20,400
3500F	210	TRANSPORTATION SUBSIDY	972	13,100	14,290
3500F	215	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 6:	49,404	61,296	71,127
3500F	215	LESS REIMBURSABLES	(189,915)	(190,436)	(443,957)
		TOTAL DIRECT - MILITARY PERSONNEL, AIR FORCE	18,343,444	19,704,514	22,157,185
		TOTAL DIRECT MILITARY PERSONNEL TITLE	65,991,252	70,303,622	79,900,365

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
RESERVE PERSONNEL, ARMY					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
2070A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	994,899	1,080,809	1,209,865
2070A	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	26,387	33,180	39,372
2070A	30	PAY GROUP F TRAINING (RECRUITS)	154,195	149,198	169,922
2070A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	12,219	12,178	10,117
2070A	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	339,788
2070A	50	OTHER	-	-	-
TOTAL BUDGET ACTIVITY 1:			1,187,700	1,275,365	1,769,064

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 2: OTHER TRAINING AND SUPPORT					
2070A	60	MOBILIZATION TRAINING	12,612	17,359	18,142
2070A	70	SCHOOL TRAINING	96,660	100,336	100,610
2070A	80	SPECIAL TRAINING	115,868	93,849	120,540
2070A	90	ADMINISTRATION AND SUPPORT	960,530	1,031,718	1,134,589
2070A	100	EDUCATION BENEFITS	41,000	35,595	51,378
2070A	110	ROTC - SENIOR, JUNIOR	69,610	79,262	99,243
2070A	120	HEALTH PROFESSION SCHOLARSHIP	21,191	26,180	29,556
2070A	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	62,614
2070A	130	OTHER PROGRAMS	13,520	15,833	13,819
TOTAL BUDGET ACTIVITY 2:			1,330,991	1,400,132	1,630,491
TOTAL DIRECT - RESERVE PERSONNEL, ARMY			2,518,691	2,675,497	3,399,555

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
RESERVE PERSONNEL, NAVY					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
1405N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	645,833	671,659	704,404
1405N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	-	3,687	3,854
1405N	30	PAY GROUP F TRAINING (RECRUITS)	-	2,329	3,238
1405N	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	128,212
1405N	50	OTHER	-	-	-
TOTAL BUDGET ACTIVITY 1:			645,833	677,675	839,708

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 2: OTHER TRAINING AND SUPPORT					
1405N	60	MOBILIZATION TRAINING	5,893	3,747	6,343
1405N	70	SCHOOL TRAINING	11,787	19,304	16,099
1405N	80	SPECIAL TRAINING	73,345	51,923	53,151
1405N	90	ADMINISTRATION AND SUPPORT	782,545	839,283	877,719
1405N	100	EDUCATION BENEFITS	4,335	1,793	1,103
1405N	110	ROTC - SENIOR, JUNIOR	32,274	34,330	38,242
1405N	120	HEALTH PROFESSION SCHOLARSHIP	24,251	26,468	28,988
1405N	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	65,899
1405N	130	OTHER PROGRAMS	-	-	-
TOTAL BUDGET ACTIVITY 2:			934,430	976,848	1,087,544
TOTAL DIRECT - RESERVE PERSONNEL, NAVY			1,580,263	1,654,523	1,927,252

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
RESERVE PERSONNEL, MARINE CORPS					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
1108N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	157,315	168,493	172,881
1108N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	17,641	16,308	16,969
1108N	30	PAY GROUP F TRAINING (RECRUITS)	66,824	68,583	72,473
1108N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	116	146	177
1108N	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	66,340
1108N	50	OTHER	-	-	-
TOTAL BUDGET ACTIVITY 1:			241,896	253,530	328,840

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 2: OTHER TRAINING AND SUPPORT					
1108N	60	MOBILIZATION TRAINING	2,884	2,220	2,304
1108N	70	SCHOOL TRAINING	9,792	11,322	10,710
1108N	80	SPECIAL TRAINING	37,556	36,721	29,874
1108N	90	ADMINISTRATION AND SUPPORT	130,210	134,136	141,474
1108N	100	EDUCATION BENEFITS	16,120	14,793	16,198
1108N	110	ROTC - SENIOR, JUNIOR	5,189	5,048	5,282
1108N	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	10,801
1108N	130	OTHER PROGRAMS	7,421	13,430	12,400
TOTAL BUDGET ACTIVITY 2:			209,172	217,670	229,043
TOTAL DIRECT - RESERVE PERSONNEL, MARINE CORPS			451,068	471,200	557,883

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
RESERVE PERSONNEL, AIR FORCE					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
3700F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	457,701	504,333	520,875
3700F	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	90,705	96,844	105,332
3700F	30	PAY GROUP F TRAINING (RECRUITS)	18,442	24,047	24,933
3700F	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	132,127
3700F	50	OTHER	70	80	95
TOTAL BUDGET ACTIVITY 1:			566,918	625,304	783,362

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ACTIVITY 2: OTHER TRAINING AND SUPPORT					
3700F	60	MOBILIZATION TRAINING	450	1,800	3,058
3700F	70	SCHOOL TRAINING	70,178	70,683	71,351
3700F	80	SPECIAL TRAINING	160,189	156,147	148,351
3700F	90	ADMINISTRATION AND SUPPORT	110,983	126,068	143,948
3700F	100	EDUCATION BENEFITS	6,201	7,450	7,700
3700F	110	ROTC - SENIOR, JUNIOR	42,477	52,299	53,315
3700F	120	HEALTH PROFESSION SCHOLARSHIP	20,830	21,409	26,189
3700F	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	6,630
3700F	130	OTHER PROGRAMS	-	-	-
TOTAL BUDGET ACTIVITY 2:			411,308	435,856	460,542
TOTAL DIRECT - RESERVE PERSONNEL, AIR FORCE			978,226	1,061,160	1,243,904

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
NATIONAL GUARD PERSONNEL, ARMY					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
2060A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,619,432	1,681,083	1,811,587
2060A	30	PAY GROUP F TRAINING (RECRUITS)	213,743	231,028	246,397
2060A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	24,072	22,494	24,894
2060A	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	577,660
2060A	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	1,857,247	1,934,605	2,660,538
ACTIVITY 2: OTHER TRAINING AND SUPPORT					
2060A	70	SCHOOL TRAINING	170,488	194,410	229,609
2060A	80	SPECIAL TRAINING	337,933	84,012	141,503
2060A	90	ADMINISTRATION AND SUPPORT	1,623,219	1,773,243	1,926,099
2060A	100	EDUCATION BENEFITS	42,226	58,225	66,158
2060A	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	107,181
2060A	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	2,173,866	2,109,890	2,470,550
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, ARMY	4,031,113	4,044,495	5,131,088

