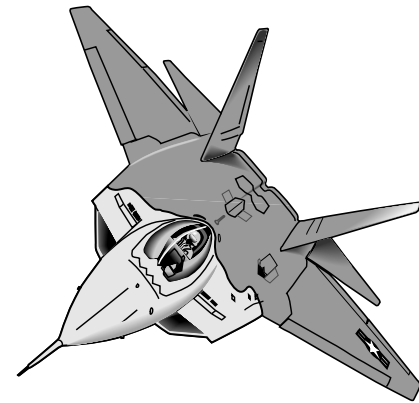


Office of the Secretary of Defense Operation and Maintenance Overview

April 2003



FY 2004 Budget Estimates

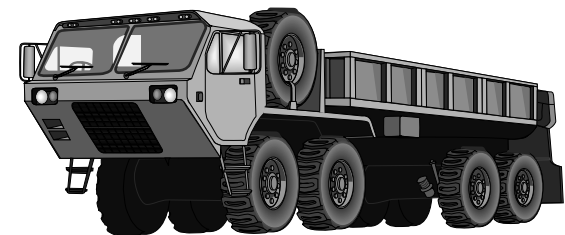
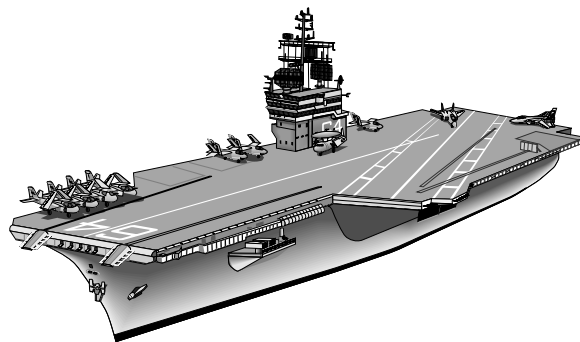


TABLE OF CONTENTS

<u>OVERVIEW</u>	<u>Page</u>	<u>MAJOR ACTIVITIES (Cont'd)</u>	<u>Page</u>
O&M TOA by Service by Appropriation.....	1	Facilities Sustainment, Repair & Modernization and Demolition Programs	146
O&M Title Summary.....	4	Land Forces	155
 <u>APPROPRIATION HIGHLIGHTS</u>		Mobilization.....	160
Army.....	14	Recruiting, Advertising, and Examining	167
Navy.....	26	Ship Operations.....	174
Marine Corps	33	Special Operations Forces	180
Air Force	39	Training and Education	186
Defense-Wide.....	48	Transportation	196
Reserve Components.....	53	 <u>OTHER DATA</u>	
Defense Emergency Response Fund.....	61	Civilian and Military Personnel	
Defense Health Program	62	Civilian Personnel	199
Drug Interdiction and Counterdrug Activities	71	Military Personnel	
Environmental Restoration Transfer Appropriations	75	Active Forces.....	213
Former Soviet Union Threat Reduction	77	Selected Reserve and Guard.....	217
Office of the Inspector General	79	DoD Customer Fuel Prices	220
Overseas Contingency Ops Transfer Fund	80	Foreign Currency Rates	222
Overseas Humanitarian, Disaster, and Civic Aid	81	Key Activity Indicators.....	223
Support of International Sporting Competitions.....	84	Legislative Proposals	227
 <u>MAJOR ACTIVITIES</u>		Distribution List.....	230
Air Operations.....	85	World Wide Web Address	223
Base Operations Support	117	 <u>APPENDIX</u>	
Command, Control, Communications (C3).....	123	M-1 Exhibit	
Depot Maintenance	128	O-1 Exhibit	
Environmental Programs	133		

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)									
	FY 2002			FY 2003			FY 2004			FY 2005
	<u>Actual</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
<u>Army</u>	<u>31,182.0</u>	<u>+550.7</u>	<u>-1,723.3</u>	<u>30,009.4</u>	<u>+610.9</u>	<u>+508.6</u>	<u>31,128.9</u>	<u>+795.0</u>	<u>+446.3</u>	<u>32,370.2</u>
Army	25,668.5	+420.8	-2,263.1	23,826.2	+468.9	+670.3	24,965.4	+672.7	+152.1	25,790.2
Army Reserve	1,766.6	+43.9	+133.1	1,943.6	+44.8	-36.3	1,952.1	+39.9	+27.4	2,019.4
Army National Guard	3,746.9	+86.0	+406.7	4,239.6	+97.2	-125.4	4,211.4	+82.4	+266.8	4,560.6
<u>Navy</u>	<u>32,401.7</u>	<u>+657.7</u>	<u>+953.6</u>	<u>34,013.0</u>	<u>+526.9</u>	<u>-1,499.7</u>	<u>33,040.2</u>	<u>+842.4</u>	<u>-5.6</u>	<u>33,877.0</u>
Navy	28,284.6	+581.5	+238.5	29,104.6	+446.9	-1,263.8	28,287.7	+747.5	-197.8	28,837.4
Marine Corps	2,964.7	+59.6	+497.1	3,521.4	+49.0	-163.7	3,406.7	+66.3	+196.9	3,669.9
Navy Reserve	1,012.6	+12.6	+183.1	1,208.3	+28.1	-64.5	1,171.9	+25.8	-16.6	1,181.1
Marine Corps Reserve	139.8	+4.0	+34.9	178.7	+2.9	-7.7	173.9	+2.8	+11.9	188.6
<u>Air Force</u>	<u>34,294.2</u>	<u>+640.4</u>	<u>-1,614.7</u>	<u>33,319.9</u>	<u>+1,864.7</u>	<u>-808.8</u>	<u>34,375.8</u>	<u>+1,349.1</u>	<u>-157.4</u>	<u>35,567.5</u>
Air Force	28,360.1	+488.9	-1,770.9	27,078.1	+1,429.4	-713.5	27,794.0	+1,054.6	+84.0	28,932.6
Air Force Reserve	1,999.0	+38.5	+112.5	2,150.0	+132.5	-103.3	2,179.2	+84.6	-29.4	2,234.4
Air National Guard	3,935.1	+113.0	+43.7	4,091.8	+302.8	+8.0	4,402.6	+209.9	-212.0	4,400.5
<u>Defense-Wide and Other</u>	<u>27,323.4</u>	<u>+728.3</u>	<u>-9,902.4</u>	<u>18,149.4</u>	<u>+363.2</u>	<u>-98.4</u>	<u>18,414.2</u>	<u>+462.0</u>	<u>+977.1</u>	<u>19,853.0</u>
Defense-Wide	13,540.1	+522.3	+754.2	14,816.6	+315.4	+1,438.8	16,570.8	+433.5	+76.9	17,081.2
Emergency Response Fund, Defense	13,232.8	+198.5	-12,019.5	1,411.8	+21.2	-1,433.0	-	-	-	-
Former Soviet Union Threat Reduction	400.2	+4.4	+9.8	414.4	+6.2	+30.2	450.8	+7.2	-47.8	410.2
Overseas Humanitarian, Disaster and Civic Aid	49.4	+1.6	+7.1	58.1	-1.4	+2.4	59.0	+1.1	-0.5	59.6
Payment to Kah'olawe Island	76.0	+1.1	-2.1	75.0	+1.1	-76.1	-	-	-	-

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)									
	FY 2002	FY 2003					FY 2004			FY 2005
	<u>Actual</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
U.S. Court Of Appeals For The Armed Forces	9.0	+0.2	+0.3	9.6	+0.2	+0.6	10.3	+0.3	+0.3	10.8
Support for International Sporting Competitions	15.9	+0.2	+2.8	18.9	+0.3	-19.2	-	-	-	-
Environmental Restoration, Army*	(387.1)	-	+393.7	393.7	+5.9	-3.6	396.0	+5.9	-	401.9
Environmental Restoration, Navy*	(255.1)	-	+255.5	255.5	+3.8	-3.2	256.2	+3.8	+7.8	267.8
Environmental Restoration, Air Force*	(382.8)	-	+387.6	387.6	+5.8	-9.1	384.3	+5.8	+8.3	398.4
Environmental Restoration, Defense-Wide*	(23.3)	-	+24.3	24.3	+0.4	-0.6	24.1	+0.4	-0.8	23.7
Environmental Restoration, Formerly Used Defense Sites*	(220.7)	-	+246.9	246.9	+3.7	-38.0	212.6	+3.2	+1.7	217.5
Overseas Contingency Operations Transfer Fund*	(12.6)	-	+37.0	37.0	+0.6	+12.4	50.0	+0.8	+931.2	981.9
Total Obligational Authority	125,201.3	+2,577.1	-12,286.8	115,491.7	+3,365.7	-1,898.3	116,958.9	+3,448.5	+1,260.4	121,667.4
Financing Adjustments	-9,110.1	-	-	-1,724.6	-	-	243.6	-	-	243.4
Total Budget Authority	116,091.2	-	-	113,767.1	-	-	117,202.5	-	-	121,910.9

*Transfer Accounts. The FY 2002 data is non-additive. The Department transfers these program funds to other appropriations (primarily Operations and Maintenance appropriations) where the Components manage, obligate, and expend the transferred funds for the purposes appropriated.

**Defense Health Program, the Office of Inspector General, and Drug Interdiction and Counterdrug Activities, Defense include multiple appropriations in its total, therefore, have been excluded from the chart above.

***Totals may not add due to rounding.

The amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms, which includes Budget Authority (BA) and financing adjustments. The previous summary table identifies the TOA by appropriation within the Operation and Maintenance

O&M TOA BY SERVICE BY APPROPRIATION

(O&M) Title and also identifies the net financing adjustments. The FY 2003 financing adjustment of \$-1,724.6 million includes contributions from allied nations for Defense Burdensharing (\$+210.0 million), receipts involving disposal, lease, or recovery of DoD facilities and real property (\$+32.3 million), and restoration efforts at the Rocky Mountain Arsenal and Kaho'olawe Island (\$+80.7 million). These financing adjustments are offset by (1) \$1,411.8 million unobligated balance brought forward for Defense Emergency Response Fund (DERF) allocated to the DoD in FY 2001; (2) \$32.1 million unobligated balance carried forward for the Overseas Contingency Operations Transfer Fund; (3) \$603.8 million unobligated balance carried forward associated with special multi-year funding included in the Emergency Supplemental Act, 2001 (Title I, Chapter 2 of P.L. 107-20), FY 2002 DoD Appropriations Act (Title VIII, Section 8131 of P.L. 107-117), and FY 2002 Supplemental Appropriation Act (Title I, Chapter 3 of P.L. 107-206).

The FY 2004 financing increase of \$243.6 million is due to contributions for Defense burdensharing (\$+210.0 million), restoration efforts at the Rocky Mountain Arsenal (\$+10.2 million), and receipts involving disposal, lease, or recovery of DoD facilities and real property (\$+23.4 million).

