

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

	(\$ in Millions)									
	<u>FY 2002 Actual</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2003 Estimate</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2004 Estimate</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2005 Estimate</u>
Army	1,470.2	-0.7	+262.6	1,732.1	+37.7	+45.3	1,815.1	+56.6	+115.2	1,986.9
Navy	1,319.0	+30.0	+386.0	1,735.0	+34.0	-389.0	1,380.0	+27.0	-37.0	1,370.0
Marine Corps	426.8	-	+56.3	483.1	+4.2	+92.4	579.7	+11.6	-35.1	556.2
Air Force	1,772.8	+21.6	-38.1	1,756.3	+71.2	-47.0	1,780.5	+73.2	+183.5	2,037.2
Defense-Wide	120.2	+3.5	+55.6	179.3	+5.7	+37.5	222.5	-1.2	-4.2	217.1
Defense Health Program	702.4	-	-252.7	449.7	+7.0	+35.9	492.6	+10.4	+2.1	505.1
Army Reserve	150.1	+2.3	+26.4	178.8	+2.7	-2.0	179.5	+2.8	-40.6	141.7
Navy Reserve	56.0	+0.9	+77.7	134.6	+0.8	-73.4	62.0	+1.2	+12.7	75.9
Marine Corps Reserve	10.5	+0.1	+13.0	23.6	+0.4	-15.2	8.8	+0.1	-0.9	8.0
Air Force Reserve	90.6	+1.3	-44.0	47.9	+1.0	+12.9	61.8	+1.1	-0.7	62.2
Army National Guard	256.8	+2.8	+105.1	364.7	+5.5	+10.0	380.2	+6.1	-78.0	308.3
Air National Guard	<u>186.9</u>	<u>+2.1</u>	<u>-25.3</u>	<u>163.7</u>	<u>+2.4</u>	<u>-11.3</u>	<u>154.8</u>	<u>+2.5</u>	<u>+58.3</u>	<u>215.6</u>
Total	6,562.3	+63.9	+622.6	7,248.8	+172.6	-303.9	7,117.5	+191.4	+175.3	7,484.2

The Facilities Sustainment, Restoration and Modernization (SRM) program, 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 to accommodate new functions or missions. The demolition program provides funds to demolish and dispose of obsolete and excess structures of which some have been around since World War II.

The FY 2004 budget request of \$7,117.5 million includes price growth of \$172.6 million and net program growth of \$-303.9 million (-4.2 percent) below the FY 2003 funding level. This request includes \$7,030.7 million for the SRM program, which includes price growth of \$171.0 million and net program growth of \$-286.5 million (-4.0 percent) below the FY 2003 funded level. It also includes \$86.8 million for the demolition program, which includes price growth of \$1.6 million and net program growth of \$-17.4 million (-17.0 percent) below the FY 2003 funded level.

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

The following data provides details on funding levels for 1) Facilities Sustainment, 2) Restoration and Modernization, 3) Total Facilities Sustainment, Restoration, and Modernization, 4) Demolition. The personnel data associated with these efforts is also provided.

FACILITIES SUSTAINMENT

	(\$ in Millions)									
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	1,248.7	-1.0	+468.6	1,716.3	+38.7	+3.7	1,758.7	+55.1	+82.8	1,896.6
Navy	1,027.0	+23.0	+17.0	1,067.0	+21.0	+34.0	1,122.0	+22.0	+3.0	1,147.0
Marine Corps	42.7	-	-21.4	21.3	+2.0	+66.0	89.3	+3.8	+3.0	96.1
Air Force	1,089.2	+15.2	+381.1	1,485.5	+69.3	-41.5	1,513.3	+71.1	-54.4	1,530.0
Defense-Wide	82.7	+2.2	+40.8	125.7	+4.7	+38.7	169.1	+1.6	+2.7	173.4
Defense Health Program	443.6	-0.6	-136.8	306.2	+4.8	+3.0	314.0	+6.6	+0.2	320.8
Army Reserve	147.6	+2.3	+26.3	176.2	+2.7	+0.6	179.5	+2.8	-40.6	141.7
Navy Reserve	48.5	+0.8	+8.6	57.9	+0.4	-6.1	52.2	+1.0	-7.5	45.7
Marine Corps Reserve	7.9	+0.1	-1.0	7.0	+0.3	-0.1	7.2	+0.1	-	7.3
Air Force Reserve	36.5	+0.7	+4.5	41.7	+0.9	+7.1	49.7	+0.9	-0.4	50.2
Army National Guard	256.8	+2.8	+105.1	364.7	+5.5	+10.0	380.2	+6.1	-78.0	308.3
Air National Guard	<u>122.4</u>	<u>+1.4</u>	<u>-95.6</u>	<u>28.2</u>	<u>+0.4</u>	<u>+3.1</u>	<u>31.7</u>	<u>+0.5</u>	<u>+56.7</u>	<u>88.9</u>
Total	4,553.6	+46.9	+797.2	5,397.7	+150.7	+118.5	5,666.9	+171.6	-32.5	5,806.0