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
NATIONAL GUARD PERSONNEL, AIR FORCE					
ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING					
3850F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	674,422	723,712	776,478
3850F	30	PAY GROUP F TRAINING (RECRUITS)	46,221	38,226	41,453
3850F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	3,500	1,751	1,174
3850F	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	148,970
3850F	50	OTHER	-	-	-
TOTAL BUDGET ACTIVITY 1:			724,143	763,689	968,075

**EXHIBIT M-1
FY 2003 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
3850F	70	SCHOOL TRAINING	114,441	120,737	130,702
3850F	80	SPECIAL TRAINING	120,613	81,215	109,752
3850F	90	ADMINISTRATION AND SUPPORT	718,380	797,550	817,601
3850F	100	EDUCATION BENEFITS	22,541	23,363	33,569
3850F	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	-	75,912
3850F	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	975,975	1,022,865	1,167,536
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, AIR FORCE	1,700,118	1,786,554	2,135,611
		TOTAL RESERVE/GUARD MILITARY PERSONNEL	11,259,479	11,693,429	14,395,293
		GRAND TOTAL MILITARY PERSONNEL TITLE	77,250,731	81,997,051	94,295,658

**Department of Defense
FY 2003 President's Budget
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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Army					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>LAND FORCES</u>			<u>3,358,487</u>	<u>3,301,435</u>	<u>3,731,924</u>
2020a	010	DIVISIONS	1,209,019	1,175,431	1,425,204
2020a	020	CORPS COMBAT FORCES	343,032	342,189	424,191
2020a	030	CORPS SUPPORT FORCES	405,374	313,500	361,001
2020a	040	ECHELON ABOVE CORPS SUPPORT FORCES	543,560	475,402	405,752
2020a	050	LAND FORCES OPERATIONS SUPPORT	857,502	994,913	1,115,776
<u>LAND FORCES READINESS</u>			<u>2,419,979</u>	<u>2,261,275</u>	<u>2,830,611</u>
2020a	060	FORCE READINESS OPERATIONS SUPPORT	1,125,920	1,095,330	1,529,998
2020a	070	LAND FORCES SYSTEMS READINESS	576,484	424,356	491,947
2020a	080	LAND FORCES DEPOT MAINTENANCE	717,575	741,589	808,666
<u>LAND FORCES READINESS SUPPORT</u>			<u>5,979,830</u>	<u>5,697,122</u>	<u>6,343,330</u>
2020a	090	BASE OPERATIONS SUPPORT	2,627,887	2,683,386	3,207,409
2020a	100	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (OPERATING FORCES)	1,011,704	1,120,293	1,146,516
2020a	110	MANAGEMENT & OPERATIONAL HEADQUARTERS	182,242	225,454	297,834
2020a	120	UNIFIED COMMANDS	79,881	86,502	83,961
2020a	130	MISCELLANEOUS ACTIVITIES	2,078,116	1,581,487	1,607,610
TOTAL, BA 01: OPERATING FORCES			11,758,296	11,259,832	12,905,865
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>MOBILITY OPERATIONS</u>			<u>555,739</u>	<u>585,785</u>	<u>544,464</u>
2020a	140	STRATEGIC MOBILIZATION	348,797	382,170	365,257
2020a	150	ARMY PREPOSITIONED STOCKS	110,395	126,003	158,237
2020a	160	INDUSTRIAL PREPAREDNESS	75,978	63,589	9,497
2020a	170	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (MOBILITY OPERATIONS)	20,569	14,023	11,473
TOTAL, BA 02: MOBILIZATION			555,739	585,785	544,464

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>			<u>427,338</u>	<u>438,582</u>	<u>486,227</u>
2020a	180	OFFICER ACQUISITION	79,926	79,842	88,026
2020a	190	RECRUIT TRAINING	20,589	16,823	20,197
2020a	200	ONE STATION UNIT TRAINING	18,387	19,964	22,486
2020a	210	SENIOR RESERVE OFFICERS' TRAINING CORPS	162,074	184,576	209,550
2020a	220	BASE OPERATIONS SUPPORT (ACCESSION TRAINING)	87,370	79,945	89,214
2020a	230	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (ACCESSION TRAINING)	58,992	57,432	56,754
<u>BASIC SKILL/ ADVANCE TRAINING</u>			<u>2,370,105</u>	<u>2,510,287</u>	<u>2,690,568</u>
2020a	240	SPECIALIZED SKILL TRAINING	290,789	262,759	365,041
2020a	250	FLIGHT TRAINING	320,245	395,496	402,481
2020a	260	PROFESSIONAL DEVELOPMENT EDUCATION	102,513	111,286	133,572
2020a	270	TRAINING SUPPORT	456,966	469,271	431,508
2020a	280	BASE OPERATIONS SUPPORT (BASIC SKILL/ADVANCED TRAINING)	964,131	873,421	1,006,102
2020a	290	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (BASIC SKILL/ADV TRAINING)	235,461	398,054	351,864
<u>RECRUITING/OTHER TRAINING</u>			<u>964,176</u>	<u>1,089,062</u>	<u>1,202,237</u>
2020a	300	RECRUITING AND ADVERTISING	389,427	442,612	458,788
2020a	310	EXAMINING	77,810	78,260	87,568
2020a	320	OFF-DUTY AND VOLUNTARY EDUCATION	140,975	138,394	208,860
2020a	330	CIVILIAN EDUCATION AND TRAINING	73,261	80,132	99,193
2020a	340	JUNIOR RESERVE OFFICERS' TRAINING CORPS	83,836	90,173	97,512
2020a	350	BASE OPERATIONS SUPPORT (RECRUIT/OTHER TRAINING)	198,867	259,491	250,316
TOTAL, BA 03: TRAINING AND RECRUITING			3,761,619	4,037,931	4,379,032

