

## 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	19.9	-0.5	-9.6	9.8	+0.2	+0.2	10.2
<b>Total</b>	<b>1,298.0</b>	<b>-34.1</b>	<b>-26.7</b>	<b>1,237.2</b>	<b>+4.6</b>	<b>+162.4</b>	<b>1,404.2</b>

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**

<b><u>First Destination Transportation</u></b>	<b><u>(\$ in Millions)</u></b>							
	<b><u>FY 2001</u></b>				<b><u>FY 2002</u></b>			<b><u>FY 2003</u></b>
	<b><u>Actuals</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	
Commercial	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:

<b><u>Second Destination Transportation</u></b>	<b><u>(\$ in Millions)</u></b>							
	<b><u>FY 2001</u></b>				<b><u>FY 2002</u></b>			<b><u>FY 2003</u></b>
	<b><u>Actuals</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	
<b><u>Major Commodity</u></b>	<b>1,251.4</b>	<b>-34.8</b>	<b>-25.6</b>	<b>1,191.0</b>	<b>+0.3</b>	<b>+165.3</b>	<b>1,356.6</b>	
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	
<b><u>Mode of Shipment</u></b>	<b>1,251.4</b>	<b>-34.8</b>	<b>-25.6</b>	<b>1,191.0</b>	<b>+0.3</b>	<b>+165.3</b>	<b>1,356.6</b>	
<b><u>Military Commands</u></b>	<b>898.6</b>	<b>-38.5</b>	<b>-42.2</b>	<b>817.9</b>	<b>-4.5</b>	<b>+165.2</b>	<b>978.6</b>	
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**

<b><u>Second Destination Transportation</u></b>	<b><u>(\$ in Millions)</u></b>							
	<b>FY 2001</b>				<b>FY 2002</b>			<b>FY 2003</b>
	<b><u>Actuals</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	<b><u>Price</u></b>	<b><u>Program</u></b>	<b><u>Estimate</u></b>	
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	
<b><u>Commercial</u></b>	<b><u>352.8</u></b>	<b><u>3.7</u></b>	<b><u>16.6</u></b>	<b><u>373.1</u></b>	<b><u>4.8</u></b>	<b><u>0.1</u></b>	<b><u>378.0</u></b>	
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	