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

RESTORATION AND MODERNIZATION

	(\$ in Millions)									
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	198.0	+0.5	-184.0	14.5	-1.0	+7.0	20.5	+0.4	+39.3	60.2
Navy	257.0	+6.0	+364.0	627.0	+12.0	-424.0	215.0	+4.0	-41.0	178.0
Marine Corps	379.1	-	+77.7	456.8	+2.2	+26.4	485.4	+7.8	-38.1	455.1
Air Force	621.3	+6.0	-396.0	231.3	+1.3	+34.6	267.2	+2.1	+237.9	507.2
Defense-Wide	37.5	+1.3	+8.3	47.1	+1.0	+5.3	53.4	-2.8	-6.9	43.7
Defense Health Program	258.8	+0.6	-115.9	143.5	+2.2	+32.9	178.6	+3.8	+1.9	184.3
Army Reserve	-	-	-	-	-	-	-	-	-	-
Navy Reserve	6.9	+0.1	+65.7	72.7	+0.4	-66.2	6.9	+0.1	+20.0	27.0
Marine Corps Reserve	2.6	-	+14.0	16.6	+0.1	-15.1	1.6	-	-0.9	0.7
Air Force Reserve	53.6	+0.6	-48.0	6.2	+0.1	+5.8	12.1	+0.2	-2.2	10.1
Army National Guard	-	-	-	-	-	-	-	-	-	-
Air National Guard	<u>62.1</u>	<u>+0.7</u>	<u>+70.0</u>	<u>132.8</u>	<u>+2.0</u>	<u>-11.7</u>	<u>123.1</u>	<u>+2.0</u>	<u>+1.6</u>	<u>126.7</u>
Total	1,876.9	+15.8	-144.2	1,748.5	+20.3	-405.0	1,363.8	+17.6	+211.6	1,593.0

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

TOTAL - SUSTAINMENT, RESTORATION, AND MODERNIZATION

	(\$ in Millions)									
	FY 2002 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2003 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
Army	1,446.7	-0.5	+284.6	1,730.8	+37.7	+10.7	1,779.2	+55.5	+122.1	1,956.8
Navy	1,284.0	+29.0	+381.0	1,694.0	+33.0	-390.0	1,337.0	+26.0	-38.0	1,325.0
Marine Corps	421.8	-	+56.3	478.1	+4.2	+92.4	574.7	+11.6	-35.1	551.2
Air Force	1,710.5	+21.2	-14.9	1,716.8	+70.6	-6.9	1,780.5	+73.2	+183.5	2,037.2
Defense-Wide	120.2	+3.5	+49.1	172.8	+5.7	+44.0	222.5	-1.2	-4.2	217.1
Defense Health Program	702.4	-	-252.7	449.7	+7.0	+35.9	492.6	+10.4	+2.1	505.1
Army Reserve	147.6	+2.3	+26.3	176.2	+2.7	+0.6	179.5	+2.8	-40.6	141.7
Navy Reserve	55.4	+0.9	+74.3	130.6	+0.8	-72.3	59.1	+1.1	+12.5	72.7
Marine Corps Reserve	10.5	+0.1	+13.0	23.6	+0.4	-15.2	8.8	+0.1	-0.9	8.0
Air Force Reserve	90.1	+1.3	-43.5	47.9	+1.0	+12.9	61.8	+1.1	-2.6	60.3
Army National Guard	256.8	+2.8	+105.1	364.7	+5.5	+10.0	380.2	+6.1	-78.0	308.3
Air National Guard	<u>184.5</u>	<u>+2.1</u>	<u>-25.6</u>	<u>161.0</u>	<u>+2.4</u>	<u>-8.6</u>	<u>154.8</u>	<u>+2.5</u>	<u>+58.3</u>	<u>215.6</u>
Total	6,430.5	+62.7	+653.0	7,146.2	+171.0	-286.5	7,030.7	+189.2	+179.1	7,399.0

