

January 22, 2001

Honorable John W. Warner  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The law (10 U.S.C. 226) requires that CBO and the Office of Management and Budget (OMB) submit an annual report on the technical estimating assumptions that will be used for budget estimates for national defense. This year's joint report will contain the assumptions used by each agency in preparing outlay estimates for the fiscal year 2002 budget request. OMB, however, has informed CBO staff that it will not finalize its assumptions for some time. As a result, the joint report will not be ready until later this year.

In order to provide the Congress with as much information as possible in a timely manner, CBO has prepared the enclosed tables containing our latest estimating assumptions. Table 1 shows the spendout rates that CBO expects to use in estimating the outlay impact of appropriations that will be requested for fiscal year 2002. Table 2 shows CBO's estimates of outlays from appropriations already enacted.

Once OMB releases its data, CBO will update its estimating assumptions to reflect any new information. We hope that OMB and CBO will be able to provide a joint report at that time.

Honorable John W. Warner  
Page 2

If you have any questions, we would be pleased to answer them. The CBO staff contact is Kent Christensen.

Sincerely,

Dan L. Crippen  
Director

Enclosure

Identical letter sent to:

Honorable J. Dennis Hastert  
Honorable Richard A. Gephardt  
Honorable Carl Levin  
Honorable Ted Stevens  
Honorable Robert C. Byrd  
Honorable Pete V. Domenici  
Honorable Kent Conrad

TABLE 1. CBO'S ESTIMATES OF OUTLAY RATES FOR DISCRETIONARY DEFENSE ACCOUNTS (In percent)

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
<b>Military Personnel</b>					
Army	93.2	6.0	0.2	0.1	0.1
Navy	94.5	4.9	0.2	0.1	--
Marine Corps	95.4	4.3	0.1	--	--
Air Force	94.0	5.6	0.1	0.1	--
Army Reserve	90.4	8.1	0.6	0.1	0.1
Navy Reserve	89.6	7.6	0.9	--	--
Marine Corps Reserve	91.2	7.3	0.8	--	--
Air Force Reserve	90.6	6.2	0.9	0.3	--
Army National Guard	91.2	7.0	0.6	0.3	--
Air Force National Guard	95.8	3.6	0.2	--	--
<b>Operation and Maintenance</b>					
Army	73.0	22.9	2.3	1.0	0.4
Navy	79.0	14.9	3.6	1.9	0.3
Marine Corps	68.0	24.8	5.9	0.7	0.3
Air Force	75.0	20.1	3.2	1.1	0.3
Defense-wide	74.3	20.1	3.1	1.6	0.5
Army Reserve	71.5	23.0	2.7	0.5	0.3
Navy Reserve	68.5	25.8	2.6	0.8	0.2
Marine Corps Reserve	61.0	31.0	5.5	2.0	0.2
Air Force Reserve	77.8	18.1	1.9	0.7	--
Army National Guard	72.0	22.6	2.9	0.8	0.2
Air National Guard	81.7	16.5	0.9	0.1	--
Court of Military Appeals	87.0	7.0	1.0	--	--
Drug Interdiction	34.4	43.3	12.5	5.0	2.2
Inspector General	88.0	10.0	1.0	0.5	--
Overseas Contingency Transfer Fund	68.0	22.6	5.4	2.2	1.0
Defense Health Program					
Operation and maintenance	81.5	15.4	1.8	0.5	0.3
Procurement	23.5	47.5	15.5	7.0	3.5
Research and development	51.0	35.5	9.0	2.5	1.0
Former Soviet Union Threat Reduction	1.0	15.0	30.0	35.0	10.0
Environmental Restoration	22.0	45.0	22.0	6.0	3.0
Overseas Humanitarian, Disaster, and Civic Aid	25.0	54.5	13.5	2.0	0.5
Quality of Life Enhancements	10.0	50.0	28.0	7.0	4.5
Overseas Military Facility Investment	16.0	50.0	20.0	8.0	4.0
Disposal and Lease of Real Property	16.0	50.0	20.0	8.0	4.0
Kaho'olawe Island	30.0	40.0	20.0	10.0	--