OPERATION AND MAINTENANCE TITLE SUMMARY

<u>(\$ in Millions)</u>										
	<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>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>
O&M, Title 2	125,201.5	+2,577.1	-12,286.8	115,491.7	+3,365.7	-1,898.3	116,958.9	+3,448.5	+1,260.4	121,667.4
Other DoD Programs, Title 6	<u>17,773.0</u>	<u>+977.6</u>	<u>-2,925.1</u>	<u>15,825.5</u>	<u>+796.3</u>	<u>-371.4</u>	<u>16,250.3</u>	<u>+871.0</u>	<u>+261.5</u>	<u>17,382.9</u>
Defense Health Program	17,623.0	+972.7	-3,802.2	14,793.5	+781.1	-304.1	15,270.5	+853.7	+258.7	16,382.9
Drug Interdiction and Counter Drug Activities, Defense*	(852.6)	-	+871.9	871.9	+11.6	-66.1	817.4	+12.8	+3.3	833.5
Office of the Inspector General	150.0	+4.9	+5.2	160.1	+3.6	-1.2	162.4	+4.5	-0.5	166.5
GRAND TOTAL	142,974.5	+3,554.7	-15,211.9	131,317.2	+4,162.0	-2,269.7	133,209.2	+4,319.5	+1,521.9	139,050.3

*Transfer Account. The FY 2002 data is non-additive. The Department transfers these program funds to other appropriations (primarily Operations and Maintenance appropriations) where the Components manage, obligate, and expend the transferred funds for the purposes appropriated.

The Department of Defense's Operation and Maintenance (O&M) programs underpin the military readiness of the United States. America's military must be capable of responding effectively to crises in order to protect our national interest, demonstrate U.S. resolve, and reaffirm the role of the United States as a global leader. The U.S. forces must be able to execute the full spectrum of military operations -- from deterring aggression and coercion, to conducting concurrent smaller-scale contingency operations, to fighting and winning major theater wars.

To fulfill these roles, U.S. forces must be prepared and ready to execute their combat missions decisively. Resources dedicated to O&M reflect the Department's commitment to readiness. The Department's first-to-fight forces are the best in the world.

The display above for O&M Title differs from what has been reported in previous years. In the past, the Defense Health Program (DHP), the Drug Interdiction and Counter Drug Activities, Defense; and the Office of the Inspector General (OIG) were included in the O&M Title. They are now reflected in the Other DoD Programs Title to conform to the way the Congress appropriates funds. The

OPERATION AND MAINTENANCE TITLE SUMMARY

O&M Title has been adjusted appropriately. To compare to previous years, O&M Title and Other DoD Programs Title must be added together. The narrative below addresses both 1) the O&M Title and 2) Other DoD Programs as in previous years.

The funding amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms. The term “TOA” includes Budget Authority and financing adjustments (e.g., transfers from unobligated balances), which comprise the total funding available for obligation in the appropriations included in the O&M Title. The FY 2004 TOA for the O&M Title is \$117.0 billion, which reflects a net increase of \$1.5 billion above the FY 2003 funding level. This increase is made up of \$3.4 billion for pricing changes and -\$1.9 billion (-1.6 percent) in net program growth.

The Budget Authority for the O&M Title increases between FY 2003 and FY 2004 as a percentage of the DoD portion of the National Defense Function (051 function) reflected in the FY 2004 budget estimates. In FY 2004, the O&M share of the Defense budget is 30.8 percent decreasing from 31.2 percent in FY 2003.

The \$12 billion reduction between FY 2002 and FY 2003 reflects the impact of the FY 2002 Global War on Terrorism Supplemental received late in FY 2002. The FY 2004 President’s Budget does not reflect any anticipated supplementals in FY 2003 or FY 2004.

The following provides a summary of the pricing changes affecting the O&M appropriations. This is followed by a description of the significant programmatic changes in the FY 2004 budget estimates for the O&M Title compared to the enacted FY 2003 funding level. A summary of the functional transfers into and out of the O&M appropriations is included at the end of this Summary section. In addition, programs included in Other DoD Programs, Title 6 are reviewed, as in previous years.

PRICE GROWTH

Price growth reflects the additional cost of executing the previous year’s program at the next year's prices. In general, price growth amounts are estimated by applying price change rates to amounts budgeted for various commodity groups (i. e., civilian pay, Working Capital Fund purchases, general nonpersonnel purchases, etc.). The FY 2004 price growth is \$3.4 billion. Rates used for the major commodity groups follow:

For civilian pay, the FY 2004 price growth is based on annualization of the FY 2003 pay raises for classified and wage board employees to include locality increases, which were effective January 1, 2003, and the portion of the FY 2004 pay increases scheduled to become effective January 1, 2004. It also provides for foreign national employee pay raises at the rates the host country provided its public sector personnel. For FY 2003, the budgeted pay raise increase is 3.1 percent for classified and wage board employees and is

OPERATION AND MAINTENANCE TITLE SUMMARY

effective January 1, 2003. For FY 2004, the budgeted pay raise increase is 2.0 percent for classified and wage board employees and is effective January 1, 2004.

Consistent with Office of Management and Budget (OMB) direction, the general non-personnel purchase rate is 1.1 percent for FY 2003 and 1.5 percent for FY 2004.

Fuel purchase prices from the Working Capital Fund reflect an increase of 8.3 percent in FY 2004 based on world fuel market prices. With these rates, Working Capital Fund customers pay an average cost per barrel of \$35.28 in FY 2003 and \$38.22 in FY 2004. The FY 2004 customer fuel prices are based on revised estimates of fuel purchase inflation provided by OMB and recovery of actual gains through the end of FY 2003.

Other Working Capital Fund rates change by business area and vary from year to year. The following list of FY 2004 rate changes represent those business areas that account for the vast majority of orders from O&M customers: Army Managed Supplies and Materials (+4.5 percent), Navy Managed Supplies and Materials (+6.1 percent), Air Force Managed Supplies and Materials (+18.3 percent), Defense Logistics Agency (DLA) Managed Supplies and Materials (-2.9 percent), Army Equipment Purchases (+4.5 percent), Navy Equipment Purchases (+6.1 percent), Air Force Equipment Purchases (+18.3 percent), Army Depot Systems Command - Maintenance (+8.3 percent), Naval Aviation Depots (-2.4 percent), Naval Shipyards (-3.6 percent), Depot Maintenance Air Force - Organic (+19.1 percent), Army Armament (+1.4 percent), and Navy Civil Engineering Services (+1.5 percent).

The FY 2004 budget estimate for overseas purchases is based on foreign currency exchange rates that are consistent with recent market conditions. Overall, these rates reflect a reduction in the purchasing power of the U. S. dollar. In three currencies where DoD has its largest overseas presence, Japan, Korea and the Euro zone, the dollar's value has decreased since last year's estimate. For the Japanese Yen, the buying power of the dollar decreased by 7.3 percent from 135.44 Yen in FY 2003 to 125.49 Yen in FY 2004. Likewise, the U.S. dollar decreases in value compared to the Korean Won by 8.9 percent, moving from 1,378.04 Won in FY 2003 to 1,255.0 Won in FY 2004. In Germany, where the DoD has its largest overseas presence, the dollar declines from 1.2403 Euro's to 1.0314, a decrease of 16.8 percent.

PROGRAM GROWTH

The FY 2004 budget estimate includes -\$1.9 billion (-1.6 percent) in net program growth for the O&M Title. The following indicators reflect planned operating tempo (OPTEMPO) rates for FY 2004. The Active Army budget request supports executable objective OPTEMPO rates of 913 training miles (homestation, National Training Center, and simulator miles) per year for M1 Abrams tanks and an average of 13.1 flying hours per aircrew per month. The Active Navy steaming days continues to be funded at the planning

OPERATION AND MAINTENANCE TITLE SUMMARY

level of 54.0 days per quarter per ship for deployed fleets and 28.0 days per quarter per ship for the non-deployed fleets. Further, the FY 2004 budget request supports an average of 20.8 tactical flying hours per crew per month for the active Navy and Marine Corps. The active Air Force tactical fighter aircrew flying hour rates decline slightly from 16.9 to 16.6 flying hours per pilot per month. The active Air Force bomber crew flying hour rates remain the same as FY 2003 at 15.6 flying hours per crew per month. The following outlines program change by major program area:

The Air Operations program finances the cost to maintain aircraft and to train pilots to achieve and maintain flying proficiency in support of the national military strategy. The OPTEMPO portion of the Air Operation program is commonly referred to as the “flying hour program.” The flying hour program is based on pilot training syllabuses, which are used to estimate the number of training hours needed to achieve and to maintain aircrew skill levels. The flying hour program costs are a function of training hours multiplied by the cost of depot level repairables, consumable spare parts, and fuel necessary to operate the aircraft. The other significant portion of the Air Operations program is aviation depot maintenance. The FY 2004 budget request of \$28.8 billion for the Air Operations program reflects a net program growth of \$-0.2 billion (-0.9 percent) below the FY 2003 funding level. Air Operations program changes include an Army transformation initiative to increase flight training. Both the Army and the Navy increased aircraft depot maintenance to ensure readiness. The US Special Operations Command increased the funding to support low density/high demand assets and to move assets to forward locations in support of the US Central Command. The Air Force flying hour program declined due to decreases in the consumption of spare parts and to force restructure.

The Land Forces program includes funding to train and sustain active Army and Marine Corps ground combat forces. The Army program includes units assigned to heavy, airborne, air assault and light division; and corps combat units. The Marine Corp program includes divisions, service support groups, helicopter groups, and light anti-aircraft missile battalions that constitute the Marine air-ground team and Marine security forces. The FY 2004 budget request of \$3.9 billion for Land Forces programs reflects a program increase of \$10.6 million (+0.3 percent). The Army’s FY 2004 budget funding level of \$3.3 billion decreases by \$7.0 million (0.2 percent) below the FY 2003 program level, primarily associated with an anticipated reduction in orders for consumable repair parts. However, this decrease is mostly offset by a program increase associated with higher demand for parts and higher costs to repair equipment. The Army program reflects the Army’s training strategy that exposes all soldiers to a full range of realistic training exercises. The Army’s funding level in FY 2004 supports 913 training miles (homestation, National Training Center, and simulator training miles) for ground OPTEMPO for the M1 Abrams tank. The Marine Corps FY 2004 amended budget request of \$0.6 billion for land forces reflects a program increase of \$17.6 million (+3.0 percent) above the FY 2003 funding level. Major program increases include additions for operation and maintenance of new equipment, Joint Concept Development and Experiment (JCDE) and Joint Command and Control Integration and Interoperability (JC2I2) (\$+14 million), NMCI Contract Costs (+\$71 million) offset by removal on Congressional Adjustments (\$-27 million), savings associated with NMCI Discontinued Service Costs (\$-29 million), and a decrease for the Corrosion Control Program (\$-10 million).

OPERATION AND MAINTENANCE TITLE SUMMARY

The Ship Operations programs include OPTEMPO as well as depot maintenance and support. The FY 2004 budget request of \$8.0 billion includes a net program decrease of \$0.6 billion (-6.6 percent). This net program decrease in FY 2004 is primarily attributable to program changes in Mission and Other Ship Operations (\$+54 million), Operational Support and Training (\$+21 million), Depot and Intermediate-level Ship Maintenance (\$-294 million), Depot Operations Support (\$-335 million); and Reserve program changes associated with replacing three old Type I frigates with Type III frigates from the Active component, and a decrease in depot and intermediate maintenance (\$-8 million).