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SECURITY PROGRAMS</u>			<u>513,349</u>	<u>518,082</u>	<u>572,013</u>
2020a	360	SECURITY PROGRAMS	513,349	518,082	572,013
<u>LOGISTICS OPERATIONS</u>			<u>1,588,007</u>	<u>1,880,607</u>	<u>1,824,815</u>
2020a	370	SERVICEWIDE TRANSPORTATION	500,610	504,284	608,608
2020a	380	CENTRAL SUPPLY ACTIVITIES	440,254	453,140	547,994
2020a	390	LOGISTICS SUPPORT ACTIVITIES	292,155	566,286	356,424
2020a	400	AMMUNITION MANAGEMENT	354,988	356,897	311,789
<u>SERVICEWIDE SUPPORT</u>			<u>4,321,980</u>	<u>3,481,407</u>	<u>4,091,152</u>
2020a	410	ADMINISTRATION	706,262	512,847	638,845
2020a	420	SERVICEWIDE COMMUNICATIONS	531,059	490,277	655,796
2020a	430	MANPOWER MANAGEMENT	160,536	150,423	245,901
2020a	440	OTHER PERSONNEL SUPPORT	235,268	169,317	204,749
2020a	450	OTHER SERVICE SUPPORT	1,206,010	597,639	623,408
2020a	460	ARMY CLAIMS	111,948	109,584	112,215
2020a	470	REAL ESTATE MANAGEMENT	62,273	50,211	54,282
2020a	480	BASE OPERATIONS SUPPORT (SERVICEWIDE SUPPORT)	1,108,310	1,135,291	1,298,623
2020a	490	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (SERVICEWIDE SUPPORT)	200,314	265,818	257,333
<u>SUPPORT OF OTHER NATIONS</u>			<u>266,873</u>	<u>223,441</u>	<u>263,714</u>
2020a	500	INTERNATIONAL MILITARY HEADQUARTERS	216,241	171,135	205,623
2020a	510	MISC. SUPPORT OF OTHER NATIONS	50,632	52,306	58,091
2020a	520	EXPANSION OF NATO	-	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			6,690,209	6,103,537	6,751,694
Total Operation and Maintenance, Army			22,765,863	21,987,085	24,581,055

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		Total Obligational Authority		
		(Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Navy				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>AIR OPERATIONS</u>		<u>4,893,504</u>	<u>5,175,340</u>	<u>5,297,220</u>
1804n	010 MISSION AND OTHER FLIGHT OPERATIONS	3,053,505	3,152,748	3,247,197
1804n	020 FLEET AIR TRAINING	900,445	976,390	1,030,024
1804n	030 INTERMEDIATE MAINTENANCE	61,165	61,695	69,945
1804n	040 AIR OPERATIONS AND SAFETY SUPPORT	90,004	100,036	109,072
1804n	050 AIRCRAFT DEPOT MAINTENANCE	758,116	838,368	785,052
1804n	060 AIRCRAFT DEPOT OPERATIONS SUPPORT	30,269	46,103	55,930
<u>SHIP OPERATIONS</u>		<u>7,063,031</u>	<u>7,460,816</u>	<u>8,299,846</u>
1804n	070 MISSION AND OTHER SHIP OPERATIONS	2,337,748	2,325,402	2,442,911
1804n	080 SHIP OPERATIONAL SUPPORT AND TRAINING	515,995	525,879	589,655
1804n	090 INTERMEDIATE MAINTENANCE	390,488	380,218	406,251
1804n	100 SHIP DEPOT MAINTENANCE	2,561,133	2,915,246	3,536,452
1804n	110 SHIP DEPOT OPERATIONS SUPPORT	1,257,667	1,314,071	1,324,577
<u>COMBAT OPERATIONS/SUPPORT</u>		<u>1,847,607</u>	<u>1,847,319</u>	<u>2,023,576</u>
1804n	120 COMBAT COMMUNICATIONS	354,120	406,702	424,042
1804n	130 ELECTRONIC WARFARE	9,834	14,844	15,485
1804n	140 SPACE SYSTEMS & SURVEILLANCE	209,821	177,312	205,001
1804n	150 WARFARE TACTICS	154,545	187,867	166,186
1804n	160 OPERATIONAL METEOROLOGY & OCEANOGRAPHY	260,044	258,246	273,412
1804n	170 COMBAT SUPPORT FORCES	699,430	643,724	767,833
1804n	180 EQUIPMENT MAINTENANCE	159,061	156,985	169,941
1804n	190 DEPOT OPERATIONS SUPPORT	752	1,639	1,676
<u>WEAPONS SUPPORT</u>		<u>1,278,912</u>	<u>1,347,961</u>	<u>1,432,513</u>
1804n	200 CRUISE MISSILE	118,976	121,204	162,185
1804n	210 FLEET BALLISTIC MISSILE	773,491	793,972	806,150
1804n	220 IN-SERVICE WEAPONS SYSTEMS SUPPORT	38,131	43,846	43,314
1804n	230 WEAPONS MAINTENANCE	348,314	388,939	420,864

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>WORKING CAPITAL FUND SUPPORT</u>			<u>18,042</u>	<u>1,403</u>	<u>=</u>
1804n	240	NWCF SUPPORT	18,042	1,403	0
<u>BASE SUPPORT</u>			<u>3,163,385</u>	<u>3,504,395</u>	<u>3,902,471</u>
1804n	250	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	892,613	972,370	1,153,732
1804n	260	BASE SUPPORT	2,270,772	2,532,025	2,748,739
TOTAL, BA 01: OPERATING FORCES			18,264,481	19,337,234	20,955,626
 <u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>READY RESERVE AND PREPOSITIONING FORCES</u>			<u>470,986</u>	<u>496,609</u>	<u>528,795</u>
1804n	270	SHIP PREPOSITIONING AND SURGE	470,986	496,609	528,795
<u>ACTIVATIONS/INACTIVATIONS</u>			<u>211,380</u>	<u>247,052</u>	<u>159,469</u>
1804n	280	AIRCRAFT ACTIVATIONS/INACTIVATIONS	2,275	5,889	3,432
1804n	290	SHIP ACTIVATIONS/INACTIVATIONS	209,105	241,163	156,037
<u>MOBILIZATION PREPAREDNESS</u>			<u>40,642</u>	<u>41,103</u>	<u>45,527</u>
1804n	300	FLEET HOSPITAL PROGRAM	23,225	23,377	25,561
1804n	310	INDUSTRIAL READINESS	1,157	1,107	1,207
1804n	320	COAST GUARD SUPPORT	16,260	16,619	18,759
TOTAL, BA 02: MOBILIZATION			723,008	784,764	733,791
 <u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>			<u>173,881</u>	<u>182,441</u>	<u>209,817</u>
1804n	330	OFFICER ACQUISITION	92,758	96,011	115,943
1804n	340	RECRUIT TRAINING	5,755	6,586	10,413
1804n	350	RESERVE OFFICERS TRAINING CORPS	75,368	79,844	83,461
<u>BASIC SKILLS AND ADVANCED TRAINING</u>			<u>921,169</u>	<u>986,054</u>	<u>1,078,776</u>
1804n	360	SPECIALIZED SKILL TRAINING	282,123	306,520	351,114
1804n	370	FLIGHT TRAINING	324,457	369,586	371,096
1804n	380	PROFESSIONAL DEVELOPMENT EDUCATION	112,138	117,882	137,801
1804n	390	TRAINING SUPPORT	202,451	192,066	218,765

