

MOBILIZATION

	(\$ 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	599.0	+24.5	-123.0	500.5	+30.9	+7.4	538.8	+13.6	+79.5	631.9
Navy	800.9	+15.3	-56.2	760.0	-19.6	-13.2	727.2	+20.7	-18.1	729.8
Marine Corps	87.4	+3.6	-7.7	83.3	-	-2.3	81.0	+1.4	-1.6	80.8
Air Force	4,499.5	-3.1	-689.9	3,806.5	+140.4	-493.6	3,453.3	+104.2	-45.9	3,511.6
Total	5,986.8	+40.3	-876.8	5,150.3	+151.7	-501.7	4,800.3	+139.9	+13.9	4,954.1

Mobilization provides for strategic and tactical airlift and sealift capability to deploy combat forces and materiel in contingencies. The Mobilization program funds an adequate inventory of immediately available supplies and equipment, stationed both afloat and on land, to sustain the operating forces for lengths of time and levels of conflict outlined in the National Military Strategy. In addition, it funds the inactivation of Navy ships and submarines, which accounts for nearly one-third of the Navy's Mobilization program.

The Mobilization program decreases by \$350.0 million from FY 2003 to FY 2004. This includes price growth of \$151.7 million and real program decrease of \$501.7 million (-9.7 percent). The price growth is primarily associated with Air Mobility Command (AMC) and Military Sealift Command (MSC) Defense Working Capital Fund rate changes. The majority of the program decrease is associated with the Air Force Mobility Operations Airlift Operations program which due to positive accumulated operating results in the Transportation Working Capital Fund, the Active Air Force will not need to reimburse the Transportation Working Capital Fund (TWCF) in FY 2004 (\$-355.0 million). The other significant reduction represents the one-time effect of \$160.6 million in FY 2003 Defense Emergency Fund added to support CONUS combat air patrol, anti-terrorism/force protection, and aircraft communications modifications. The funding profile shown above includes all Budget Activity 2 (Mobilization) resources plus the Marine Corps Prepositioning activity group included in Budget Activity 1 (Operating Forces).

MOBILIZATION

Airlift and Sealift Programs

	<u>(\$ in Millions)</u>						
	FY 2002	FY 2003		FY 2004		FY 2005	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Airlift Subsidy (Air Force)	473.1	-118.1	355.0	-355.0	-	+20.6	20.6

The Air Force's airlift program is financed primarily through US Transportation Command (USTRANSCOM) rates; however, a direct payment to USTRANSCOM is required to meet airlift expenses due to the difference between USTRANSCOM rates and total costs of airlift operations, which include maintaining airlift mobilization capabilities to meet potential contingency requirements. The FY 2004 decrease of \$-355.0 million is due to a combination of positive Accumulated Operating Result (AOR) through FY 2003 and the level of resources required to subsidize the Transportation Working Capital Fund (TWCF) in FY 2004.

Afloat Prepositioned Fleet

	<u>(\$ in Millions)</u>						
	FY 2002	FY 2003		FY 2004		FY 2005	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Afloat Prepositioned Fleet (APF)</u>							
Army APF	322.8	-12.3	310.5	+3.7	314.2	-35.3	278.9
Navy Maritime Prepo Ships (MPS)	417.2	+8.7	425.9	-19.6	406.3	+22.1	428.4
Navy Maritime Prepo Ships (Enhanced)	31.4	+9.5	40.9	+15.0	55.9	-9.4	46.5
Navy Prepositioned Hospital Ship	33.8	-6.6	27.2	-1.8	25.4	+4.4	29.8
CENTCOM Ammo Prepo Ship	10.1	+1.5	11.6	-3.6	8.0	+1.7	9.7
Air Force APF	<u>57.8</u>	<u>-3.0</u>	<u>54.8</u>	<u>+13.8</u>	<u>68.6</u>	<u>-0.2</u>	<u>68.4</u>
Total	873.1	-2.2	870.9	+7.5	878.4	-16.7	861.7

The Afloat Prepositioned Fleet program funds prepositioned ships, which carry equipment, supplies and ammunition, and are available for immediate and rapid response to unforeseen contingencies throughout the world.