The Mobilization program provides for airlift and sealift capability to deploy combat forces and materiel in contingencies by providing funding to maintain an inventory of immediately available supplies and equipment to sustain the forces as outlined in the National Military Strategy. The FY 2004 budget request of \$4.8 billion for the Mobilization program reflects a net program decrease of \$-0.5 billion (-9.7 percent) below the FY 2003 funding level. 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 million). The other significant reduction represents the one-time effect of \$161 million in FY 2003 Defense Emergency Fund added to support CONUS combat air patrol, anti-terrorism/force protection, and aircraft communications modifications.

The Depot Maintenance program funds the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from Active Forces to the Reserve Components. The FY 2004 Depot Maintenance budget request of \$10.1 billion reflects a net program increase of \$0.1 billion (+1.5 percent) from the FY 2003 funding level. The net increase is primarily driven by significant increases in aircraft maintenance (\$0.2 billion), and for maintenance of missiles and other equipment (\$0.3 billion). These increases are offset by program reductions in ship maintenance (\$-0.3 billion), and combat vehicle maintenance (\$-0.1 billion).

The Transportation program provides for the movement of materiel between contractors' plants, military logistics centers, and field activities throughout the world. The FY 2004 budget request of \$1.4 billion reflects a net program increase of \$0.1 billion (+4.0 percent) above the FY 2003 funding level. The largest single increase is in the Army program which grows \$19 million. This growth supports a requirement to reimburse the Defense Working Capital Fund directly for over ocean movement of secondary items. The Navy's program increase of \$3 million also reflects the new requirement to reimburse the Defense Working Capital Fund directly for over ocean movement. The Marine Corps' program increase of \$2 million supports increased ammunition movements overseas as well as Military Traffic Management Command working capital fund costs. The \$17 million increase in Air Force Transportation

OPERATION AND MAINTENANCE TITLE SUMMARY

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 million 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 to the Guard and Reserve programs primarily reflects the \$2 million 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.

The Training and Education program finances the operation of training centers, Service schools, and scholarship programs, which are necessary to acquire and maintain a trained force of personnel able to effectively support DoD's military units, ships, aircraft, and installed weapon systems. Also included are resources to finance base support activities and facility sustainment. The FY 2004 budget request of \$8.5 billion includes program growth of \$0.2 billion (2.5 percent). All of the Services, with the exception of Air Force, have reflected increased training and education support. Most of the increase is in base operating support (\$+127 million), Flight Training (\$+91 million), Training Support (\$+114 million); primarily offset by one-time costs (\$-93 million), and Air Force adjustments to the flying hour program (\$-31 million), and civilian manpower (\$-18 million).

The Recruiting, Advertising, and Examining program provides funds to support the recruiting commands and stations throughout the United States, to finance the costs for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel, and to support the U.S. Military Entrance Processing Command to process all enlisted personnel entering active duty. The FY 2004 budget of \$1.4 billion includes net program decreases of \$0.2 million. Most of the net program decrease is due to an increase in Army Reserve and Army National Guard for additional media and internet advertising (\$+19 million), offset by a decrease as a result of Defense Human Resources Activity's cancellation of the Joint Recruiting Advertising program in order to support higher departmental needs (\$-18 million).

The Base Operations Support (BOS) program provides the resources to operate the bases, installations, camps, posts, and stations of the Military Departments. These resources sustain mission capability, ensure quality-of-life, enhance work force productivity, and fund personnel and infrastructure support. The FY 2004 budget request of \$16.9 billion includes program decreases of \$1.1 billion (-6.4 percent). The majority of the net program decrease is a result of the Army's cross leveling of base support across the Army installations, the Navy's planned efficiencies due to an Installation Claimant Consolidation, one-time DERF funding for the Marine Corps, and the Air Force's ongoing reengineering efforts. All of the Military Departments reflect decreases: Army, \$-275 million; Navy, \$-237 million; Marine Corps, \$-274 million; and Air Force, \$-32 million.

The Command, Control, Communications, and Intelligence (C3) program finances base level and worldwide communication networks for voice, data, and imagery traffic to ensure responsive support to U.S. forces. The FY 2004 budget request of \$4.8 billion includes a

OPERATION AND MAINTENANCE TITLE SUMMARY

net program increase of \$0.1 billion (+3.0 percent) above the FY 2003 enacted level. Out of all the services, Air Force (\$+92 million) accounts for most of the net program growth, which includes funding to support the merger of the US Strategic Command and the US Space Command, realign MILSTAR satellite engineering tasks from Investment accounts, and support operations, maintenance, and training for three deployable Offensive Counterspace Systems. The Defense Agencies (\$343.9 million) make up another large proportion of the net program growth, which includes increases to the Defense Information Systems Agency (DISA) for its Information Superiority C2, and the US Special Operations Command (USSOCOM) to sustain blue force tracking transmitters and receivers in addition to increases in contract workyears. Offsetting these increases are net program reductions mostly in Army National Guard (\$-132 million), which primarily reduce sustaining base communications costs and long haul communication for Congressional adds that did not carry into the year of execution. In addition, the Army's budget request includes program reductions (\$-70 million) due to reduction in sustaining base communication, transferring funding out to Other Procurement, Army to support the replacement of trunked radios, and Congressional adds that did not carry into the year of execution. Finally, the Navy's program reduction (\$-70 million) is primarily due to a reduction from DISA Tier-One services that will be funded by DISA beginning in FY 2004, as well as reduced requirements in deployable and mobile communications.

The Facilities Sustainment, Restoration, and Modernization (SRM) and Demolition programs provide funds to support two distinct efforts. The SRM program (formerly called "Real Property Maintenance") provides funds to maintain facilities, to restore facilities whose age is excessive or have been damaged, and to improve facilities to accommodate new functions or mission. The demolition program provides funds to demolish and dispose of obsolete and excess structures. The FY 2004 budget request of \$7.1 billion includes a net program growth of \$-0.3 billion (-4.2 percent). This reduction includes a net increase of \$119 million for facilities sustainment; and net decreases of \$-405 million for restoration and modernization efforts, and \$-17 million for demolition. The Navy and Marine Corps represent the majority of the increases in sustainment (\$+100 million), yet project significant decreases in restoration/modernization efforts (\$-398 million). The Army reflects net program increases in demolition (\$35 million), while the Air Force offsets the demolition growth with a net decrease of \$-40 million. In addition, the Defense-wide agencies (\$-7 million), Army Reserve (\$-3 million), and Air National Guard (\$-3 million) reflect the various other net decreases in demolition.

The Operation and Maintenance, Defense-Wide appropriation provides funding to support a wide range of essential programs that are critical to the accomplishment of the missions of the Military Departments. These functions have been consolidated to achieve maximum efficiency by avoiding overlap and duplication among the Military Departments. These programs include special operations forces, intelligence activities, audit and contract management activities, treaty implementation, nuclear weapons management and analysis, dependents' education, civilian and military personnel support, and management support to the Department. The FY 2004 budget request \$16.6 billion for the O&M, Defense-Wide appropriation includes a net program increase of \$1.4 billion (+9.7 percent). Much of this net program increase is for various readiness programs for the U.S. Special Operations Command (USSOCOM) (\$+0.4 billion), various transfers-in (\$+0.3 billion), Counter-terrorism train and equip program (\$+0.2 billion), information systems

OPERATION AND MAINTENANCE TITLE SUMMARY

sustainment and transformation initiatives (\$+0.2 billion), dependent schools education and physical security requirements and Family Assistance program requirements (\$+0.1 billion), increased rent and renovation costs for tenants of Pentagon facilities (\$+0.1 billion), and training and planning initiatives (\$+0.1 billion).

The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, graduate medical education for the training of medical personnel, and occupational and industrial health care. The FY 2004 O&M budget request of \$14.9 billion for DHP includes program increase of \$56 million (+0.4 percent) above the FY 2003 funding level. This program increase is primarily due to growth in In-House Care for the delivery of care to the military treatment facilities worldwide (\$+25 million), growth in Private Sector Care for the delivery of care outside the military treatment facilities (\$+41 million), and growth in Base Support/Communications for the operation and maintenance of hospitals, clinics, and DHP facilities (\$+41 million). Offsetting the program growth are reductions in Information Management (\$-29 million), Management Activities (\$-12 million), and Education and Training (\$-10 million).

The Former Soviet Union (FSU) Threat Reduction appropriation provides resources to address the threat from, and potential proliferation of, the FSU arsenal of weapons of mass destruction (WMD) associated materials and expertise. The FY 2004 budget request of \$0.5 billion for the FSU Threat Reduction appropriation reflects a net program increase of \$30.2 million (+7.3 percent), which is primarily attributed to chemical weapons destruction (\$65.4 million), and weapons storage and transportation security (\$10.9 million). The program reflects a reduction in requirements for strategic arms elimination and infrastructure elimination (\$34.0 million); and defense and military contacts (\$8.0 million). Other programs with decreased funding are Biological Weapons Proliferation Prevention (\$1.3 million); WMD Proliferation Prevention (\$1.0 million), and Other Programs (\$1.8 million).

The Defense Environmental Restoration Program consists of five transfer appropriations that the Congress established to provide for the identification, investigation, and cleanup of past contamination from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnances; and the demolition and removal of unsafe buildings, structures at active installations and Formerly Used Defense Sites (FUDS). The FY 2004 budget request of \$1.3 billion includes a net program reduction of \$54.5 million (-4.2 percent), which primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2003 (\$-34.0 million) and deferment of some Air Force investments that will not impact their ability to meet the Department's cleanup goals

The Overseas Contingency Transfer Fund (OCOTF) is a transfer appropriation that the Congress established to finances contingency operations since these operations are dynamic and unpredictable. As a transfer appropriation, the OCOTF provides the Department with the flexibility to provide funds in the year of execution to the Components for contingency operations costs. The FY 2004 budget request for OCOTF is \$50 million and reflects a net program increase of \$12.4 million above the FY 2003 funding level. Beginning in

OPERATION AND MAINTENANCE TITLE SUMMARY

FY 2002, funds to finance the incremental cost of contingency operations in Bosnia, Kosovo, and Southwest Asia are included in the Services accounts vice the OCOTF. These operations had become stable enough to budget in the Component's baseline appropriations. Therefore, in FY 2002, \$2.7 billion was transferred from the OCOTF to the Components budgets. The budget request for FY 2004 is for emerging contingency operations costs that consistently surface due to the dynamic international situation.

The DoD Counterdrug (CD) program supports the counterdrug objective directed in the President's National Security Strategy of the United States, "...to reduce the flow of illegal drugs into the United States by encouraging reduction in foreign production, combating international traffickers, and reducing demand at home." The CD program is funded in the Drug Interdiction and Counterdrug Activities, Defense appropriation, which is a central transfer account (CTA) that finances all DoD CD resources except for those resources required for the Active Components' military personnel, Service OPTEMPO, and CD military construction. The FY 2004 budget request of \$0.8 billion for the CTA includes a net program decrease of \$66.1 million (-7.6 percent), which is primarily attributable to one-time FY 2003 congressional increases to the CN program.

OPERATION AND MAINTENANCE TITLE SUMMARY

FUNCTIONAL TRANSFERS

The table below summarizes the major functional realignments affecting the O&M Title, included in the preceding discussion on program changes.