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>			<u>400,137</u>	<u>425,145</u>	<u>470,471</u>
1804n	400	RECRUITING AND ADVERTISING	226,209	231,843	257,292
1804n	410	OFF-DUTY AND VOLUNTARY EDUCATION	90,616	96,749	102,643
1804n	420	CIVILIAN EDUCATION AND TRAINING	55,129	63,880	75,178
1804n	430	JUNIOR ROTC	28,183	32,673	35,358
<u>BASE SUPPORT</u>			<u>568,327</u>	<u>549,789</u>	<u>600,462</u>
1804n	440	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	188,303	195,300	224,764
1804n	450	BASE SUPPORT	380,024	354,489	375,698
TOTAL, BA 03: TRAINING AND RECRUITING			2,063,514	2,143,429	2,359,526
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>			<u>1,528,815</u>	<u>1,631,507</u>	<u>1,832,822</u>
1804n	460	ADMINISTRATION	698,616	664,056	669,509
1804n	470	EXTERNAL RELATIONS	4,794	4,246	4,639
1804n	480	CIVILIAN MANPOWER & PERSONNEL MGT	120,814	118,640	119,785
1804n	490	MILITARY MANPOWER & PERSONNEL MGT	100,519	100,845	106,986
1804n	500	OTHER PERSONNEL SUPPORT	172,660	199,553	199,531
1804n	510	SERVICEWIDE COMMUNICATIONS	414,652	544,167	732,372
1804n	520	MEDICAL ACTIVITIES	16,760	0	0
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>			<u>1,909,245</u>	<u>1,800,315</u>	<u>2,058,245</u>
1804n	530	SERVICEWIDE TRANSPORTATION	182,003	185,489	186,872
1804n	540	ENVIRONMENTAL PROGRAMS	289,939	0	0
1804n	550	PLANNING, ENGINEERING & DESIGN	308,498	334,799	393,563
1804n	560	ACQUISITION AND PROGRAM MANAGEMENT	685,910	736,832	857,646
1804n	570	AIR SYSTEMS SUPPORT	306,971	402,841	464,959
1804n	580	HULL, MECHANICAL & ELECTRICAL SUPPORT	45,073	49,434	51,399
1804n	590	COMBAT/WEAPONS SYSTEMS	42,719	36,418	43,907
1804n	600	SPACE & ELECTRONIC WARFARE SYSTEMS	48,132	54,502	59,899

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>SECURITY PROGRAMS</u>			<u>637,760</u>	<u>693,695</u>	<u>767,090</u>
1804n	610	SECURITY PROGRAMS	637,760	693,695	767,090
<u>SUPPORT OF OTHER NATIONS</u>			<u>9,233</u>	<u>10,101</u>	<u>9,349</u>
1804n	620	INTERNATIONAL HDQTRS & AGENCIES	9,233	10,101	9,349
<u>BASE SUPPORT</u>			<u>298,887</u>	<u>313,406</u>	<u>312,364</u>
1804n	630	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	84,395	93,408	99,406
1804n	640	BASE SUPPORT	214,492	219,998	212,958
<u>CANCELLED ACCOUNTS</u>			<u>3,620</u>	=	=
1804n	650	CANCELLED ACCOUNT	3,620	-	-
<u>PROBLEM DISBURSEMENTS</u>			<u>12</u>	=	=
1804n	660	PROBLEM DISBURSEMENTS	12	-	-
<u>JUDGEMENT FUND</u>			<u>64</u>		
1804n	670	JUDGEMENT FUND	64		
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			4,387,636	4,449,024	4,979,870
Total Operation and Maintenance, Navy			25,438,639	26,714,451	29,028,813

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Marine Corps				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>EXPEDITIONARY FORCES</u>		<u>2,071,267</u>	<u>2,043,806</u>	<u>2,412,248</u>
1106n	010 OPERATIONAL FORCES	481,016	476,101	631,065
1106n	020 FIELD LOGISTICS	236,538	266,227	289,401
1106n	030 DEPOT MAINTENANCE	118,454	111,587	138,576
1106n	040 BASE SUPPORT	819,614	846,903	907,624
1106n	050 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	415,645	342,988	445,582
<u>USMC PREPOSITIONING</u>		<u>99,221</u>	<u>87,198</u>	<u>84,556</u>
1106n	060 MARITIME PREPOSITIONING	95,690	82,091	80,743
1106n	070 NORWAY PREPOSITIONING	3,531	5,107	3,813
TOTAL, BA 01: OPERATING FORCES		<u>2,170,488</u>	<u>2,131,004</u>	<u>2,496,804</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>				
<u>ACCESSION TRAINING</u>		<u>81,891</u>	<u>114,686</u>	<u>105,899</u>
1106n	080 RECRUIT TRAINING	10,469	10,455	10,516
1106n	090 OFFICER ACQUISITION	323	343	355
1106n	100 BASE SUPPORT	48,962	56,578	65,906
1106n	110 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	22,137	47,310	29,122
<u>BASIC SKILLS AND ADVANCED TRAINING</u>		<u>241,192</u>	<u>236,094</u>	<u>272,098</u>
1106n	120 SPECIALIZED SKILLS TRAINING	33,760	36,918	40,524
1106n	130 FLIGHT TRAINING	168	168	175
1106n	140 PROFESSIONAL DEVELOPMENT EDUCATION	8,674	8,497	8,912
1106n	150 TRAINING SUPPORT	90,183	98,417	112,202
1106n	160 BASE SUPPORT	56,351	59,920	80,141
1106n	170 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	52,056	32,174	30,144
<u>RECRUITING AND OTHER TRAINING EDUCATION</u>		<u>154,734</u>	<u>154,325</u>	<u>186,996</u>
1106n	180 RECRUITING AND ADVERTISING	109,033	107,662	121,345
1106n	190 OFF-DUTY AND VOLUNTARY EDUCATION	20,998	20,093	34,695
1106n	200 JUNIOR ROTC	12,628	12,971	13,312
1106n	210 BASE SUPPORT	8,209	11,060	15,137
1106n	220 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	3,866	2,539	2,507
TOTAL, BA 03: TRAINING AND RECRUITING		<u>477,817</u>	<u>505,105</u>	<u>564,993</u>

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>			<u>273,431</u>	<u>267,876</u>	<u>296,155</u>
1106n	230	SPECIAL SUPPORT	202,286	191,979	198,890
1106n	240	SERVICEWIDE TRANSPORTATION	29,386	30,955	34,627
1106n	250	ADMINISTRATION	25,588	27,807	39,262
1106n	260	BASE SUPPORT	12,094	15,342	20,438
1106n	270	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	4,077	1,793	2,938
<u>CANCELLED ACCOUNT</u>			<u>368</u>	<u>=</u>	<u>=</u>
1106n	280	CANCELLED ACCOUNT	368	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			273,799	267,876	296,155
Total Operation and Maintenance, Marine Corps			2,922,104	2,903,985	3,357,952