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

DEMOLITION COSTS

(\$ in Millions)

	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	23.5	-0.2	-22.0	1.3	-	+34.6	35.9	+1.1	-6.9	30.1
Navy	35.0	+1.0	+5.0	41.0	+1.0	+1.0	43.0	+1.0	+1.0	45.0
Marine Corps	5.0	-	-	5.0	-	-	5.0	-	-	5.0
Air Force	62.3	+0.4	-23.2	39.5	+0.6	-40.1	0.0	-	-	0.0
Defense-Wide	-	-	+6.5	6.5	-	-6.5	-	-	-	-
Defense Health Program	-	-	-	-	-	-	-	-	-	-
Army Reserve	2.5	-	+0.1	2.6	-	-2.6	-	-	-	-
Navy Reserve	0.6	-	+3.4	4.0	-	-1.1	2.9	+0.1	+0.2	3.2
Marine Corps Reserve	-	-	-	-	-	-	-	-	-	-
Air Force Reserve	0.5	-	-0.5	-	-	-	-	-	+1.9	1.9
Army National Guard	-	-	-	-	-	-	-	-	-	-
Air National Guard	2.4	-	+0.3	2.7	-	-2.7	-	-	-	-
Total	131.8	+1.2	-30.4	102.6	+1.6	-17.4	86.8	+2.2	-3.8	85.2

(May not add due to rounding)

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

PERSONNEL DATA

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actuals</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active Force Military Personnel (End Strength)</u>							
Officer	326	-67	259	-52	207	-7	200
Enlisted	<u>4,792</u>	<u>-782</u>	<u>4,010</u>	<u>-69</u>	<u>3,941</u>	<u>-170</u>	<u>3,771</u>
Total	5,118	-849	4,269	-121	4,148	-177	3,971
<u>Civilian Personnel (Full-Time Equivalent)</u>							
U.S. Direct Hires	16,145	-2,545	13,600	-474	13,126	-296	12,830
Foreign National							
Direct Hires	<u>2,402</u>	<u>-866</u>	<u>1,526</u>	<u>-83</u>	<u>1,443</u>	<u>0</u>	<u>1,443</u>
Total Direct Hire	18,547	-3,411	15,126	-557	14,569	-296	14,273
Foreign National							
Indirect Hire	<u>3,260</u>	<u>547</u>	<u>3,807</u>	<u>4</u>	<u>3,811</u>	<u>-4</u>	<u>3,807</u>
Total	21,807	-2,864	18,933	-553	18,380	-300	18,080

Army

The Army is requesting \$1,779.2 million in FY 2004 for SRM in its O&M, Army appropriation. These funds reflect a net increase of \$48.4 million from the FY 2003 funding level (\$+37.7 million in price growth and \$+10.7 million (+0.6 percent) in increased program). This increase is primarily attributed to Army's commitment to sustain facilities and halt further deterioration by realigning funds to ensure sustainment levels of 93% of the requirements. The Army is requesting \$35.9 million for its Demolition program, which reflects a program growth of \$34.6 million from the FY 2003 funded level. The increase allows the Army to eliminate undesirable or excess infrastructure, while remaining committed to fully fund repair and maintenance of its infrastructure bringing the facility ratings up from C3 to C2 or better.

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Navy

The Navy is requesting \$1,337.0 million in FY 2004 for SRM in its O&M, Navy appropriation. These funds reflect a net decrease of \$357.0 million from the FY 2003 funding level (\$+33.0 million in price growth and \$-390.0 million (-23.0 percent) in decreased program). The program reduction reflects adjustments to fund facilities sustainment to 93% of the requirement per the facility sustainment model (\$+108 million), to fund sustainment, restoration and modernization at Puget Sound, Naval Shipyard (\$+29 million), to account for efficiencies anticipated due to Installation Claimant Consolidation (ICC) (\$-28 million), to account for Congressional increases not extended to FY 2004 (\$-273 million), one-time FY 2003 costs for Training Resource Strategy (\$-50 million), and reductions in restoration and modernization (\$-176 million). The Navy is requesting \$43.0 million for its demolition program, which reflects a net increase of \$2.0 million from the FY 2003 funded level. This includes price growth of \$1.0 million and program growth of \$1.0 million (+2.4 percent).