<u>Function/Activity</u>	<u>(\$ in millions)</u>	
	<u>In</u>	<u>Out</u>
	<u>+16.1</u>	<u>-549.4</u>
U.S. Northern Command Homeland Defense Mission. Transfer into Operations & Maintenance, Air Force from the Counterdrug Central Transfer Account (CDCTA) to support the following programs: North American Air Defense (NORAD), Civil Air Patrol, Joint Task Force Six (JTF-6), and Drug Interdiction. The transfer provides support for various initiatives in domestic law enforcement agencies as well as the newly established subordinate command to U.S. NorthCom.	+8.4	
Joint Surveillance Target Attack Radar System (JSTARS) and KC-135 Air Refueling Operations. Transfer into Operations & Maintenance, Air National Guard from Aircraft Procurement, Air Force to support the established Joint Surveillance Target Attack Radar System (JSTARS) and KC-135 air refueling operations at two ANG flying units that previously operated B-1 bombers.	+7.7	
National Communication Systems Functions. Transfer from Defense Information Systems Agency to the Department of Homeland Security for NCS functions.		-49.0
Nuclear Arms Control Technology Program. The Under Secretary of Defense (AT&L) approved to move the Nuclear Arms Control Technology Program and associated resources from the Defense Threat Reduction Agency (DTRA) to the Army and Air Force. This net change is the portion that DTRA transferred out of Operations & Maintenance and into Research, Development, Testing & Evaluation, Air Force.		-0.6
Longbow Crew Trainers. Transfer out of Operations & Maintenance, Army and into Aircraft Procurement, Army to purchase four additional Longbow Crew Trainers for the four new Longbow battalions (Active, Reserve, and National Guard). This initiative is part of the Army's Transformation Plan.		-9.5
Industrial Mobilization Capacity. Transfer out of Operation & Maintenance, Army and into Defense Working Capital Fund, Army to properly align funding where the costs are being incurred.		-113.9
Defense Commissary Agency. Transfer out of Operation & Maintenance, Army and into Defense Working Capital Fund, Defense Commissary Agency (DeCA) to support DeCA operations during the budget year.		-376.4
		-533.3

ARMY

<u>(\$ in Millions)</u>									
<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>
25,668.5	+420.8	-2,263.1	23,826.2	+468.9	+670.2	24,965.3	+672.7	+152.1	25,790.1
<p>*Includes funds from transfer accounts(e.g., Overseas Contingency Transfer Fund and Drug Interdiction and Counter drug Activities, Defense). The budget does not include cost of war funding contained in the Department's Defense Emergency Response Fund Congressional Justification Book.</p>									

The Operation and Maintenance, Army (OMA) appropriation provides for the day-to-day operations of units, schools and power projection platforms, which in combination support a strategically ready force. The OMA appropriation contributes to readiness by supporting tough, realistic training; providing for maintenance of equipment and facilities; and providing the highest possible quality-of-life for Soldiers and their families. Readiness remains the Army's top priority in fulfilling the nonnegotiable contract with the American people to fight and win the Nation's wars - decisively.

The FY 2004 President's Budget request provides an increase of \$1,139.1 million in the Operation and Maintenance, Army account over the current FY 2003 estimate in order to ensure that the Army forces are properly trained, equipped, and ready to fight. This increase includes \$468.9 million for pricing adjustments (e.g. inflation, foreign currency and pay raises) and \$670.2 million (+2.8 percent) of programmatic changes. This budget request does not include any funding requests associated with current Global War on Terrorism operations (Operation Noble Eagle / Operation Enduring Freedom/Operation Iraqi Freedom) or other potential future operations.

The FY 2004 budget reflects the Army's commitment to fully fund the ground Operating Tempo (OPTEMPO) requirements, as well as to make significant strides towards resolving depleted inventories of tactical repair parts and assemblies. In addition, the budget provides funding to maintain and improve our infrastructure at acceptable levels. To ensure high levels of military readiness, this budget supports the following major categories of mission operations:

1. Unit Training. OPTEMPO is a top priority. The Army remains committed to improving its training and unit readiness.

Ground OPTEMPO. The budget fully funds the Active Component's ground OPTEMPO training strategy, encompassing actual miles driven for home station training (HST) and at the National Training Center (NTC), as well as virtual miles associated with using simulators such as the Close Combat Tactical Trainer (CCTT) and the Unit Conduct of Fire Trainer (UCOFT).

ARMY

Air OPTEMPO. The FY 2004 budget request funds air OPTEMPO at the highest historical execution level of 13.1 live flying hours per aircrew per month.

Training Rotations to Combat Training Centers. All scheduled training rotations are fully funded: ten brigade rotations (nine Active Component and one Army National Guard) through the National Training Center, 10 Brigade rotations (nine Active Component and one Army National Guard) through the Joint Readiness Training Center, and five brigade rotations through the Combat Maneuver Training Center. The Battle Command Training Program will conduct three corps warfighter exercises and train eight Active Component division command & staff groups.

2. Institutional Training. This budget request will enable the Army to provide professional, up-to-date training for soldiers and civilians in order to grow them into competent, self-aware, courageous leaders.

Recruit Training. To set the conditions for success in growing leaders, the Department must recruit a quality workforce now and in the future. The FY 2004 budget request continue to emphasize recruiting and advertising in order to ensure that today's youth are aware of career opportunities available in the Army. In addition, it provides increased funding for the U.S. Military Academy, Senior Reserve Officers Training, and the Recruiter Initiative Programs.

Advanced Training. To train the force and develop future leaders, the FY 2004 budget request includes additional funding for Initial Entry Training, Professional Development, Off-Duty Voluntary Education, and Flight Training. The Army expects an additional 14,000 soldiers to seize the opportunity to continue their education through the Army University Access Online program (eArmyU). The eArmyU program provides soldiers post-secondary education opportunities via the eArmyU portal. This program also allows soldiers from the U.S., four U.S. territories, and 36 countries including Afghanistan, Bosnia, and Kuwait to access online classes.

Aviation Training. To produce better-trained Army aviators, the Army made fundamental changes in its aviation training strategy. The Army will implement the Flight School XXI (FSXXI) program. It will provide 27-40 additional flight training hours in advanced "go to war" aircraft. The flight students also will receive enhanced aviator survival training based on lessons learned from post-Operation Desert Storm operations. The principal benefits of FSXXI are twofold -- it reduces time students spend in flight school and it increases the live flying hours flown in the advanced "go to war" aircraft.

ARMY

3. Strategic Mobility Programs. The FY 2004 budget supports Army mobilization operations, which remains the cornerstone for the Army's worldwide deployment capability.

Afloat Stocks. The Army's afloat prepositioned fleet has 13 ships, including eight new Large, Medium Speed Roll-on/Roll-off ships. The Army is realigning and upgrading our brigade sets on land consistent with our Global Prepositioning Strategy.

Prepositioned Stocks. Wartime inventories in Europe are being reconfigured from three brigade sets into a tailored set to support European Command (EUCOM) contingency requirements. The excess stocks are being redistributed to fill shortages and increase readiness in critical Army Prepositioned Stock sets afloat in Southwest Asia and the Pacific.

Wartime Enhancements. The Army will continue deployment-outload enhancements that include infrastructure improvements and unit deployment container acquisition.

4. Material Sustainment Programs. Supplying and maintaining equipment for soldiers is the key components of military readiness. Over several years, the Army has experienced increased demands for repair parts, generally due to aging aircraft and ground equipment parts breaking more frequently, and increased execution of OPTEMPO miles and hours. This shortage of repair parts and assemblies has been addressed in this budget request.

Spares. In FY 2003, the Army has taken aggressive measures to replenish depleted inventory by realigning \$406 million in internal resources. The FY 2004 budget will continue this effort by allocating an additional \$366 million for the spares initiative. This is a major stride towards improving the supply availability, meeting mission capability goals (especially for the CH-47D and UH-60 airframes and M1A1 Abrams tanks), and ensuring effective training and readiness.

Depot Programs. For other sustainment programs, the budget includes resources to continue the same level of effort provided last fiscal year for Depot Maintenance, Second Destination Transportation, Supply Depot Operations, Army Prepositioned Stocks, and Sustainment Systems Technical Support.

Ammunition Management. The budget also supports the Army's Recapitalization Rebuild Program and the Conventional Ammunition Stockpile Management and Surveillance program consistent with congressional directives.

5. Installations and Infrastructure. The four primary tasks of Army installations and facilities are force protection, defense of information infrastructure, training support and well-being of soldiers, families and civilians.

ARMY

Anti-terrorism and force protection programs. These programs mitigate the risk associated with terrorist and criminal threats against personnel, facilities, and equipment. One of the significant challenges in the FY 2004 budget is the escalating anti-terrorism and force protection requirements. To better protect the overseas and in-transit forces, the FY 2004 budget provides mission essential critical funding for the modernization of physical security equipment, fencing, barriers and security forces and technicians.

Defense of Information Infrastructure. The Army recently activated the Network Enterprise Technology Command (NETCOM) to serve as the Army's single authority assigned to operate, manage and defend the Army's information infrastructure. NETCOM will improve the capability, performance, and security of our networks through centralization, consolidation, and standardization at every level for all Army networks including those of the Army National Guard and Army Reserve.

Training and Installation Support. The Installation Management Activity (IMA) is one of the Army's boldest business reengineering efforts to date. Installations are the operational and service support centers where our soldiers and civilians work, live and train. The FY 2004 budget request supports the Army's initiative to streamline headquarters and resources, create more agile and responsive staff, and reduce layers of review and approval, thereby enabling mission commanders to focus on its core warfighting tasks. The IMA, established on October 1, 2002, will provide a corporate structure focused on installation management. The seven regional directorates will oversee the day-to-day installation services, operations, and well-being programs. This organization structure will establish equitable standards at all Army installations worldwide and improve the delivery of services to soldiers and their families.

Facilities Sustainment. In previous years, Facilities Sustainment, Restoration, and Modernization (FSRM) requirements were frequently underfunded. In FY 2002, commanders rated over 50% of its facilities and infrastructure in such poor condition that it adversely affected mission. The Army's FY 2004 budget request includes an additional \$141 million for the sustainment of facilities. This program growth will allow the Army to increase its funding up to 93% of its facility sustainment requirements (\$1.7 billion).

In summary, the Army is a proud steward of America's financial resources. As the stewards of these resources, the FY 2004 budget request will allow the Army to effectively manage risk while maintaining military readiness through training, mobility, and sustainment programs.

ARMY

Budget Activity 1: Operating Forces

FY 2002	(\$ in Millions)				FY 2004	Price	Program	FY 2005	
	Price	Program	FY 2003	Price					Program
<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>Estimate</u>	
13,218.5	+286.8	-1,286.1	12,219.2	+283.5	+114.4	12,617.1	+346.9	+71.3	13,035.3

The FY 2004 budget request of \$12,617.1 million for the Operating Forces budget activity provides support for three activity groups: Land Forces, Land Forces Readiness, and Land Forces Readiness Support. These resources finance the day-to-day operations and readiness training activity levels of the Army's active combat forces. The Land Forces activity group provides resources for distinct facets of the operating forces (e.g. divisions, corps combat forces, corps support forces, and echelon above corps forces) and special force related training activities (i.e., Combat Training Centers (CTCs)). The Land Forces Readiness activity group supports key activities essential to operational readiness, such as depot maintenance, participation in joint exercises, and combat development. Lastly, the Land Force Readiness Support activity group provides for infrastructure maintenance and support, management headquarters, unified command support, and special activities of the operating forces to include contingency operations (CONOPS).

