

TRANSPORTATION

	(\$ in Millions)									
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actuals</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	586.1	+9.0	-67.5	527.6	-8.4	+19.1	538.3	+8.0	-26.4	519.9
Navy	219.0	+3.6	-33.3	189.3	+1.2	+2.5	193.0	+2.5	+3.8	199.3
Marine Corps	35.7	-0.6	-0.9	34.2	-	+1.5	35.7	+0.4	+0.5	36.6
Air Force	242.0	-12.2	+0.5	230.3	-7.5	+17.3	240.1	+5.5	+4.3	249.9
Defense-Wide	349.1	+14.9	+13.5	377.5	-22.3	+14.3	369.5	+3.4	+6.5	379.4
Army Reserve	2.5	-	-1.1	1.4	-	+0.5	1.9	-	+3.8	5.7
Navy Reserve	1.0	-	-	1.0	-	-	1.0	+0.1	-	1.1
Marine Corps Reserve	4.9	+0.1	+0.3	5.3	+0.1	-	5.4	+0.2	-0.1	5.5
Air Force Reserve	1.6	-	+1.7	3.3	-	-0.3	3.0	-	-0.5	2.5
Army National Guard	0.0	-	+2.5	2.5	-	-1.2	1.3	-	+8.9	10.2
Air National Guard	<u>18.6</u>	<u>+1.4</u>	<u>-10.2</u>	<u>9.8</u>	<u>+0.1</u>	<u>+1.8</u>	<u>11.7</u>	<u>+0.2</u>	<u>-1.8</u>	<u>10.1</u>
Total	1,460.5	+16.2	-94.5	1,382.2	-36.8	+55.5	1,400.9	+20.3	-1.0	1,420.2

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 2004, total DoD transportation costs are \$1,400.9 million, an increase of \$18.7 million above the FY 2003 estimate of \$1,382.2 million. This net increase includes price decrease of \$36.8 million and a net program increase of \$55.5 million (+4.0 percent). The price change is due to the different mix in the types of transportation procured; the Working Capital Fund publishes the approved transportation rates. The FY 2004 program increase of \$55.5 million results from various program changes among the Components. The largest single increase is in the Army program which grows \$19.1 million (+3.6 percent). This growth supports a requirement to reimburse the Defense Working Capital Fund directly for over ocean movement of secondary items. Over ocean transportation is currently paid in world wide prices. This change in pricing methodology provides a more accurate price comparability for consumption in the U.S. The Navy's program increase of \$2.5 million (+1.3 percent) also reflects the new requirement to reimburse the Defense Working Capital Fund directly for over ocean movement. The Marine Corps' program increase of \$1.5 million (+4.4 percent) supports increased ammunition movements overseas as well as Military Traffic Management Command working capital fund costs. The

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\$17.3 million (+7.5 percent) increase in Air Force Transportation costs reflects the increase of shipments of 60K loaders as well as the direct reimbursement to the Working Capital Fund for the over ocean movement. The \$14.3 million (+3.8 percent) increase in Defense-wide activities primarily reflects the 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 day. The net increase of \$0.8 million (+3.4 percent) to the Guard and Reserve programs primarily reflects the \$1.8 million (+18.4 percent) increase for the Air National Guard to support additional maintenance being performed at the depots resulting in an increase in the movement of parts offset by reduced requirements in the Air Force Reserve and the Army National Guard.

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>First Destination Transportation</u>										
(\$ in Millions)										
	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actuals</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>
<u>Major Commodity</u>	<u>42.8</u>	<u>+0.8</u>	<u>+7.6</u>	<u>51.2</u>	<u>+2.1</u>	<u>-1.2</u>	<u>52.1</u>	<u>+1.0</u>	<u>-0.4</u>	<u>52.7</u>
<u>Military Supplies and Equip</u>	42.8	+0.8	+7.6	51.2	+2.1	-1.2	52.1	+1.0	-0.4	52.7
<u>Mode of Shipment</u>	<u>42.8</u>	<u>+0.8</u>	<u>+7.6</u>	<u>51.2</u>	<u>+2.1</u>	<u>-1.2</u>	<u>52.1</u>	<u>+1.0</u>	<u>-0.4</u>	<u>52.7</u>
<u>Military Commands</u>	<u>10.1</u>	<u>+0.4</u>	<u>+0.5</u>	<u>11.0</u>	=	<u>+0.1</u>	<u>11.1</u>	<u>+0.1</u>	<u>+0.1</u>	<u>11.3</u>
Traffic Management	0.2	-	+0.5	0.7	-	-	+0.7	-	-0.1	0.6
Surface	3.9	-0.3	-	3.6	-0.1	+0.1	3.6	+0.1	-	3.7
Airlift	6.0	+0.7	-	6.7	+0.1	-	6.8	-	+0.2	7.0
<u>Commercial</u>	<u>32.7</u>	<u>+0.4</u>	<u>+7.1</u>	<u>40.2</u>	<u>+2.1</u>	<u>-1.3</u>	<u>41.0</u>	<u>+0.9</u>	<u>-0.5</u>	<u>41.4</u>
Surface	30.3	+0.4	+6.4	37.1	+2.1	-1.3	37.9	+0.9	-0.6	38.2
Sea	1.9	-	+0.7	2.6	-	-	2.6	-	+0.1	2.7
Air	0.5	-	-	0.5	-	-	0.5	-	-	0.5

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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:

Second Destination Transportation (\$ in millions)

	<u>FY 2002</u>	<u>Price</u>	<u>Program</u>	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actuals</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>
<u>Major Commodity</u>	1,417.7	+15.4	-102.1	1,331.0	-38.9	+56.7	1,348.8	+19.3	-0.6	1,367.5
Supplies and Equip	1,000.0	+25.7	-106.3	919.4	-38.3	+71.5	952.6	+12.0	+0.8	965.4
Mail Overseas	188.3	-	-17.3	171.0	+2.5	-3.7	169.8	+4.4	-1.0	173.2
Subsistence	54.5	-1.2	+3.4	56.7	-0.3	+6.6	63.0	+0.4	-1.2	62.2
Base Exchange	174.9	-9.1	+18.1	183.9	-2.8	-17.7	163.4	+2.5	+0.8	166.7
<u>Mode of Shipment</u>	1,417.7	+15.4	-102.1	1,331.0	-38.9	+56.7	1,348.8	+19.3	-0.6	1,367.5
<u>Military Commands</u>	1,067.9	+10.8	-131.7	947.0	-44.6	+5.8	908.2	+12.7	-10.2	910.7
Traffic Management	81.0	-20.8	+8.9	69.1	+7.0	-3.4	72.7	+2.3	+6.4	81.4
Surface	46.3	-8.3	+2.1	40.1	+2.9	+5.2	48.2	+0.2	-3.6	44.8
Sealift	282.2	+13.6	+6.7	302.5	-54.1	+28.5	276.9	+7.2	-5.2	278.9
Airlift	658.4	+26.3	-149.4	535.3	-0.4	-24.5	510.4	+3.0	-7.8	505.6
<u>Commercial</u>	349.8	+4.6	+29.6	384.0	+5.7	+50.9	440.6	+6.6	+9.6	456.8
Surface	156.0	+2.0	+54.7	212.7	+2.9	+52.4	268.0	+3.8	+11.4	283.2
Sea	0.0	-	-	0.0	-	-	0.0	+0.1	+0.1	0.2
Air	193.8	+2.6	-25.1	171.3	+2.8	-1.5	172.6	+2.7	-1.9	173.4