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**Total Obligational Authority
(Dollars in Thousands)**

Operation and Maintenance, Air Force

BUDGET ACTIVITY 01: OPERATING FORCES

AIR OPERATIONS

			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
			9,397,116	10,588,852	11,245,752
3400f	010	PRIMARY COMBAT FORCES	2,684,904	3,180,647	3,244,026
3400f	020	PRIMARY COMBAT WEAPONS	284,882	301,446	336,234
3400f	030	COMBAT ENHANCEMENT FORCES	239,651	236,251	248,367
3400f	040	AIR OPERATIONS TRAINING	847,570	1,209,515	1,250,537
3400f	050	DEPOT MAINTENANCE	1,337,899	1,379,989	1,382,953
3400f	060	COMBAT COMMUNICATIONS	1,211,494	1,402,594	1,465,273
3400f	070	BASE SUPPORT	2,027,324	2,093,826	2,357,450
3400f	080	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	763,392	784,584	960,912

COMBAT RELATED OPERATIONS

			1,822,931	1,806,267	1,942,193
3400f	090	GLOBAL C3I AND EARLY WARNING	762,938	799,683	816,000
3400f	100	NAVIGATION/WEATHER SUPPORT	167,593	165,130	187,671
3400f	110	OTHER COMBAT OPS SUPPORT PROGRAMS	363,266	392,677	425,618
3400f	120	JCS EXERCISES	35,025	37,075	39,406
3400f	130	MANAGEMENT/OPERATIONAL HEADQUARTERS	244,918	182,927	221,692
3400f	140	TACTICAL INTEL AND OTHER SPECIAL ACTIVITIES	249,191	228,775	251,806

SPACE OPERATIONS

			1,317,204	1,451,207	1,622,549
3400f	150	LAUNCH FACILITIES	235,752	245,962	281,022
3400f	160	LAUNCH VEHICLES	112,539	139,621	133,478
3400f	170	SPACE CONTROL SYSTEMS	216,881	235,837	244,626
3400f	180	SATELLITE SYSTEMS	48,848	50,001	60,989
3400f	190	OTHER SPACE OPERATIONS	110,328	204,760	251,191
3400f	200	BASE SUPPORT	424,225	443,585	493,528
3400f	210	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	168,631	131,441	157,715

TOTAL, BA 01: OPERATING FORCES

	12,537,251	13,846,326	14,810,494
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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>MOBILITY OPERATIONS</u>			<u>3,570,812</u>	<u>3,653,547</u>	<u>3,835,341</u>
3400f	220	AIRLIFT OPERATIONS	2,024,119	2,080,608	2,147,117
3400f	230	AIRLIFT OPERATIONS C3I	34,175	37,405	42,298
3400f	240	MOBILIZATION PREPAREDNESS	145,724	168,434	175,023
3400f	250	DEPOT MAINTENANCE	303,152	295,414	312,552
3400f	260	PAYMENTS TO TRANSPORTATION BUSINESS AREA	429,775	473,243	470,700
3400f	270	BASE SUPPORT	444,582	490,593	527,755
3400f	280	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	189,285	107,850	159,896
TOTAL, BA 02: MOBILIZATION			3,570,812	3,653,547	3,835,341
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>			<u>254,152</u>	<u>258,070</u>	<u>300,056</u>
3400f	290	OFFICER ACQUISITION	68,742	66,201	69,262
3400f	300	RECRUIT TRAINING	6,426	5,609	6,879
3400f	310	RESERVE OFFICER TRAINING CORPS (ROTC)	57,339	61,342	68,063
3400f	320	BASE SUPPORT (ACADEMIES ONLY)	67,197	67,062	73,180
3400f	330	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (ACADEMIES ONLY)	54,448	57,856	82,672
<u>BASIC SKILLS AND ADVANCED TRAINING</u>			<u>1,705,540</u>	<u>1,842,115</u>	<u>1,948,241</u>
3400f	340	SPECIALIZED SKILL TRAINING	278,945	311,005	307,625
3400f	350	FLIGHT TRAINING	582,089	663,094	663,762
3400f	360	PROFESSIONAL DEVELOPMENT EDUCATION	101,108	115,253	141,864
3400f	370	TRAINING SUPPORT	79,387	80,165	92,646
3400f	380	DEPOT MAINTENANCE	29,712	7,987	8,242
3400f	390	BASE SUPPORT (OTHER TRAINING)	482,020	521,773	573,464
3400f	400	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION (OTHER TRAINING)	152,279	142,838	160,638
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>			<u>344,125</u>	<u>340,209</u>	<u>402,626</u>
3400f	410	RECRUITING AND ADVERTISING	141,839	130,176	152,289
3400f	420	EXAMINING	2,484	3,488	3,222
3400f	430	OFF DUTY AND VOLUNTARY EDUCATION	93,869	87,264	96,516
3400f	440	CIVILIAN EDUCATION AND TRAINING	71,167	78,639	107,151
3400f	450	JUNIOR ROTC	34,766	40,642	43,448
TOTAL, BA 03: TRAINING AND RECRUITING			2,303,817	2,440,394	2,650,923

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**Total Obligational Authority
(Dollars in Thousands)**

			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>LOGISTICS OPERATIONS</u>			<u>3,241,263</u>	<u>3,182,380</u>	<u>3,067,013</u>
3400f	460	LOGISTICS OPERATIONS	1,019,859	1,015,297	922,106
3400f	470	TECHNICAL SUPPORT ACTIVITIES	397,599	349,046	429,543
3400f	480	SERVICEWIDE TRANSPORTATION	251,923	225,978	237,503
3400f	490	DEPOT MAINTENANCE	153,721	297,477	78,062
3400f	500	BASE SUPPORT	1,113,193	1,064,570	1,154,363
3400f	510	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	304,968	230,012	245,436
<u>SERVICEWIDE ACTIVITIES</u>			<u>2,112,962</u>	<u>1,638,380</u>	<u>1,866,649</u>
3400f	520	ADMINISTRATION	203,723	198,533	224,882
3400f	530	SERVICEWIDE COMMUNICATIONS	318,656	277,387	376,841
3400f	540	PERSONNEL PROGRAMS	169,165	161,862	184,558
3400f	550	RESCUE AND RECOVERY SERVICES	70,414	79,577	110,418
3400f	560	ARMS CONTROL	31,879	34,170	33,092
3400f	570	OTHER SERVICEWIDE ACTIVITIES	1,001,577	577,718	572,320
3400f	580	OTHER PERSONNEL SUPPORT	37,774	38,695	44,716
3400f	590	CIVIL AIR PATROL CORPORATION	20,856	21,503	19,668
3400f	600	BASE SUPPORT	240,750	227,627	276,338
3400f	610	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	18,168	21,308	23,816
<u>SECURITY PROGRAMS</u>			<u>731,240</u>	<u>805,632</u>	<u>1,054,171</u>
3400f	620	SECURITY PROGRAMS	731,240	805,632	1,054,171
<u>SUPPORT TO OTHER NATIONS</u>			<u>22,393</u>	<u>14,331</u>	<u>20,032</u>
3400f	630	INTERNATIONAL SUPPORT	22,393	14,331	20,032
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			6,107,858	5,640,723	6,007,865
Total Operation and Maintenance, Air Force			24,519,738	25,580,990	27,304,623