MOBILIZATION

- The Army forces consist of 15/13/12/12 APF ships in FY 2002/FY 2003/FY 2004/FY 2005, respectively, with a capability to deploy and sustain five and one-third division corps with its associated force structure to any crisis worldwide.
- The Navy forces include three squadrons of Maritime Prepositioning Ships (MPS) -- 13 MPS ships that are forward-deployed in support of the US Pacific Command (PACOM), US Central Command (CENTCOM), and the US European Command (EUCOM). Each squadron can provide 30 days of over-the-shore support to a Marine Air-Ground Task Force or Brigade equivalent. The Navy forces also include 3 MPS (Enhanced) ships that provide increased capability by carrying a fleet hospital, expeditionary airfield, naval mobile construction battalion support, and additional sustainment cargo. The Navy's Sealift Program provides the worldwide capability to deploy combat forces and/or supporting material that may be required to meet national contingency objectives. The Navy program funds the daily operation of the prepositioned assets, as well as the biennial exercise costs associated with the Hospital Ships (T-AH) and Aviation Logistics Support Ships (T-AVB).
- The Air Force funds 4 prepositioned ships, containing approximately 52,000 tons of preferred munitions in approximately 5,000 International Standards Organization (ISO) sea-land containers. The increase of \$13.8 million in FY 2004 is primarily attributed to the lease of a 4th ship and APF uploads/downloads. Responding to increased worldwide threats, the Air Force accelerated its APF expansion initiative and added a fourth APF (munitions) ship using Defense Emergency Response Funds (DERF). This funding covers lease of the ship through FY 2003 with Air Force O&M picking up the lease cost in FY 2004. APF discharges in support of Combatant Commander needs drive increased uploads and therefore increased costs for container handling, International Standardization Organization (ISO) container purchases, and packing consumables. Also, the crossloads formerly done every-other year (one in FY 2003) have been replaced with a complete download/upload every 4 out of 5 years.

MOBILIZATION

Other Mobilization Programs

(\$ in Millions)

	FY 2002		FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>276.2</u>	<u>-86.1</u>	<u>190.1</u>	<u>+34.3</u>	<u>224.4</u>	<u>+128.6</u>	<u>353.0</u>
Prepositioned Stocks	187.8	-30.5	157.3	+40.4	197.7	+103.1	300.8
Industrial Preparedness	61.5	-52.8	8.7	-0.9	7.8	+0.6	8.4
Exercises	13.4	+0.2	13.6	-1.6	12.0	+28.3	40.3
Facilities Sustainment, Restoration & Modernization	13.5	-3.0	10.5	-3.6	6.9	-3.4	3.5
<u>Navy</u>	<u>308.3</u>	<u>-54.0</u>	<u>254.3</u>	<u>-22.7</u>	<u>231.6</u>	<u>-16.2</u>	<u>215.4</u>
Activations/Inactivations	245.4	-59.0	186.4	-11.1	175.3	-31.9	143.4
Fleet Hospital Program	33.7	-6.5	27.2	-1.8	25.4	+4.4	29.8
Industrial Readiness	1.3	-0.1	1.2	+0.5	1.7	+0.1	1.8
Coast Guard Support	15.8	+2.6	18.4	-0.3	18.1	+0.1	18.2
Exercises & Other	12.1	+9.0	21.1	-10.0	11.1	+11.1	22.2
<u>Marine Corps</u>	<u>87.4</u>	<u>-4.1</u>	<u>83.3</u>	<u>-2.3</u>	<u>81.0</u>	<u>-0.2</u>	<u>80.8</u>
Prepositioned Equipment	87.4	-4.1	83.3	-2.3	81.0	-0.2	80.8
<u>Air Force</u>	<u>3,968.7</u>	<u>-572.0</u>	<u>3,396.7</u>	<u>-12.0</u>	<u>3,384.7</u>	<u>+37.9</u>	<u>3,422.6</u>
Airlift Operations	2,561.4	-343.5	2,217.9	-50.0	2,167.9	-6.0	2,161.9
Airlift Operations C3I	50.9	-8.4	42.5	-5.7	36.8	+7.8	44.6
Mobilization Preparedness	103.4	+57.3	160.7	-57.1	103.6	+0.9	104.5
Depot Maintenance	438.5	-124.5	314.0	+47.5	361.5	+10.3	371.8
Facilities Sustainment, Restoration & Modernization	252.9	-100.1	152.8	+48.0	200.8	+10.2	211.0
Base Support	561.6	-52.8	508.8	+5.3	514.1	+14.7	528.8
Total Other Mobilization	4,640.6	-716.2	3,924.4	-2.5	3,921.9	149.9	4,071.8