(Continued)

TABLE 1. CBO'S ESTIMATES OF OUTLAY RATES, CONTINUED

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
<b>Procurement</b>					
Aircraft Procurement, Army	25.8	46.6	17.0	7.0	2.0
Missile Procurement, Army	6.0	37.0	36.0	15.7	3.1
Weapons and Tracked Combat Vehicles, Army	14.6	53.5	27.0	3.8	0.9
Procurement of Ammunition, Army	25.0	36.0	21.0	14.0	3.0
Other Procurement, Army	24.5	47.0	20.0	5.8	1.3
Aircraft Procurement, Navy	15.9	39.5	33.8	7.6	1.5
Weapons Procurement, Navy	17.5	30.0	29.5	16.5	3.7
Procurement of Ammunition, Navy	13.0	36.1	23.0	12.0	10.0
Shipbuilding and Conversion, Navy	7.1	17.0	22.3	17.5	13.0
Other Procurement, Navy	35.9	39.0	15.7	6.0	1.0
Procurement, Marine Corps	22.5	42.0	22.4	8.0	2.0
Aircraft Procurement, Air Force	24.0	45.0	19.9	7.5	2.0
Missile Procurement, Air Force	28.4	33.0	25.0	8.4	2.0
Procurement of Ammunition, Air Force	13.3	42.0	33.0	6.5	2.0
Other Procurement, Air Force	60.6	27.5	8.1	2.0	1.1
Procurement, Defense-wide	33.5	38.5	18.0	5.5	3.1
National Guard and Reserve Equipment	15.5	29.5	35.5	10.5	4.7
Chemical Agents and Munitions Destruction					
Operation and maintenance	66.0	31.0	2.0	0.5	--
Procurement	2.0	12.0	30.0	30.0	15.0
Research and development	34.0	54.0	10.0	1.0	0.5
<b>Research, Development, Test, and Evaluation</b>					
Army	55.5	32.7	6.3	3.3	1.0
Navy	57.5	34.0	5.8	1.6	0.7
Air Force	60.0	35.0	4.0	0.4	0.2
Defense-wide	46.5	42.0	9.7	1.4	0.1
Operational Test and Evaluation	44.0	47.2	6.0	1.8	0.5
<b>Military Construction</b>					
Army	5.1	40.1	33.1	10.8	4.0
Navy	5.0	58.3	28.0	4.2	2.0
Air Force	14.0	49.0	30.5	4.0	2.0
Defense-wide	10.8	43.0	23.0	13.4	7.0
Army Reserve	10.6	40.0	29.5	10.2	6.0
Navy Reserve	15.0	37.6	25.0	13.5	7.2
Air Force Reserve	8.0	53.0	25.8	9.0	2.0
Army National Guard	5.2	39.8	27.5	12.4	11.1
Air Force National Guard	8.8	50.7	23.2	10.0	4.0
Base Realignment and Closure	31.0	36.0	18.8	10.2	1.4
NATO Infrastructure	5.0	20.0	50.0	25.0	--

(Continued)

