

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.

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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

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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>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)	2,865.3	+241.2	3,106.5	+230.9	3,337.4
Installations					
CONUS	80	-	80	-	80
Overseas	25	-	25	-	25

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	<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

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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

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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>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Funding (\$ in millions)	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.