MOBILIZATION

- The Army's Other Mobilization programs fund manpower, material handling and other supply support equipment, facilities, etc., required to store and handle prepositioned stock materials. The Army's prepositioned stocks (formerly War Reserves) are designed to equip and sustain the operating forces for a specific length of time and intensity of conflict as required by the National Military Strategy. Seven armor-heavy brigade equipment sets form the centerpiece of the program, enabling the CONUS-based unit soldiers to deploy in only 20 aircraft accompanied by minimal amounts of personal and small equipment. Industrial preparedness funds an industrial and installation support base capable of mobilizing on short notice to meet the nation's Defense requirements in high intensity and/or long duration conflicts. The Other Prepositioned program includes the procurement and maintenance of containers, the downloading of the older ships, and the uploading of new ships as well as repairs on strategic mobility infrastructure required to support and move early deploying forces.
 - The Army Prepositioned Stocks (APS) Program supports the Army's capability to project combat ready forces from the Continental United States (CONUS), Europe, Southwest Asia, Korea, Japan, and Hawaii to conduct operations anywhere in the world. In FY 2004, there is a program increase of \$40.4 million, which includes \$30.6 million price growth and program increase of \$5.5 million for the Afloat Prepositioned Set (APS) in Southwest Asia due to an increased level of APS ammunition operations and funds additional contract costs in support of GWOT, and \$4.8 million for the APS (Non-Ammunition) in CONUS to support the necessary cyclic maintenance and Care of Supplies in Storage (COSIS) of critical operational project stocks.
 - The Army Industrial Preparedness program finances industrial analysis to help the Army obtain end item and repair part support (excluding ammunition). In FY 2004, there is a program decrease of \$0.9 million, which consists of \$0.2 million price growth offset by a program decrease of \$0.7 million for supplies and training.
 - The \$1.6 million decrease in Exercises in FY 2004 reflects the scheduled ramping down of the Army's Deployment Outload Program. This program prepositions unit deployment containers and equipment at key power projection installations and includes the conduct of strategic deployment readiness training.
 - The decrease of \$3.6 million in FY 2004 in Facility Sustainment, Restoration is the result of six fewer projects for the Army's Deployment Outload program as requirements identified by the Mobility Requirements Study/Mobility Requirements Study Bottom-Up Review Update (MRS/BURU) are completed.
- The Navy's Other Mobilization programs include resources to inactivate aircraft, ships, and submarines from the Navy's Active aircraft and Ship Battle Forces. This cost can vary widely from year to year as the number, mix, and complexity of inactivations changes. The Mobilization program also funds amphibious sealift equipment, such as elevated causeways, barge ferries, and light-erage; maintenance and upgrade of equipment and replacement of medical supplies aboard prepositioned and surge ships; periodic

MOBILIZATION

exercises that involve the activation of surge ships; maintenance and resupply of fleet hospital assets in storage; maintenance, overhaul, and support of Navy equipment aboard Coast Guard vessels; and an industrial readiness program.