The FY 2004 budget request supports the most critical readiness requirements that will enable the Army to remain trained and ready. It will allow the Army to continue critical missions and to fight and win the global war on terrorism. The FY 2004 budget request fully funds ground OPTEMPO and funds air OPTEMPO at the highest historical execution level of 13.1 flying hours per crew per month.

The FY 2004 increases by \$397.9 million above the FY 2003 funding level. This includes a price increase of \$283.5 million and a net program growth of \$114.4 million (0.9 percent). Major program changes between FY 2003 and FY 2004 include the following:

- A transfer in of \$15.1 million from Research, Development, Test, and Evaluation (RDT&E) appropriation for Other Modern Fielding program to align contractor logistics support in the appropriate account.
- A transfer in of \$14.2 million for the Criminal Investigative Command (USACIC) Transformation reflects movement of 3 companies in USACIC from a Table of Distribution of Allowance (TDA) organization to the Table of Organization and Equipment (TOE) organization.
- A transfer out of \$74.4 million to Other Procurement, Army appropriation for overseas communication infrastructure in support of Commander in Chief's Command, Control, Communication, and Computers (C4) sustainment and modernization.
- A transfer out of \$33.5 million for Transformation Installation Management. This transfer represents the proper realignment of manpower and the associated support costs from Base Support to mission programs.

ARMY

- A transfer out of \$21.6 million to the Other Procurement, Army appropriation in order to realign funds to the appropriate account, where modification of various combat service support systems (i.e., Kitchen, Company Level Field Feeding (KCLFF), Mobile Kitchen Trialer (MKT), and Modular Field Kitchen (MFK)) will be implemented.
- A transfer out of \$5.0 million to the Aircraft Procurement, Army appropriation to purchase four additional Longbow Crew Trainers for the four new Longbow Battalions in support of the Longbow Apache Modernization program. This transfer is necessary to realign the funds to the correct account.
- An increase of \$12.6 million for modernization/force structure changes in order to finance the increased cost of maintaining and operating M2A2/M2A3 Bradley Fighting Vehicles fielded to the divisions.
- An increase of \$29.9 million for the Direct Support Plus Phaseout due to a change in repair policy to eliminate costly local repair of the Abrams Gas Turbine 1500 (AGT 1500) Engine. This investment is necessary to improve engine reliability and system readiness.
- An increase of \$10.3 million for the Tactical Unmanned Aerial Vehicles (TUAV) to operate, sustain and maintain the TUAVs that are planned to be fielded to Army units.
- An increase of \$70.2 million for new and increased contractor logistics support for Training Aids Devices Simulators and Simulations (TADSS), Javelin, Sentinel, AH-64D Recapitalization Program, and ITAS Systems.
- An increase of \$12.9 million for Special Operations Forces Support in order to enable U.S. Special Operations Command (USSOCOM) to assume a more active role as an operational or supported combatant command, while continuing their role as a supporting command.
- An increase of \$18.6 million for demolition of excess facilities in order to eliminate excess infrastructure.
- An increase of \$5.9 million to fund one additional compensable workday in FY 2004.
- An increase of \$33.4 million for Military Training Specific Allotment program. This program growth is driven by the Army's change in its training policy, which increased the cost of temporary duty (TDY) entitlements for MTSA participants.
- An increase of \$159.5 million for Depot Maintenance in order to enable the Army to get closer to its optimal funding level.
- An increase of \$117.4 million to support critical anti-terrorism/force protection for Army installations.
- An increase of \$91.6 million to fund Guantanamo Bay detainee operations.
- A decrease of \$51.0 million in demand for consumable repair parts.
- A decrease of \$6.6 million for the Recapitalization Program. This adjustment reflects the savings associated with the increased Mean Time Between Failures (MTBF).
- A decrease of \$60.0 million for SBCT Deployment Exercise due to the Army's decision not to extend the US Forces Command (USFORSCOM) exercise into FY 2004.
- A decrease of \$13.1 million for Combat Training Centers due to rotational schedule changes.

ARMY

ARMY

- A decrease of \$13.3 million in reduce Airborne Reconnaissance Low (ARL) contract support costs.
- A decrease of \$5.4 million for the Hunter Unmanned Aerial Vehicle due to a one-time congressional increase in FY 2003 and reduced Contractor Logistics Support (CLS).
- A decrease of \$14.1 million for Combat Medical Support due to a one-time increase in FY 2003.
- A decrease of \$9.7 million to reflect the completion of the Army Models and Simulation Command, Control, Communications, Computers, and Intelligence (C4I) project at the end of FY 2003.
- A decrease of \$26.8 million for base communications, information operations, and Army-wide information services. This decrease is due to a one-time Congressional Defense Emergency Relief Fund (DERF) augmentation in FY 2003 providing resources for on-base support for force protection.
- A decrease of \$7.8 million for antiterrorism. This decrease is due to a one-time congressional Defense Emergency Relief Fund (DERF) augmentation in FY 2003 providing resources for on-base support for force protection.
- A decrease of \$19.2 million for anticipated reduction in real estate lease costs.
- A decrease of \$104.1 million associated with cross leveling of base support resources resulting from Transformation Installation management (TIM).
- A decrease of \$17.8 million for various minor program changes, such as reduced support for fixed wing aircraft and contingency operations.

Budget Activity 2: Mobilization

<u>(\$ in Millions)</u>									
<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>
599.0	+24.5	-123.0	500.5	+30.9	+7.4	538.8	+13.6	+79.5	631.9

The FY 2004 budget request of \$538.8 million supports funding requirements for Strategic Mobility; Army Prepositioned Stocks; Industrial Preparedness; and Facilities Sustainment, Restoration and Modernization (SRM) programs. Strategic Mobility program funds a fleet of 12 ships leased to store Army Prepositioned Stocks (two brigade sets), Combat Support/Combat Service Support (CS/CSS) unit sets, an aggressive Sea Emergency Deployment Readiness Exercise (SEDREs) program, and force projection modeling/studies of strategic mobility issues. The Army Prepositioned Stocks (APS) program represents the Army's capability to deploy soldiers from the Continental United States (CONUS), Europe, Southwest Asia, Korea, Japan, and Hawaii to conflicts anywhere in the world. Industrial Preparedness includes the

ARMY

transfer of the Industrial Mobilization Capacity (IMC) program to Army Working Capital Fund (AWCF). It also includes industrial analysis to help the Army obtain end item and repair part support. SRM is the Army's deployment-outload infrastructure improvement program. These improvements facilitate movement of personnel and equipment from CONUS bases to/through air and seaports of embarkation for rapid deployment to meet Army/Defense timelines.

Army Mobility Operations remains the cornerstone of the Army's deployment capability. The FY 2004 Budget submission continues our efforts to maintain and improve the Army's immediate response capability to enemy threats. Specifically, this budget improves Combatant Commanders mission capabilities, maintains the readiness of initial deployed forces to conflicts, and maintains the capability of Army Working Capital Fund (AWCF) facilities to support soldiers during potential conflicts. The Army also continues to invest in war reserve secondary items to sustain First-to-Fight units. Purchases include weapon system sustainment parts, medical materiel, chemical, and biological defense materiel. This funding will be transferred to the AWCF during execution.

The FY 2004 increases by \$38.3 million above the FY 2003 funding level. This includes a price increase of \$30.9 million and a net program growth of \$7.4 million (1.5 percent). Major program changes between FY 2003 and FY 2004 include the following:

- An increase of \$35.6 million for the care of supplies in storage of watercraft assets. The Army changed the composition of its fleet of leased ships by initiating the Army Watercraft Restructuring Plan (AWRP). It places watercraft assets under the control of the Central Command (CENTCOM) and Pacific Command (PACOM). This initiative enhances the Combatant Commanders mobility within their respective areas of operation to achieve their missions effectively.
- A decrease of \$17.0 million in ship lease costs due to the change in the composition of the ships fleet from 13 to 12 in FY 2004. The ships in FY 2004 consist of 8 Large Medium Speed Roll-on/Roll-off and 4 Container ships.
- A decrease of \$11.2 million in prepositioned stocks on land requirements. The Army is in the completion phase of reconfiguring prepositioned stocks in Europe. This initiative started in FY 2002. Excess equipment and supporting supplies were redistributed to fill shortages in critical APS sets in the Pacific, Southwest Asia, and afloat

ARMY

Budget Activity 3: Training and Recruiting

<u>FY 2002</u> <u>Actuals</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>(\$ in Millions)</u>		<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
				<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>				
4,235.7	+79.1	-158.2	4,156.6	+40.4	+187.6	4,384.6	+87.0	+278.6	4,750.2

The FY 2004 budget request of \$4,384.6 million for the Training and Recruiting budget activity supports the requirements for three activity groups: Accession Training; Basic Skill and Advanced Training; and Recruiting, Other Training and Education. Accession Training, produces trained soldiers and officers to meet force structure requirements. The second activity group, Basic Skill and Advanced Training, produces technically competent leaders. The third activity group, Recruiting, Other Training and Education ensures we can recruit quality soldiers and provide continuing education for soldiers and civilians.

The FY 2004 budget request supports our ability to recruit and train the force, enhances the Army's transformation through the Training and Doctrine Command's aviation training program, and provides educational opportunities for soldiers and civilians. The institutional training base directly supports the Army's readiness and the war on terrorism by providing technically competent leaders that will be able to respond as required to defend the American people, our national interests and our homeland.

The FY 2004 increases by \$228 million above the FY 2003 funding level. This includes a price increase of \$40.4 million and a net program growth of \$187.6 million (+4.5 percent). Major program changes between FY 2003 and FY 2004 include the following:

- A transfer in of \$68.0 million for Transformation of Installation Management (TIM). This transfer represents the proper realignment of Mission and Base Support personnel and support costs.
- An increase of \$6.2 million allows for replacement of 2,686 recruiter laptops, enabling the recruiters to track the status of leads, review availability of MOSs and assignments, and initiate paperwork in the recruit's home.
- An increase of \$7.4 million to provide the Army's cadre with quality training in recruiting, salesmanship, retention and scholarship allocation; and ensures cadets receive core skills needed to enter an Army geared towards transformation.
- An increase of \$31.0 million to Junior ROTC, which allows Army to correct instructor pay and offer this valuable program at 45 more high schools.
- An increase of \$18.4 million to support an increase in the number of soldiers assigned to One Station Unit Training (OSUT), the initial issue of new and improved clothing and equipment items to soldiers, and the increase in equipment maintenance cost.

ARMY

- An increase of \$97.9 million to support the implementation of Flight School XXI (FSXXI), a strategic element of aviation transformation. FSXXI produce better-trained graduates with significantly more hours of training in their go-to-war modernized aircraft.
- A decrease of \$41.7 million for FY 2003 one-time increases to support TRADOC's institutional training transformation.