TABLE 1. CBO'S ESTIMATES OF OUTLAY RATES, CONTINUED

	First Year	Second Year	Third Year	Forth Year	Fifth Year
<b>Family Housing</b>					
Army Construction	2.0	33.5	39.1	19.0	5.4
Army Operation and Maintenance	71.5	22.0	4.7	1.0	0.3
Navy Construction	6.2	29.0	31.0	18.0	9.0
Navy Operation and Maintenance	59.0	29.7	6.0	2.1	1.2
Air Force Construction	12.0	44.0	23.0	9.0	7.0
Air Force Operation and Maintenance	69.9	23.8	4.2	1.0	1.0
Defense-wide Construction	0.4	3.0	28.6	24.2	22.2
Defense-wide Operation and Maintenance	64.3	15.0	8.9	8.0	2.0
Homeowners Assistance	12.0	35.0	24.0	15.0	7.0
<b>Revolving Funds</b>					
National Defense Sealift Fund	54.9	35.8	6.5	1.8	0.6
NDSF Ready Reserve Force	87.0	8.0	5.0	--	--
National Defense Airlift Fund	24.0	45.0	19.9	7.5	2.0
Working Capital Fund, Defense Commissary Agency	86.3	10.8	1.4	1.1	--
<b>Other Department of Defense Accounts</b>					
National Security Education Trust Fund	60.0	40.0	--	--	--
General Transfer Authority	14.0	-3.0	-6.0	-3.0	-1.0
<b>Atomic Energy Defense Activities</b>					
Weapons Activities	65.0	30.0	5.0	--	--
Defense Nuclear Nonproliferation	65.0	30.0	5.0	--	--
Naval Reactors	65.0	30.0	5.0	--	--
Office of the Administrator	65.0	30.0	5.0	--	--
Environmental Restoration	70.0	25.0	5.0	--	--
Defense Facilities Closure Projects	70.0	25.0	5.0	--	--
Environmental Management Privatization	53.0	36.0	11.0	--	--
Other Defense Activities	65.0	30.0	5.0	--	--
Defense Nuclear Waste Disposal	80.0	20.0	--	--	--
Remedial Action Program	50.0	50.0	--	--	--
Defense Nuclear Facilities Safety Board	60.0	40.0	--	--	--

(Continued)

TABLE 1. CBO'S ESTIMATES OF OUTLAY RATES, CONTINUED

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
<b>All Other Defense Accounts</b>					
Department of Commerce Operations and Administration	85.0	10.0	5.0	--	--
Department of Justice Salaries and Expenses	80.0	20.0	--	--	--
FBI Salaries and Expenses	80.0	15.0	5.0	--	--
Telecommunications Carrier Compliance Fund	50.0	50.0	--	--	--
Radiation Exposure Compensation Trust Fund	85.0	15.0	--	--	--
Radiation Exposure Administrative Expenses	70.0	25.0	5.0	--	--
NSF Research and Related Activities	25.0	48.0	15.0	4.0	2.0
FEMA Salaries and Expenses	85.0	10.0	5.0	--	--
FEMA Emergency Management Planning and Assistance	45.0	25.0	15.0	10.0	5.0
Coast Guard Operating Expenses	80.0	15.0	3.0	--	--
Maritime Security Program	92.0	8.0	--	--	--
Selective Service Salaries and Expenses	72.0	26.0	2.0	--	--
Intelligence Community Management	62.0	30.0	6.0	2.0	--

SOURCE: Congressional Budget Office.

NOTE: NATO = North Atlantic Treaty Organization; NDSF = National Defense Sealift Fund; FBI = Federal Bureau of Investigation; NSF = National Science Foundation; FEMA = Federal Emergency Management Agency.

January 22, 2001

TABLE 2. CBO'S ESTIMATES OF DISCRETIONARY DEFENSE OUTLAYS FROM BUDGET AUTHORITY PROVIDED FOR 2001 AND PRIOR YEARS (By fiscal year, in millions of dollars)