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Defense-wide					
<u>BUDGET ACTIVITY 1: OPERATING FORCES</u>					
0100d	010	JOINT CHIEFS OF STAFF	389,361	358,614	398,341
0100d	020	SPECIAL OPERATIONS COMMAND	1,360,366	1,396,958	1,531,330
0100d	030	PROBLEM DISBURSEMENTS			
TOTAL, BUDGET ACTIVITY 1:			1,749,727	1,755,572	1,929,671
<u>BUDGET ACTIVITY 2: MOBILIZATION</u>					
0100d	050	DEFENSE LOGISTICS AGENCY	53,754	44,691	41,420
TOTAL, BUDGET ACTIVITY 2:			53,754	44,691	41,420
<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>					
0100d	060	AMERICAN FORCES INFORMATION SERVICE	9,079	11,135	11,232
0100d	070	CLASSIFIED PROGRAMS	-	6,893	6,869
0100d	080	DEFENSE ACQUISITION UNIVERSITY	101,474	95,002	103,514
0100d	090	DEFENSE CONTRACT AUDIT AGENCY	4,297	4,733	4,865
0100d	100	DEFENSE FINANCE AND ACCOUNTING SERVICE	10,927	8,900	9,160
0100d	110	DEFENSE HUMAN RESOURCES ACTIVITY	67,000	51,740	89,161
0100d	120	DEFENSE SECURITY SERVICE	7,392	7,549	9,889
0100d	130	DEFENSE THREAT REDUCTION AGENCY	1,002	1,274	1,292
0100d	1400	SPECIAL OPERATIONS COMMAND	58,369	56,080	62,982
TOTAL, BUDGET ACTIVITY 3:			259,540	243,306	298,964

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES</u>					
0100d	140	AMERICAN FORCES INFORMATION SERVICE	94,405	95,199	98,564
0100d	150	CIVIL MILITARY PROGRAMS	91,146	113,876	97,006
0100d	160	CLASSIFIED PROGRAMS	4,463,957	4,759,948	5,864,228
0100d	170	DEFENSE CONTRACT AUDIT AGENCY	327,259	331,251	377,495
0100d	180	DEFENSE CONTRACT MANAGEMENT AGENCY	924,019	927,054	1,070,567
0100d	190	DEFENSE FINANCE AND ACCOUNTING SERVICE	2,130	1,381	2,282
0100d	200	DEFENSE HUMAN RESOURCES ACTIVITY	190,119	195,040	256,042
0100d	210	DEFENSE INFORMATION SYSTEMS AGENCY	826,578	941,159	956,644
0100d	220	DEFENSE LOGISTICS AGENCY	216,378	185,168	201,171
0100d	230	DEFENSE LEGAL SERVICES AGENCY	11,207	12,334	14,385
0100d	240	DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,482,651	1,460,315	1,616,135
0100d	250	DEFENSE POW /MISSING PERSONS OFFICE	14,690	15,363	15,974
0100d	260	DEFENSE SECURITY COOPERATION AGENCY	56,941	70,430	67,927
0100d	270	DEFENSE SECURITY SERVICE	130,282	114,792	170,447
0100d	280	DEFENSE THREAT REDUCTION AGENCY	225,024	245,510	273,510
0100d	290	OFFICE OF ECONOMIC ADJUSTMENT	43,208	43,634	14,740
0100d	300	OFFICE OF THE SECRETARY OF DEFENSE	528,924	534,468	499,943
0100d	310	SPECIAL OPERATIONS COMMAND	47,323	40,568	62,885
0100d	320	SPECIAL ACTIVITIES	6,502	155,419	68,000
0100d	330	JOINT CHIEFS OF STAFF	158,032	160,740	184,483
0100d	340	WASHINGTON HEADQUARTERS SERVICES	298,478	319,245	332,821
0100d	350	PROBLEM DISBURSEMENTS			
TOTAL, BUDGET ACTIVITY 4:			10,139,253	10,722,894	12,245,249
Total Operation and Maintenance, Defense-Wide			12,202,274	12,766,463	14,515,304

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Army Reserve				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>LAND FORCES</u>		<u>689,948</u>	<u>735,335</u>	<u>920,638</u>
2080a	010 DIVISION FORCES	10,411	14,336	16,323
2080a	020 CORPS COMBAT FORCES	21,393	24,493	33,211
2080a	030 CORPS SUPPORT FORCES	201,293	232,244	281,583
2080a	040 ECHELON ABOVE CORPS FORCES	103,558	114,925	128,348
2080a	050 LAND FORCES OPERATIONS SUPPORT	353,293	349,337	461,173
<u>LAND FORCES READINESS</u>		<u>231,740</u>	<u>256,869</u>	<u>226,668</u>
2080a	060 FORCES READINESS OPERATIONS SUPPORT	137,962	137,894	115,962
2080a	070 LAND FORCES SYSTEM READINESS	47,038	59,371	62,255
2080a	080 DEPOT MAINTENANCE	46,740	59,604	48,451
<u>LAND FORCES READINESS SUPPORT</u>		<u>489,304</u>	<u>558,406</u>	<u>541,113</u>
2080a	090 BASE SUPPORT	356,738	397,384	361,907
2080a	100 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	130,694	158,533	176,494
2080a	110 ADDITIONAL ACTIVITIES	1,872	2,489	2,712
TOTAL, BA 01: OPERATING FORCES		1,410,992	1,550,610	1,688,419
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>				
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>190,341</u>	<u>201,710</u>	<u>234,911</u>
2080a	120 ADMINISTRATION	37,418	39,123	48,752
2080a	130 SERVICEWIDE COMMUNICATIONS	22,574	29,337	34,842
2080a	140 PERSONNEL/FINANCIAL ADMINISTRATION (MANPOWER MANAGEMENT)	46,685	44,033	50,044
2080a	150 RECRUITING AND ADVERTISING	83,664	89,217	101,273
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		190,341	201,710	234,911
Total Operation and Maintenance, Army Reserve		1,601,333	1,752,320	1,923,330