Budget Activity 4: Administration and Servicewide Activities

<u>(\$ in Millions)</u>									
<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>
7,615.3	+30.4	-695.8	6,949.9	+114.0	+360.9	7,424.8	+225.2	-277.3	7,372.7

The FY 2004 budget request of \$7,424.8 million for the Administration and Servicewide Activities Budget Activity supports the requirements for four activity groups: Security Programs, Logistics Operations, Servicewide Support, and Support of Other Nations. These resources finance the administration, logistics, communications, and other servicewide support functions required to secure, equip, deploy, transport, sustain and support Army forces.

The Security Programs budget supports intelligence and security efforts through the National Foreign Intelligence Program, Joint Military Intelligence Program, Security and Intelligence Activities Program, Personnel Security Investigations, and Arms Control Treaty Implementation. Logistics Operations activity group resources movement of Army materiel worldwide, and manages end items, ammunition, and logistics support activities. The Servicewide Support activity group supports Army Management Headquarters Activities, the Army Claims program, telecommunications, information systems, personnel programs, and base support. Lastly, the Support of Other Nations activity group fulfills our commitment to the North Atlantic Treaty Organization and supports Combatant Commander's security cooperation strategies.

The FY 2004 budget request supports the Army's ability to fight and win the war on terrorism, defend the American people and the homeland, maintain high morale and readiness, create the Objective Force (Army of the future), and streamline and revitalize the way we operate. Due to the events of September 11, 2001, there has been a shift in funding priorities to enhance our force protection and anti-terrorism capability. The Army is continuing its efforts regarding the Transformation of the Army to the Objective Force, while maintaining its investment in People and Readiness. Three major transfers are reflected in Budget Activity 4 in both FY 2003 and FY 2004:

Effective October 1, 2002, Army initiated a major realignment to the Servicewide Support Activities to create the Network Enterprise and Technology Command (NETCOM) under the Chief, Information Officer, G6. In FY 2003 and increasing in FY 2004, missions, resources,

ARMY

and personnel assets were transferred into Budget Activity 4, making NETCOM the Army's single authority assigned to operate, manage, and defend the Army's information infrastructure (infostructure). Consolidating the infostructure will improve the capacity, performance, and security of all Army networks including those of the Army National Guard and Army Reserve. This realignment reflects the Army strategy to achieve a network-centric, knowledge-based force in support of Army transformation.

Additionally, effective October 1, 2002, the Army Contracting Agency (ACA) was formed to centralize all contracting processes into one organization in Budget Activity 4. ACA will act as the single coordinating element to deploy contracting operational support to the warfighting commands. Two regional service-contracting centers and one Electronic-Commerce Center for non-tactical/strategic information technology and commercial items will be established. This realignment divides the CONUS contracting structure along geographical lines and is complimentary to the Transformation of Installation Management.

Also beginning in FY 2003 and increasing in FY 2004, the Program Executive Officer and Program Manager reorganization was the third major transfer into Budget Activity 4. Consolidating all acquisition programs under one chain of authority within the Army eliminated the duplication of efforts in two major Army Commands.

To achieve these and other Army initiatives associated with the Transformation of the Army and to meet the intent of OSD planning guidance, the Army developed a balanced program across all three components of its Vision. In support of the overall Army plan, FY 2004 program increases have been applied to several functional programs.

- Transfer of \$33.9 million into Base Support for Pentagon Reservation Maintenance Revolving Fund Communication Survivability Program.
- An increase of \$366.0 million for Spares to support OPTEMPO requirements.
- An increase of \$31.5 million in Second Destination Transportation for ocean movement of secondary items. Over ocean transportation is currently paid in world wide prices. This change in pricing methodology provides more accurate price comparability for consumption in the U.S.
- An increase of \$15.9 million for Personnel Transformation initiative to support the newly established Personnel Transformation Task Force.
- An increase of \$16.0 million for Ammunition Management to support the annual call forward and retrograde program for the European and Pacific theaters, maintenance of conventional ammunition Priority one stocks, and readiness inspections to evaluate the serviceability of stocks.
- An increase of \$31.0 million for Reserve Component Equipment Modernization to purchase the required sets, kits, and outfits to field the AH-64 Apache, OH-58 Kiowa, CH-47 Chinook, and UH-60 Black Hawk helicopters.

ARMY

- An increase of \$19.0 million for Facilities Sustainment in order to fund 93% of requirements and Demolition of Excess Facilities increased \$6.8 million to eliminate undesirable or excess infrastructure.
- A decrease of \$111.0 million in Base Support. This program decrease is primarily associated with cross leveling of base support across the Army installations. However, this program reduction is partially offset by a program increase for the new Pentagon Physical fitness and readiness facility, enhanced security, heating and air conditioning, and Pentagon renovations.
- A decrease of \$41.3 million in Personnel Security Investigations due to anticipated efficiencies.
- A decrease of \$5.5 million in classified programs. Details will be provided upon request.

NAVY

<u>(\$ in Millions)</u>									
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>
28,284.6*	+581.5	+238.5	29,104.6	+446.9	-1,263.8	28,287.7	+747.5	-197.8	28,837.4

* Includes funds from transfer accounts (e.g., Overseas Contingency Operations Transfer Fund; Drug Interdiction and Counterdrug Activities, Defense; and Environmental Restoration, Navy)

The Operation and Maintenance, Navy (O&M,N) appropriation finances the day-to-day costs of operating naval forces, including fuel, supplies, and maintenance of ships, Navy and Marine Corps aircraft, related weapon systems, and the support establishment ashore. The primary focus of the Department's FY 2004 budget is to continue to ensure the readiness of deployed forces.

The FY 2004 estimate of \$28,287.7 million includes a price increase of \$446.9 million. This price increase primarily results from increases in general inflation changes (\$180.9 million), civilian pay raises (\$155.4 million) and fuel costs (\$72.0 million), and foreign currency (\$44.3 million) offset by decreases in Working Capital Fund (WCF) rates costs (\$-5.7 million). This budget reflects overall program decreases of \$-1,263.8 million (-4.3 percent).

Budget Activity 1: Operating Forces

<u>(\$ in Millions)</u>									
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>
20,499.1	+403.9	-26.3	20,876.8	+295.5	-1,137.6	20,034.7	+570.2	-183.7	20,421.2

The Operating Forces budget activity funds the Navy's air operations, ship operations, combat operations/support, and weapons support programs. Included in this budget activity are the costs associated with operating Navy shore bases to support these missions. Also included are the funds required to maintain combat ready forces necessary to respond to national objectives in joint, naval and combined operations. It supports the forward presence and crisis response capabilities of the National Military Strategy.

The FY 2004 budget estimate of \$20,034.7 million includes a price increase of \$295.5 million and program decreases totaling \$1,137.6 million (5.4 percent). Major program changes include:

NAVY

- Air Operations increases by \$321.2 million, including price growth of \$152.2 million. Major program changes include increases in aviation depot level repairables (AVDLR) usage (\$174.9 million), offset by decreases due to net changes in average Primary Authorized Aircraft (\$-114.9 million), reduction in flying hour support (\$-64.5 million), a reduction in the Fleet Air Training load plan (\$-18.9 million); increased airframe maintenance and associated tasks (\$107.6 million), increased aircraft engine overhauls/repairs (\$94.1 million) and an increase in component repair requirements (\$16.5 million), offset by a reduction in airframe Standard Depot Level Maintenance (SDLM) actions (\$-16.6 million).
- Ship Operations decrease of \$543.2 million is comprised of \$10.8 million in price growth offset by \$554.0 million in program decreases. Program changes include: full year lease and operating costs of a high speed vessel (\$11.4 million) offset by one-time FY 2003 outfitting costs (\$-11.2 million), changes in MSC charters (\$38.8 million), increases for post-COLE/9-11 port vulnerability assessments and phased replacement force protection costs (\$10.2 million) and MSC force protection (\$12.1 million), reduced operating and maintenance costs due to a decrease of 8 ship years and 87 operating months (\$-59.7 million), increases to ensure Navy-wide compliance with federal environmental laws and regulations (\$18.3 million), increases to AEGIS training and operational support (\$10.4 million), net decrease in the number, scope and complexity of scheduled ship maintenance requirements (\$-503.8 million) offset by a net increase in other ship maintenance requirements (\$49.6 million) and increases due to mission funding Puget Sound Shipyard (\$209.3 million); decreases in Fleet Modernization Program requirements, including LHA midlife and LPD sustainment (\$-169.4 million), and decreases in berthing and messing (\$-42.6 million) Ship Repair Facility, Yokosuka (\$-14.4 million) and Enterprise Resource Program (ERP) (\$-69.7 million) requirements.
- Combat Operations and Support increases overall by \$52.0 million, including net price increase of \$22.5 million. The increases include funds for: prototype Standing Joint Force Headquarters (\$24.5 million); Joint Urban Operations (\$7.0 million); Combatant Commanders Theater C4 Modernization (\$12.9 million); Training Transformation (Joint National training Capability) (\$70.7 million); full funding for the Training Resource Strategy (\$7.4 million); and the realignment of personnel, support costs and communications services from Servicewide Communications (4A6M) for the Naval Network Warfare Command (\$15.7 million). Decreases in Combat Communications reflect the reduction in the purchase of commercial services for Challenge Athena (\$-16.5 million). Decreases in Space Systems & Surveillance reflect the termination of four MSC leased T-AGOS ships and other reductions to the SURTASS and fixed surveillance systems (\$-42.5 million) and the transfer of the Navy Space Surveillance Fence to the Air Force (\$-21.0 million). The decrease in Operational Meteorology and Oceanography represents the deactivation of one oceanographic survey ship (\$-7.7 million). Other reductions in Combat Operations and Support include the transfer of Joint Task Force – Civil Support to NORTHCOM (\$-10.6 million) and reductions in contractor support (\$-10.6 million).
- Weapons Support increases overall by \$48.1 million including price increase of \$12.3 million. Major changes to the Cruise Missile program include a reduction in the number of certifications required for conventional missiles (\$-10.7 million) and increases for TLAM-N certifications (\$1.8 million) and post-production support of components (\$1.5 million). Also includes reduced Harpoon and

NAVY

terminated Penguin system support (\$-1.9 million). Fleet Ballistic Missiles Program includes increases for the TRIDENT II guidance subsystem (\$8.4 million) offset by reduced requirements for logistics data system and training software updates (\$-4.3.0 million). An increase of \$3.1 million for nuclear weapons security is also included. In Service Weapons support increases support expeditionary warfare (\$4.1 million) while Weapons Maintenance includes increases for Close In Weapons System (CIWS) maintenance (\$28.1 million), missile and decoy maintenance (\$18.3 million) and increased logistics maintenance support for Air Launched and Ordnance Maintenance programs (\$11.5 million). Decreases in Weapons Maintenance result from the transfer of MK 30 targets to the Fleets (\$-8.6 million); reduced requirement for MK 45, MK75 and MK86 repairs (\$-5.5 million); realignment of funding for Pioneer UAV to RDT&E, N (\$-5.0 million) and in Submarine Acoustics, reduced maintenance resulting from the replacement of AN/BSY-2 combat systems with A-RC SEAWOLF variants (\$-5.5 million).