	2002	2003	2004	2005	2006
<b>Military Personnel</b>					
Army	1,446	119	31	22	--
Navy	918	65	22	--	--
Marine Corps	297	7	--	--	--
Air Force	1,050	25	18	--	--
Army Reserve	231	16	3	3	--
Navy Reserve	135	14	--	--	--
Marine Corps Reserve	36	4	--	--	--
Air Force Reserve	85	12	3	--	--
Army National Guard	302	31	11	--	--
Air Force National Guard	59	3	--	--	--
<b>Operation and Maintenance</b>					
Army	5,476	846	321	102	19
Navy	4,770	1,369	532	92	23
Marine Corps	893	197	30	12	3
Air Force	5,371	1,000	298	70	22
Defense-wide	2,937	622	271	83	24
Army Reserve	432	73	20	5	--
Navy Reserve	278	33	10	2	--
Marine Corps Reserve	55	11	3	--	--
Air Force Reserve	379	44	13	--	--
Army National Guard	847	115	29	7	--
Air National Guard	592	34	4	--	--
Court of Military Appeals	1	--	--	--	--
Drug Interdiction	415	123	49	23	11
Inspector General	16	3	1	--	--
Overseas Contingency Transfer Fund	1,000	240	98	43	12
Defense Health Program	2,884	528	151	50	5
Former Soviet Union Threat Reduction	371	362	230	80	36
Environmental Restoration	590	289	78	39	20
Overseas Humanitarian, Disaster, and Civic Aid	48	10	1	--	--
International Sporting Competitions	10	3	--	--	--
Quality of Life Enhancements	214	85	26	7	--
Prisoner of War Payments	1	--	--	--	--
Overseas Military Facility Investment	12	3	--	--	--
Disposal and Lease of Real Property	26	17	12	9	6
Kaho'olawe Island	34	16	6	--	--
Across-the-Board Reduction <sup>a</sup>	-45	-9	-4	-1	--

(Continued)

TABLE 2. CBO'S ESTIMATES OF DEFENSE OUTLAYS, CONTINUED

	2002	2003	2004	2005	2006
<b>Procurement</b>					
Aircraft Procurement, Army	1,152	424	154	48	16
Missile Procurement, Army	1,204	729	262	57	16
Weapons and Tracked Combat Vehicles, Army	1,822	709	100	22	--
Procurement of Ammunition, Army	876	443	216	48	11
Other Procurement, Army	3,186	1,179	310	88	32
Aircraft Procurement, Navy	7,081	3,766	914	282	148
Weapons Procurement, Navy	1,186	750	320	81	26
Procurement of Ammunition, Navy	407	239	136	72	21
Shipbuilding and Conversion, Navy	6,923	6,298	4,655	3,288	2,258
Other Procurement, Navy	2,427	881	296	85	54
Procurement, Marine Corps	903	412	141	49	28
Aircraft Procurement, Air Force	6,129	2,430	773	217	74
Missile Procurement, Air Force	1,806	1,032	357	123	73
Procurement of Ammunition, Air Force	521	271	62	25	14
Other Procurement, Air Force	2,959	896	253	107	46
Procurement, Defense-wide	1,581	641	225	93	21
National Guard and Reserve Equipment	214	103	38	14	5
Defense Production Act	14	14	3	--	--
Chemical Agents and Munitions Destruction	485	138	66	29	9
Indian Financing Act Incentives	2	2	2	--	--
Across-the-Board Reduction <sup>b</sup>	-173	-124	-54	-29	-17
<b>Research, Development, Test, and Evaluation</b>					
Army	2,752	711	319	113	51
Navy	3,951	753	234	85	10
Air Force	5,654	707	99	42	14
Defense-wide	5,895	1,239	172	20	11
Developmental Test and Evaluation	27	10	3	--	--
Operational Test and Evaluation	110	15	4	1	--
Across-the-Board Reduction <sup>b</sup>	-137	-25	-7	-1	-1
<b>Military Construction</b>					
Army	950	518	206	113	69
Navy	834	322	68	33	19
Air Force	750	322	55	21	3
Defense-wide	669	350	182	69	14
Army Reserve	94	50	24	11	4
Navy Reserve	32	19	11	5	1
Air Force Reserve	40	17	5	2	1
Army National Guard	215	127	68	40	10
Air Force National Guard	198	87	38	16	8
Base Realignment and Closure	815	415	205	97	77
NATO Infrastructure	171	131	43	--	--
Across-the-Board Reduction <sup>a</sup>	-5	-3	-1	-1	--