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Navy Reserve					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>RESERVE AIR OPERATIONS</u>			<u>481,469</u>	<u>525,446</u>	<u>548,489</u>
1806n	010	MISSION AND OTHER FLIGHT OPERATIONS	361,515	391,006	398,320
1806n	030	INTERMEDIATE MAINTENANCE	15,971	17,076	18,003
1806n	040	AIR OPERATION AND SAFETY SUPPORT	1,890	1,933	2,268
1806n	050	AIRCRAFT DEPOT MAINTENANCE	101,875	115,110	129,532
1806n	060	AIRCRAFT DEPOT OPS SUPPORT	218	321	366
<u>RESERVE SHIP OPERATIONS</u>			<u>143,836</u>	<u>135,233</u>	<u>164,296</u>
1806n	070	MISSION AND OTHER SHIP OPERATIONS	57,061	53,672	68,219
1806n	080	SHIP OPERATIONAL SUPPORT AND TRAINING	8,608	553	558
1806n	090	INTERMEDIATE MAINTENANCE	11,507	7,186	11,712
1806n	100	SHIP DEPOT MAINTENANCE	64,520	71,366	80,272
1806n	110	SHIP DEPOT OPERATIONS SUPPORT	2,140	2,456	3,535
<u>RESERVE COMBAT OPERATIONS SUPPORT</u>			<u>35,216</u>	<u>36,921</u>	<u>69,864</u>
1806n	120	COMBAT SUPPORT FORCES	35,216	36,921	69,864
<u>RESERVE WEAPONS SUPPORT</u>			<u>5,420</u>	<u>5,531</u>	<u>5,668</u>
1806n	130	WEAPONS MAINTENANCE	5,420	5,531	5,668
<u>BASE SUPPORT</u>			<u>209,836</u>	<u>208,982</u>	<u>212,718</u>
1806n	140	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	66,488	61,725	66,599
1806n	150	BASE SUPPORT	143,348	147,257	146,119
TOTAL, BA 01: OPERATING FORCES			875,777	912,113	1,001,035

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>			<u>139,344</u>	<u>84,901</u>	<u>164,926</u>
1806n	160	ADMINISTRATION	10,811	11,001	12,023
1806n	170	CIVILIAN MANPOWER & PERSONNEL	1,837	1,931	2,161
1806n	180	MILITARY MANPOWER & PERSONNEL	34,137	33,848	32,479
1806n	190	SERVICEWIDE COMMUNICATIONS	86,662	31,844	111,766
1806n	200	COMBAT/WEAPONS SYSTEM	5,292	5,606	5,766
1806n	210	OTHER SERVICEWIDE SUPPORT	605	671	731
<u>CANCELLED ACCOUNTS</u>			<u>211</u>	=	=
1806n	220	CANCELLED ACCOUNTS	211	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			139,555	84,901	164,926
Total Operation and Maintenance, Navy Reserve			1,015,332	997,014	1,165,961

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Marine Corps Reserve				
 <u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>MISSION FORCES</u>		<u>113,893</u>	<u>111,619</u>	<u>154,193</u>
1107n	010 OPERATING FORCES	54,076	49,050	80,723
1107n	020 DEPOT MAINTENANCE	12,014	7,784	12,571
1107n	030 BASE SUPPORT	19,752	23,938	29,473
1107n	040 TRAINING SUPPORT	17,753	18,144	20,641
1107n	050 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	10,298	12,703	10,785
TOTAL, BA 01: OPERATING FORCES		113,893	111,619	154,193
 <u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>				
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>32,702</u>	<u>31,564</u>	<u>31,339</u>
1107n	060 SPECIAL SUPPORT	8,200	8,596	8,461
1107n	070 SERVICEWIDE TRANSPORTATION	415	491	500
1107n	080 ADMINISTRATION	7,157	8,436	9,977
1107n	090 BASE SUPPORT	7,111	5,919	4,130
1107n	100 RECRUITING AND ADVERTISING	9,819	8,122	8,271
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		32,702	31,564	31,339
Total Operation and Maintenance, Marine Corps Reserve		146,595	143,183	185,532

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Air Force Reserve					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>			<u>1,844,800</u>	<u>1,910,263</u>	<u>2,083,729</u>
3740f	010	PRIMARY COMBAT FORCES	1,158,396	1,250,741	1,346,055
3740f	020	MISSION SUPPORT OPERATIONS	66,869	60,888	69,818
3740f	030	DEPOT MAINTENANCE	298,970	318,501	337,113
3740f	040	BASE SUPPORT	248,062	242,089	282,280
3740f	050	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	72,503	38,044	48,463
TOTAL, BA 01: OPERATING FORCES			1,844,800	1,910,263	2,083,729
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>			<u>98,323</u>	<u>95,564</u>	<u>107,188</u>
3740f	060	ADMINISTRATION	55,229	52,083	57,136
3740f	070	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	18,937	24,466	24,088
3740f	080	RECRUITING AND ADVERTISING	15,611	11,848	18,683
3740f	090	OTHER PERSONNEL SUPPORT	6,626	6,547	6,593
3740f	100	AUDIOVISUAL	1,920	620	688
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			98,323	95,564	107,188
Total Operation and Maintenance, Air Force Reserve			1,943,123	2,005,827	2,190,917

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Army National Guard				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>LAND FORCES</u>		<u>1,442,725</u>	<u>1,814,424</u>	<u>2,124,777</u>
2065a	010 DIVISIONS	352,492	478,073	592,730
2065a	020 CORPS COMBAT FORCES	483,465	566,868	652,895
2065a	030 CORPS SUPPORT FORCES	209,370	280,131	313,967
2065a	040 ECHELON ABOVE CORPS FORCES	359,080	477,093	516,742
2065a	050 LAND FORCES OPERATIONS SUPPORT	38,318	12,259	48,443
<u>LAND FORCES READINESS</u>		<u>255,167</u>	<u>394,940</u>	<u>362,404</u>
2065a	060 FORCE READINESS OPERATIONS SUPPORT	0	75,305	75,746
2065a	070 LAND FORCES SYSTEMS READINESS	83,426	127,423	107,925
2065a	080 LAND FORCES DEPOT MAINTENANCE	171,741	192,212	178,733
<u>LAND FORCES READINESS SUPPORT</u>		<u>1,474,410</u>	<u>1,299,973</u>	<u>1,392,540</u>
2065a	090 BASE OPERATIONS SUPPORT	568,229	489,173	561,967
2065a	100 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	241,096	372,793	363,571
2065a	110 MANAGEMENT & OPERATIONAL HEADQUARTERS	626,141	392,792	420,329
2065a	120 MISCELLANEOUS ACTIVITIES	38,944	45,215	46,673
TOTAL, BA 01: OPERATING FORCES		3,172,302	3,509,337	3,879,721
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>				
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>241,340</u>	<u>224,408</u>	<u>257,101</u>
2065a	130 STAFF MANAGEMENT	93,100	84,106	104,409
2065a	140 INFORMATION MANAGEMENT	21,227	21,586	15,565
2065a	150 PERSONNEL ADMINISTRATION	39,971	35,902	52,259
2065a	160 RECRUITING AND ADVERTISING	87,042	82,814	84,868
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		241,340	224,408	257,101
Total Operation and Maintenance, Army National Guard		3,413,642	3,733,745	4,136,822