- Facility Sustainment, Restoration, and Modernization decrease of \$239.3 million is comprised of \$31.1 million in price growth offset by \$270.4 million in program decreases. These decreases result primarily from the completion of one-time FY 2003 force protection site improvement projects (\$-181.0 million) and Training Resource Strategy (\$-50.5 million) projects, reductions in restoration and modernization efforts (\$-154.5 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-22.2 million) offset by increases due to mission funding Puget Sound Naval Shipyard (\$29.2 million) and an increase to fund facility sustainment to 93 percent of requirements (\$108.4 million).
- Base Support decrease of \$153.1 million is comprised of \$68.3 million in price growth offset by \$221.4 million in program decreases. These decreases are due primarily to one-time FY 2003 costs for force protection (\$-188.2 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-165.3 million), offset by an increase to support base operations at a minimum quality of service (\$39.5 million).

Budget Activity 2: Mobilization

(\$ 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>
800.9	+15.3	-56.2	760.0	-19.6	-13.2	727.2	+20.7	-18.1	729.8

The Mobilization budget activity maintains assets that will support forces that rapidly respond to unforeseen contingencies throughout the world. Also funded are the maintenance, overhaul, and calibration of Navy-Type Navy-Owned (NTNO) equipment installed on Coast Guard ships and aircraft. Additionally, this program funds the inactivation of ships, submarines, and aircraft and includes the maintenance of selected inactive ships and aircraft as well as material disposal costs.

NAVY

The FY 2004 budget estimate of \$727.2 million includes a price decrease of \$19.6 million and program decreases of \$13.1 million (-1.8 percent). Major program changes include: in Aircraft Activation/Inactivation, an increase of \$4.1 million for additional aircraft re-preservation and additional aircraft scheduled for input into storage; and in Ship Activation/Inactivation, a net increase for submarine inactivation and reactor department disposal (\$39.5 million) offset by decreases in Surface Ship deactivations and less advance planning (\$-28.5 million) and the effect of one-time Congressional adds for ship disposal in FY 2003 (\$-25.7 million). In the Fleet Hospital Program, there is a reduction of \$2.3 million related to operations in Guantanamo Bay.

Budget Activity 3: Training and Recruiting

(\$ 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>
2,172.9	+56.2	+182.6	2,411.6	+54.5	+6.1	2,472.2	+56.3	-55.0	2,473.5

The Training and Recruiting budget activity funds all centrally managed or directed individual training required to meet Navy training standards. This includes accession training, basic skills training, and professional military education provided at the Naval War College, the Naval Postgraduate School, and the Armed Forces Command and Staff College. It also includes Navy recruiting and advertising, centralized civilian training programs, the Junior Navy Reserve Officer Training Corps, and all base operating support for the above programs. Team training for ships of battle groups is funded in the Operating Forces budget activity, as is all advanced and refresher flight training and aircraft carrier qualifications.

The FY 2004 budget estimate of \$2,472.2 million includes a price increase of \$54.5 million and program increases of \$6.1 million (0.3 percent). Major program changes include:

- Accession Training increases include additional Recruit Training in force protection, basic computer skills and firefighting and damage control (\$2.2 million) and additional NROTC scholarships (\$1.7 million) while a decrease of \$2.2 million results from completion of the initial phase of replacement and modernization of classroom and laboratory equipment at the Naval Academy.
- Basic Skills and Advanced Training increases total \$109.5 million. Increases in Specialized Skill Training include \$9.9 million for expansion of Homeport Training at Fleet concentration areas for increased learning capability and increased readiness in areas of C4I training, firefighting and damage control and radar navigation. As part of the Revolution in Training, there is an increase of

NAVY

\$7.6 million for Industry Standard training and certification throughout the Navy to ensure sailors compete with their industry counterparts; \$11.0 million for the development of PC-based simulation of real world operating systems; \$5.2M for restructuring of the Surface Warfare Officer School's curriculum and \$4.6M for increased force protection training. Reductions reflected include contract efficiencies (\$-10.3 million) and civilian personnel savings (\$-8.4 million). In Flight Training, there is an increase of \$10.7 million for T45 and T6A aircraft maintenance requirements while Professional Development Education reflects reductions from the completion of one-time security improvements and war game testing efforts, both at the Naval War College (\$-5.9 million). Training Support includes increases of \$47.8 million for the restructuring of Navy curricula, conversion of courses to Web-based format and replacement of obsolete equipment; \$15.4 million for Human Performance specialists to translate Fleet job tasks into competency and proficiency level requirements and for the integration of manpower, personnel and training applications. Also included is \$21.7 million for NMCI services.

- Recruiting and Other Training and Education programs decrease by \$3.6 million resulting from savings from civilian personnel reductions (\$-4.9 million), and reduced requirement for recruiter support (\$-0.7 million) and the Sea Cadet program (\$-1.0 million), offset by an increase to support the establishment of an additional 39 Junior ROTC units (\$3.0).
- Facility Sustainment, Restoration and Modernization includes Facility Sustainment, Restoration and Modernization decrease of \$79.8 million is comprised of \$3.3 million in price growth offset by \$83.2 million in program decreases resulting primarily from the completion of one-time FY 2003 force protection site improvement projects (\$-48.0 million) reductions in facility sustainment requirements (\$-22.6 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-3.9 million).
- Base Support decrease of \$11.3 million is comprised of \$7.2 million in price growth offset by \$18.4 million in program decreases. These decreases are due largely to one-time FY 2003 costs for force protection (\$-6.9 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-31.2 million), offset by an increase to contract out galley functions no longer performed by recruits (\$26.1 million).

NAVY

Budget Activity 4: Administrative and Servicewide Activities

<u>(\$ in Millions)</u>									
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>
4,811.7	+106.1	+138.4	5,056.2	+116.5	-119.1	5,053.6	+100.3	+59.0	5,212.9

The Administration and Servicewide Support budget activity funds shore based activities required for the effective operation of the Department of the Navy. The general services provided include administration and personnel support, engineering and acquisition support, security and investigative support, humanitarian and civic support, centralized transportation, communications services, and base operating support.

The FY 2004 budget estimate of \$5,053.6 million includes a price increase of \$116.5 million and program decreases of \$119.1 million (-2.3 percent). Major programmatic changes include:

- Servicewide Support reflects a net program decrease of \$66.8 million. Major program changes in Administration include an increase of \$14.6 million for the FECA surcharge imposed by the Department of Labor; an increase of \$9.8 million for additional competitive sourcing studies and additional funding to complete improvements to the alternate Navy Command Center (Site R) (\$2.4 million). Program reductions include a projected decrease in payments to the Defense Finance and Accounting Service (\$-21.6 million); savings in civilian compensation from the restructuring of the Secretariat and Chief of Naval Operations staffs (\$-10.8 million); and the partial completion of certification efforts of financial systems (\$-5.0 million). Civilian Manpower and Personnel Management reflects a program decrease of \$10.7 million for reductions in the civilian workforce and completion of Human Resources IT reengineering while Military Manpower and Personnel Management contains program increases for several military management system transformational initiatives support including the Defense Integrated Military Human Resource Management System (DIMHRS) and the Navy Standard Integrated Personnel System (NSIPS) as well as NMCI support of the Naval Personnel Command (\$31.7 million), partially offset by civilian personnel reductions (\$-5.1 million). Other Personnel Support program decreases total \$13.0 million reflecting reductions in requirements for A-12 Trial team support, centrally managed MWR projects and NMCI services. Servicewide Communications reflects increases for NMCI incentives (\$37.2 million); support for three Teleport global information grids (\$17.0 million) and increased operation of the Defense Messaging System (\$7.0 million). Program decreases include the realignment of funding for Tier One services from the customers to the Defense Information Systems Agency (DISA) (\$-55.8 million); the completion of Enterprise Solution studies and decreased deployment of NMCI transition support teams (\$-48.6 million) and the realignment of personnel and

NAVY

support costs for the Naval Network Warfare Command to Combat Support Forces (1C6C) for consistency with other COMLANTFLT Type Commander staffs (\$-15.7 million).

- Logistics Operations and Technical Support increase totals \$35.1 million. Major program changes in Servicewide Transportation are an increase of \$8.8 million for reimbursement to the Defense Supply Centers for overseas transportation of subsistence items and a decrease in transportation of munitions, primarily related to the Tomahawk remanufacture schedule (\$-6.3 million). Planning, Engineering and Design programs decrease by \$8.7 million; the major program change results from the restructuring of the civilian workforce at the System Commands. Acquisition and Program Management reflects program increases of \$54.7 million, primarily for increases in classified program at the Navy System Management Activity (NSMA) (\$61.7 million). The other major program changes include an increase of \$11.8 million for NMCI services and a program decrease of \$16.1 million in savings from the restructuring of the civilian workforce at the System Commands. The net decrease of \$29.8 million in Air Systems Support reflects reduced requirements associated with technical publication updates and manuals for both platform specific and non-platform specific aircraft systems. Program increases in Hull, Mechanical and Electrical Support reflect funding for Chemical, Biological and Radiological Defense (CBRD) Anti-Terrorism/Force Protection and Amphibious Emergency Repair maintenance (\$13.8 million) and program decreases reflect the effect of congressional adds in FY 2003 only and civilian workforce restructuring (\$-4.9 million) while program increases in Space and Electronic Warfare Systems fund Joint Service Interoperability Training, integrated logistics support for digital wideband and portable radios; in-service engineering support for submarine systems and software maintenance and Spectrum fees (\$6.9 million).
- Security Programs decrease by \$53.9 million primarily as a result of one-time congressional adds to classified programs and realignments from the DERF in FY 2003.
- Facility Sustainment, Restoration and Modernization decrease of \$36.4 million is comprised of \$-0.2 million in price changes and \$36.2 million in program decreases resulting primarily from the completion of one-time FY 2003 force protection site improvement projects (\$-43.8 million), reductions in restoration and modernization efforts (\$-14.3 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-1.4 million) offset by increases an increase to fund facility sustainment to 93 percent of requirements (\$22.0 million).
- Base Support increases by \$5.8 million including \$3.3M in price growth. Program changes include increases to support base operations at a minimum quality of service (\$11.1 million) and increases in Pentagon rent payments (\$38.7 million) offset by one-time purchase of collateral equipment for military construction projects (\$-14.4 million) and savings resulting from the consolidation of installation claimants from eight to one (\$-9.3 million).

MARINE CORPS

(\$ 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>
2,964.6	+59.6	+497.2	3,521.4	+49.0	-163.7	3,406.7	+66.3	+196.9	3,669.9

* Includes funds from transfer accounts (e.g., Overseas Contingency Operations Transfer Fund, Drug Interdiction and Counterdrug Activities, Defense, and Environmental Restoration, Navy)

The Operation and Maintenance, Marine Corps appropriation provides the funding for Marine Corps missions, functions, activities, and facilities except for those requirements related to: procurement of major items of equipment and ammunition, military personnel, military family housing, operation and maintenance of the Marine Corps Reserve, and those functions supported by Navy-sponsored appropriations.

The funds contained in this appropriation are intended primarily for the support of the total active Marine Corps Forces. The primary Marine Corps objective is to train and maintain the Fleet Marine Forces at a high level of combat readiness for service with the fleet, ashore, or for such other duties as the President may direct.

The Fleet Marine Forces supported by this appropriation are composed of Marine Expeditionary Forces (Division/Wing/Service Support Group Task Organizations), including a combination of combat and combat service support organizations and a variety of supporting units. Funds are also provided to support two landing force training commands, Marine detachments afloat, the security forces assigned to Naval and other government activities ashore, maritime prepositioning ships, and Norway prepositioning.