(Continued)



TABLE 2. CBO'S ESTIMATES OF DEFENSE OUTLAYS, CONTINUED

	2002	2003	2004	2005	2006
<b>Family Housing</b>					
Army Construction	165	120	55	19	2
Army Operation and Maintenance	289	65	19	8	2
Navy Construction	339	244	125	58	25
Navy Operation and Maintenance	335	84	31	11	5
Air Force Construction	270	128	60	31	5
Air Force Operation and Maintenance	257	56	22	13	--
Defense-wide Construction	3	1	--	--	--
Defense-wide Operation and Maintenance	14	8	5	1	--
Homeowners Assistance	7	2	1	--	--
Across-the-Board Reduction <sup>a</sup>	-2	-1	--	--	--
<b>Revolving Funds</b>					
National Defense Sealift Fund	393	34	7	3	2
National Defense Airlift Fund	1,278	565	213	57	17
Defense Working Capital Funds	457	104	30	10	3
Across-the-Board Reduction <sup>a</sup>	-1	--	--	--	--
<b>Other Department of Defense Accounts</b>					
National Security Education Trust Fund	3	--	--	--	--
General Transfer Authority	-156	-168	-76	-36	-20
Spending of Travel Card Refunds	1	--	--	--	--
<b>Atomic Energy Defense Activities</b>					
Weapons Activities	1,755	255	--	--	--
Defense Nuclear Nonproliferation	314	85	40	--	--
Naval Reactors	248	35	--	--	--
Office of the Administrator	4	1	--	--	--
Environmental Restoration	1,501	249	--	--	--
Defense Facilities Closure Projects	320	54	--	--	--
Environmental Management Privatization	124	107	99	82	31
Other Defense Activities	220	30	--	--	--
Defense Nuclear Waste Disposal	40	--	--	--	--
Cerro Grande Fire Activities	41	--	--	--	--
Remedial Action Program	70	--	--	--	--
Defense Nuclear Facilities Safety Board	8	--	--	--	--
Across-the-Board Reduction <sup>a</sup>	-8	-2	--	--	--

(Continued)

TABLE 2. CBO'S ESTIMATES OF DEFENSE OUTLAYS, CONTINUED

	2002	2003	2004	2005	2006
<b>All Other Defense Accounts</b>					
Department of Commerce Operations and Administration	1	--	--	--	--
Department of Justice Salaries and Expenses	7	--	--	--	--
FBI Salaries and Expenses	81	22	--	--	--
Telecommunications Carrier Compliance Fund	53	1	--	--	--
Radiation Exposure Compensation Trust Fund	2	--	--	--	--
Radiation Exposure Administrative Expenses	1	--	--	--	--
NSF Research and Related Activities	46	14	5	2	1
FEMA Salaries and Expenses	4	1	--	--	--
FEMA Emergency Management Planning and Assistance	11	5	3	1	--
Coast Guard Operating Expenses	51	10	7	--	--
Ready Reserve Force	1	--	--	--	--
Maritime Security Program	8	--	--	--	--
Selective Service Salaries and Expenses	6	--	--	--	--
Intelligence Community Management	59	13	3	--	--
<b>Total</b>					
Total National Defense Outlays	104,506	35,430	13,873	6,273	3,380

SOURCE: Congressional Budget Office.

NOTE: NATO = North Atlantic Treaty Organization; FBI = Federal Bureau of Investigation; NSF = National Science Foundation; FEMA = Federal Emergency Management Agency.

- a. These figures show the effect of the reduction in Public Law 106-554 (the Consolidated Appropriations Act, 2001).
- b. These figures show the effects of reductions in Public Law 106-259 (the Department of Defense Appropriations Act, 2001) and Public Law 106-554 (the Consolidated Appropriations Act, 2001).