

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.

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Budget Activity 1: Operating Forces

	(\$ in Millions)					
FY 2000 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2001 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2002 <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

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>
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.