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Operation and Maintenance, Air National Guard					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>			<u>3,586,138</u>	<u>3,939,374</u>	<u>4,115,962</u>
3840f	010	AIRCRAFT OPERATIONS	2,244,684	2,610,755	2,637,374
3840f	020	MISSION SUPPORT OPERATIONS	450,474	359,807	341,385
3840f	030	BASE SUPPORT	305,947	373,658	407,751
3840f	040	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	119,300	97,092	164,228
3840f	050	DEPOT MAINTENANCE	465,733	498,062	565,224
TOTAL, BA 01: OPERATING FORCES			3,586,138	3,939,374	4,115,962
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE ACTIVITIES</u>			<u>22,545</u>	<u>12,682</u>	<u>34,999</u>
3840f	060	ADMINISTRATION	3,012	2,909	24,871
3840f	070	RECRUITING AND ADVERTISING	19,533	9,773	10,128
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			22,545	12,682	34,999
Total Operation and Maintenance, Air National Guard			3,608,683	3,952,056	4,150,961

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		Total Obligational Authority		
		(Dollars in Thousands)		
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>TRANSFER ACCOUNTS</u>				
0810a	010 ENVIRONMENTAL RESTORATION, ARMY		387,091	395,900
0810n	020 ENVIRONMENTAL RESTORATION, NAVY		255,192	256,948
0810f	030 ENVIRONMENTAL RESTORATION, AIR FORCE		382,758	389,773
0810d	040 ENVIRONMENTAL RESTORATION, DEFENSE-WIDE		23,329	23,498
0811d	050 ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES		220,710	212,102
0105d	060 DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES		847,628	848,907
0118d	070 OVERSEAS CONTINGENCIES		178,394	50,000
	TOTAL, O&M, TRANSFER ACCOUNTS	-	2,295,102	2,177,128
<u>MISCELLANEOUS</u>				
0107d	080 OFFICE OF THE INSPECTOR GENERAL	145,404	152,680	165,440
0104d	090 U.S. COURT OF APPEALS FOR THE ARMED FORCES	8,491	9,096	9,925
0838d	100 SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	12,261	33,138	19,000
0819d	110 OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AFFAIRS	48,277	56,855	58,400
1236n	120 PAYMENT TO KAHO'OLAWA ISLAND	73,648	66,891	25,000
0833d	130 EMERGENCY RESPONSE FUND, DEFENSE	490,824	15,392,470	20,055,000
0130d	140 DEFENSE HEALTH PROGRAM	13,580,291	18,806,306	14,706,227
0134d	150 FORMER SOVIET UNION THREAT REDUCTION	442,425	400,199	416,700
0839d	160 QUALITY OF LIFE ENHANCEMENTS	160,147	-	-
0840d	170 OPPLAN 34A-35 P.O.W.	572	5,321	-
0099d	180 COUNTER-TERRORISM/WMD DEFENSE	-	474,678	
	TOTAL, MISCELLANEOUS	14,962,340	35,397,634	35,455,692
	TOTAL OPERATION AND MAINTENANCE TITLE:	114,539,666	140,229,855	150,174,090

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	Total Obligational Authority (Dollars in Thousands)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>APPROPRIATION SUMMARY</u>			
<u>Department of the Army</u>			
OPERATION AND MAINTENANCE, ARMY	22,765,863	21,987,085	24,581,055
OPERATION AND MAINTENANCE, ARMY RESERVE	1,601,333	1,752,320	1,923,330
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD	3,413,642	3,733,745	4,136,822
Total Department of the Army	27,780,838	27,473,150	30,641,207
<u>Department of the Navy</u>			
OPERATION AND MAINTENANCE, NAVY	25,438,639	26,714,451	29,028,813
OPERATION AND MAINTENANCE, MARINE CORPS	2,922,104	2,903,985	3,357,952
OPERATION AND MAINTENANCE, NAVY RESERVE	1,015,332	997,014	1,165,961
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE	146,595	143,183	185,532
PAYMENT TO KAHO'OLAWA ISLAND	73,648	66,891	25,000
Total Department of the Navy	29,596,318	30,825,524	33,763,258
<u>Department of the Air Force</u>			
OPERATION AND MAINTENANCE, AIR FORCE	24,519,738	25,580,990	27,304,623
OPERATION AND MAINTENANCE, AIR FORCE RESERVE	1,943,123	2,005,827	2,190,917
OPERATION AND MAINTENANCE, AIR NATIONAL GUARD	3,608,683	3,952,056	4,150,961
Total Department of the Air Force	30,071,544	31,538,873	33,646,501
<u>Defense-Wide</u>			
OPERATION AND MAINTENANCE, DEFENSE-WIDE	12,202,274	12,766,463	14,515,304

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	Total Obligational Authority		
	(Dollars in Thousands)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Transfer Accounts and Miscellaneous</u>			
OFFICE OF THE INSPECTOR GENERAL	145,404	152,680	165,440
U.S. COURT OF APPEALS FOR THE ARMED FORCES	8,491	9,096	9,925
SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	12,261	33,138	19,000
ENVIRONMENTAL RESTORATION, ARMY	-	387,091	395,900
ENVIRONMENTAL RESTORATION, NAVY	-	255,192	256,948
ENVIRONMENTAL RESTORATION, AIR FORCE	-	382,758	389,773
ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	-	23,329	23,498
ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES	-	220,710	212,102
OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AFFAIRS	48,277	56,855	58,400
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES	-	847,628	848,907
EMERGENCY RESPONSE FUND, DEFENSE	490,824	15,392,470	20,055,000
DEFENSE HEALTH PROGRAM	13,580,291	18,806,306	14,706,227
FORMER SOVIET UNION THREAT REDUCTION	442,425	400,199	416,700
QUALITY OF LIFE ENHANCEMENTS	160,147	-	-
OVERSEAS CONTINGENCIES	-	178,394	50,000
OPPLAN 34A-35 P.O.W.	572	5,321	-
COUNTER-TERRORISM/WMD DEFENSE	-	474,678	
Total Miscellaneous	14,888,692	37,625,845	37,607,820
TOTAL OPERATION AND MAINTENANCE TITLE:	114,539,666	140,229,855	150,174,090