Marine Corps

The Marine Corps is requesting \$574.7 million in FY 2004 for SRM in its O&M, Marine Corps appropriation. These funds reflect a net increase of \$96.6 million from the FY 2003 funding level (\$4.2 million in price growth and \$92.4 million (+19.3 percent) in increased program). The program increase is primarily to fully fund Sustainment costs and increasing funds for Restoration and Modernization projects at Marine Corps bases worldwide. The Marine Corps is requesting \$5.0 million for its demolition program, which is consistent with the prior two years funding levels.

Air Force

The Air Force is requesting \$1,780.5 million in FY 2004 for SRM in its O&M, Air Force appropriation. These funds reflect a net increase of \$63.7 million from the FY 2003 funding level (\$70.6 million in price growth and \$-6.9 million (-0.4 percent) in reduced program). An increase to Restoration and Modernization (R&M) of \$+34.6 million, which will partially address the previously deferred R&M requirements backlog is offset by a decrease of \$41.5M in Facilities Sustainment. The Air Force is not requesting funding for its demolition program, which reflects a net reduction of \$39.5 million from the FY 2003 funded level, thereby deferring facility demolition and consolidation project requirements to FY 2008/2009.

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Defense-Wide

The Defense-Wide activities are requesting \$222.5 million in FY 2004 for SRM in its O&M, Defense-Wide appropriation. These funds reflect a net increase of \$49.7 million from FY 2003 funding level (\$5.7 million in price growth and \$44.0 million (+25.5 percent) in increased program. This increase is primarily to provide funds for the resources required to meet critical SRM requirements which support operational activities at the National Security Agency Headquarters complex. The Defense-Wide activities are not requesting funding for its demolition program, which reflects a net reduction of \$6.5 million from the FY 2003 funded level.

Defense Health Program (DHP)

The DHP is requesting \$492.6 million in FY 2004 for SRM in its O&M budget activity. These funds reflect a net increase of \$42.9 million from the FY 2003 funding level (\$7.0 million for price growth and \$35.9 million (+8.0 percent) of program growth). This program growth reflects the realization of inventory Plant Replacement Value (PRV) using the DoD Standard PRV formula and investment in Restoration and Modernization based on a 50-year recapitalization rate.

Guard and Reserve Forces

The Guard and Reserve Forces are requesting \$844.2 million in FY 2004, which reflects a net decrease of \$59.8 million from the FY 2003 funding level (\$12.8 million in price growth and \$-72.6 million (-8.0 percent) in reduced 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.

The net program reduction reflects program increases to 1) Air Force Reserve to reduce airfield obstruction, restore military and civilian positions, and eliminate facilities backlog by restoring and modernizing facilities (\$+12.9 million); 2) Army Reserve and Army National Guard to support sustainment of 93% of the requirement per the facility sustainment model (\$+10.6 million); and 3) Navy Reserve to fund sustainment, restoration and modernization projects directly related to Anti-Terrorism Force Protection (\$+3.9 million). These increases are offset by program decreases associated with 1) one-time congressional increases not extended in FY 2004 for Navy Reserve and Air National Guard (\$-70.3 million); 2) facilities sustainment to 93% of the requirement per the facility sustainment model from Navy, Reserve funding (\$-6.1 million); 3) efficiencies anticipated due to the Navy's Installation Claimant Consolidation (ICC) (\$-1.3 million); 4) one-time FY 2003 Marine Corps Reserve maintenance projects (\$-15.2 million); 5) Air National Guard facility workaround requirements (\$-4.0 million); and 6) recapitalization of Air National Guard facilities (\$-3.0 million).

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In addition, Navy Reserve is requesting \$2.9 million for their demolition program in FY 2004, a program decrease of \$-1.1 million (-27.5 percent) below the FY 2003 funding level. The Army Reserve and Air National Guard reduced their demolition program by the full FY 2003 funding level (\$-2.6 million and \$-2.7 million, respectively). The other Guard and Reserve components are not requesting demolition funding in FY 2004.