

## ARMY

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

\* 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 1<sup>st</sup> Cavalry and 4<sup>th</sup> 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**

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

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**

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

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.