- The FY 2004 decrease of \$11.1 million in Activations/Inactivations primarily reflects fewer surface ship inactivations in FY 2004 as compared to FY 2003 (\$-31.3 million), offset by increased costs for nuclear-powered vessel disposals (\$35.1 million) and the effect of one time Congressional adds for ship disposals in FY 2003 (\$-25.7 million).
- The decrease of \$10.0 million in Exercises and Other Sealift/Surge programs is largely attributed to the onetime cost associated with the Biennial exercise of the USNS Mercy and USNS Wright which is scheduled to occur in FY 2003 (\$-6.7 million) and reduced support costs associated with replacement of various medical support equipment items (\$-2.1 million).
- The Marine Corps mobilization program finances the training and exercise costs associated with the Maritime Prepositioning Force program and Aviation Logistics Support Ships (T-AVB), as well as the cost of maintaining equipment and supplies in a ready-to-operate status. The T-AVB funding finances the movement of aviation Intermediate Maintenance Activities to support the rapid deployment of Marine Corps fixed wing and rotary wing aircraft. The program also funds the DoD-directed Norway Air-Landed Marine Expeditionary Brigade (NALMEB) Prepositioning Program, a NATO rapid reinforcement capability initiative. The FY 2004 net decrease of \$2.3 million reflects a broadening of the scope of training exercises for CENTCOM and EUCOM (\$+0.4 million), offset by an overall program decrease, affecting Maintenance Cycle Operations, Port Operations, Stevedoring, and Prep for Ship costs (\$-2.9 million).
- The Air Force's Other Mobilization program includes resources for Airlift Operations, Mobilization Preparedness, Depot Maintenance, Facilities Sustainment, and Base support. The Airlift Operations program supports the day-to-day missions activity of Mobility Operations, including C-130 theater airlift; C-9 medical evacuation operations; school-house and proficiency training for C-5, C-130, C-141, C-17, C-12, C-21, UH-1N, and HH-60 aircrews; air refueling operations on KC-10 and KC-135 aircraft; operational support airlift; Short Takeoff and Landing contracted airlift; and various simulators and trainer programs. The Air Force's Airlift Command, Control, Communication, and Intelligence (C3I) programs finance various command and control systems, which provide the capability to direct and control airlift and aircrew forces for worldwide deployment. Mobilization Preparedness funding provides the Air Force with the capability to sustain operations during crisis situations through the provision and prepositioning of war reserve material (WRM), theater nuclear weapon storage and security systems (WS3), Theater Nuclear Weapon Storage and Security (WS3), industrial preparedness, inactive aircraft storage and disposal, and station hospitals and clinics.
- The FY 2004, decrease to Airlift Operations and Airlift Operations Training totaling \$50.0 million reflect pricing increases (\$90.5 million); offset by program reductions of \$140.5 million. Program growth is associated with increased C-40 Leases to support Very Important Person Special Airlift Mission (VIPSAM) shortfalls due to increased 9/11 demand (\$55.5 million),

MOBILIZATION

reimbursement of the Air Force Reserve Components for participation in Operation Nobel Eagle (\$15.0 million). Program growth is offset by the one-time effect of the FY 2003 Congressional Transfer of DERF funding (\$-107.8 million) to support CONUS Combat Air Patrol, reductions in the Aeromedical Evacuation program (\$-49.0 million), reduced flying hours rates (\$-34.4 million), and reduced Air Mobility Command training requirement associated with retirement of 14 C-5s (\$-18.6 million).

- The FY 2004 decrease to Mobilization Preparedness of \$51.7 million is attributed primarily to the one time effect of the FY 2003 Congressional Transfer of DERF Funding (\$-42.7 million), reduced funding for equipment and supplies purchases (\$-5.7 million) and reduced Contractor Assistance and Advisory Services purchases (\$-3.1 million).
- The FY 2004 increase of \$47.5 million in Mobility Operations Depot Maintenance includes pricing increases associated with Working Capital Fund rates at organic depots (\$41.8 million) and increased Programmed Depot Maintenance labor hours for KC-135 aircraft (\$5.7 million).
- The FY 2004 increase of \$48.0 million in Mobility Operations Facilities Sustainment, Restoration and Modernization is attributed to pricing increases (\$3.0 million) and the \$53.1 million increase to reduce the number of mobilization supporting facilities rated at C-4/C-3, partially offset by an \$8.1 million reduction to the demolition program.
- The FY 2004 increase to Mobility Operations Base Support of \$5.3 million consists of primarily of pricing increases (\$11.2 million), offset by reductions to real property services programs resulting from reduced civilian personnel related costs and other contract efficiencies (\$-5.9 million).