Shore facilities receiving funding support from this appropriation are: three major bases; two recruit depots; eleven air installations; one Marine Corps Combat Development Command; one Marine Corps Systems Command; one Marine Corps Air-Ground Combat Center; and two Expeditionary Warfare Training Groups. These facilities are being maintained at standards that will permit effective utilization, avoid major replacement costs, and allow operation and maintenance on an economical and effective basis.

The individual training of enlisted and officer personnel from basic training to the highest Marine Corps technical training and the advanced training at schools of the other Services and at civilian institutions are funded in this appropriation. Such schooling is designed to produce highly trained and disciplined enlisted and officer personnel for duty with the Fleet Marine Force, capable of leadership growth as well as effective performance.

MARINE CORPS

This appropriation also supports the Marine Corps supply system. The principal objective of the supply system is to provide Marine activities/units with the proper material and equipment in the quantity, condition, time, and place required. Further, it supports other miscellaneous activities such as special training, second destination transportation of things, recruiting, equipment overhaul and repair, and miscellaneous expenses.

The FY 2004 O&M budget request of \$3,406.7 million reflects a net decrease of \$114.7 million from the FY 2003 funding level. The change includes \$49.0 million in price growth and a \$163.7 million net decrease in functional transfers and program changes. The detailed explanations of the transfers and program changes are explained below:

Budget Activity 1: Operating Forces

(\$ 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>
2,198.2	+52.4	+455.3	2,705.9	+31.0	-234.7	2,502.2	+49.7	+69.8	2,621.7

The Operating Forces budget activity is comprised of two activity groups, Expeditionary Forces and USMC Prepositioning.

The Expeditionary Forces activity group provides funding for the operating forces that constitute the Marine Corps Air-Ground Team and Marine security forces at naval installations and aboard Naval vessels. The field logistics and depot maintenance programs in support of the operating forces are also funded in this activity group. In addition, base support functions for Marine Corps bases, camps, air stations, and logistics bases supporting the Fleet Marine Forces; Quality-of-Life (QOL) programs such as Childcare, Youth Development and Family Service Centers; injury compensation payments; and procurement of collateral equipment required to initially outfit new military construction projects at Marine Corps bases are financed in this activity group.

The USMC Prepositioning activity group finances the Maritime Prepositioning Forces (MPF) program, the Norway Air Landed Marine Expeditionary Brigade (NALMEB) program and the Aviation Logistics Support Ships (TAVB) program.

The FY 2004 budget request of \$ 2,502.2 million for Operating Forces reflects a net decrease of \$203.7 million from the FY 2003 funding level. The increase includes \$31.0 million in price growth and a \$234.7 million (-8.7 percent) net decrease from functional transfers and program changes. Major program changes in FY 2004 include an increase of \$109 million for Navy Marine Corps

MARINE CORPS

Intranet Costs (NMCI); an increase of \$75.6 million for Restoration and Modernization projects; an increase of \$22.9 million for Ordnance and End Item maintenance; an increase of \$6.6 million for Joint Concept Development and Experiments (JCDE), Joint Command, and Control Integration and Interoperability (JC212); an increase of \$7.3 million to support Operation and Maintenance of Newly Fielded Equipment (OMNE); an increase of \$7.9 million for Global Combat Support Systems- Marine Corps Portfolio (GCSS); an increase of \$5.4 million for Manpower Automated Information Systems; an increase of \$4.3 million for the Short Range Assault Weapon (Predator); an increase of \$4.9 million for the Intelligence Analysis System Module Kits; and an increase of \$3.4 million for the Multiple Integrated Laser Engagement System (MILES). These increases are offset by a decrease of \$261.1 million for the removal of DERF one time costs in FY 2003; a decrease of \$75.4 million for Combat Vehicle maintenance; a decrease of \$117.1 million for discontinued NMCI service costs; a decrease of \$5.2 million for Corrosion Control program; a decrease of \$6.3 million for Marine Corps exercises and Marine Corps participation in Joint Chiefs of Staff (JCS) and Commander-in-Chief (CINC)-sponsored exercises; a decrease of \$3.3 million for Asset Tracking Logistics and Supply System Process Improvement Program (ATLASS PIP); a decrease of \$3.3 million for Missile Maintenance based on the funded mix of equipment; a decrease of \$2.9 million for Maritime Prepositioning Force Program; a decrease of \$2 million for the elimination of duplicative information systems; and a decrease of \$3.7 million for Personnel Support Equipment program.

Budget Activity 3: Training and Recruiting

(\$ 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>
484.1	+6.3	+34.5	524.9	+7.1	+45.3	577.3	+11.0	+11.7	600.0

The resources in this budget activity support recruiting and advertising, training and education of Marines as well as Quality-of-Life (QOL) programs such as Childcare, Youth Development, and Family Service Centers. Recruit training encompasses the transition from civilian life to duties as a Marine and includes an intense period of training designed to prepare the new Marine for assignment to units of the Fleet Marine Force, major posts and stations, and duty at sea aboard vessels of the U.S. Navy. Officer Acquisition encompasses training candidates for appointment as commissioned officers prior to actual commissioning in the Marine Corps and Marine Corps Reserve. Nominees undergo intense courses of instruction prior to actual commissioning.

Upon completion of Officer Acquisition Training or Recruit Training, the Marine is assigned to courses of instruction to acquire the requisite skills necessary to meet the minimum requirements of a Military Occupational Specialty (MOS). For officers, this course

MARINE CORPS

involves completion of The Basic School at the Marine Corps Combat Development Command (MCCDC), Quantico, Virginia, and the assignment to a MOS qualifying course such as the Infantry Officer Course or the Communication Officers School. The enlisted Marine undergoes Specialized Skill Training at Marine Corps installations or at schools run by the other Services, depending on his/her designated MOS.

This budget activity also funds training support for costs associated with travel and per diem for those Marines attending Service and civilian schools away from their permanent duty stations; expenses incurred in developing a proficient recruiting force; costs for advertising media and market analysis; costs for training support equipment, audio-visual aid, computer-assisted training programs, and direct administrative support to the training management functions and the Marine Corps Institute; injury compensation payments; and procurement of collateral equipment required to initially outfit new military construction projects at Marine Corps bases. In addition, this activity provides base support and Facilities Sustainment, Restoration, and Modernization (FSRM) support to Marine Corps Recruit Depots; Marine Barracks, 8th and I Streets, Washington, DC; and the Marine Corps Recruiting Command.

The FY 2004 budget request of \$577.3 million for Training and Recruiting reflects a net increase of \$52.4 million from the FY 2003 funding level. The increase includes \$7.1 million in price growth and a \$45.3 million (8.6 percent) net increase from functional transfers and program changes. Major program changes in FY 2004 include an increase of \$19.8 million for the transition to and fielding of the Navy Marine Corps Intranet (NMCI); an increase of \$3.6 million for replacement of 782 gear and supplies & materials; an increase of \$5.2 million for Tuition Assistance; an increase of \$9.5 million for newly fielded equipment such as the Multiple Integrated Laser Engagement System, Underwater Egress Capability System, and Combined Arms C2 Trainer Upgrade System; an increase of \$4.7 million to the Joint National Training Capability (JNTC); and an increase of \$17.4 million in Sustainment, Restoration and Modernization projects at Marine Corps bases worldwide. These increases are partially offset by a decrease of \$2.3 million in collateral equipment associated with Military Construction, Facility Sustainment, Restoration, and Modernization (FRSM), and the Japanese Facility Improvement Program (JFIP) projects; and a decrease of \$4.4 million for environmental projects related to compliance, conservation and pollution prevention.

MARINE CORPS

Budget Activity 4: Administration and Servicewide Support

(\$ 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>
282.3	+0.9	+7.4	290.6	+10.9	+25.7	327.2	+5.6	+115.4	448.2

The Marine Corps-wide efforts of special support, transportation, personnel management, and headquarters base support are financed in this activity group. In addition, civilian personnel salaries and the department and staff management of Headquarters, U.S. Marine Corps are funded within this activity group.

Special Support provides funding for the support of Marine Corps prisoners confined at the Army Disciplinary Command, Fort Leavenworth, Kansas; the Marine Band located at the Marine Barracks, 8th and I Streets, Washington, DC; and Quality-of-Life (QOL) programs such as Childcare, Youth Development, and Family Service Centers. Special Support also finances the administration of missions, functions and worldwide operations of the Marine Corps and Marine Security Guards. Cost of operations includes civilian personnel salaries, Defense Finance and Accounting Service (DFAS) reimbursements, automated data processing, printing and reproduction, civilian and military travel, and personnel services on a Marine Corps-wide basis.

All costs related to Second Destination Transportation of cargo to the operating forces are also funded in this activity group. Categories of transportation are: (a) Military Sealift Command for ocean cargo; (b) Inland Transportation by commercial carriers for movement between CONUS installations and ports; (c) Military Airlift Command for movement of priority cargo in support of Fleet Marine Force units; and (d) Military Traffic Management Command and commercial sources for port handling of ocean cargo.

Base operations support for Headquarters Battalion, Headquarters, U.S. Marine Corps and military personnel assigned to Headquarters, U.S. Marine Corps is funded within this activity group. Also included in this activity group are injury compensation payments and procurement of collateral equipment required to initially outfit new military construction projects at Marine Corps bases.

The FY 2004 budget request of \$327.2 million for Administration and Servicewide Activities reflects a net increase of \$36.6 million from the FY 2003 funding level. This increase includes \$10.9 million in price growth and a \$25.7 million (8.8 percent) net increase from functional transfers and program changes. Major changes in FY 2004 include an increase of \$14.5 million for the Pentagon Reservation Maintenance Fund (PRMF); an increase of \$2.7 million for the Heritage Center Museum Exhibit Fabrication; an increase of \$1.6 million for Second Destination Transportation; an increase of \$2.9 million for the transfer of military billets to civilian billets;

MARINE CORPS

an increase of \$3.8 million in the fielding of the Navy Marine Corps Intranet (NMCI); an increase of \$2.1 million for Defense Security Service; and an increase of \$1.5 million for the Marines Security Guard. These increases are offset by a decrease of \$2.5 million for Defense Finance and Accounting Services (DFAS) based on DFAS bill estimates.

AIR FORCE

<u>(\$ in Millions)</u>									
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>
28,360.1	+488.9	-1,770.9	27,078.1	+1,429.4	-713.6	27,793.9	+1,054.9	+84.0	28,932.5

The Operation and Maintenance (O&M), Air Force appropriation is the fiscal cornerstone of Air Force readiness. The appropriation finances the Air Force's capability to develop, to train, to sustain, and to integrate the elements of air and space power necessary to produce the Air Force's three core competencies:

1. Developing Airmen – the heart of combat capability,
2. Technology-to-Warfighting – the tools of combat capability, and
3. Integration of Operations – the optimization of combat capabilities.

The investment in these three air and space core competencies underpins the Air Force's ability to deliver the Service's six capabilities in joint warfighting: (1) air and space superiority, (2) information superiority, (3) precision engagement, (4) global attack, (5) rapid global mobility, and (6) agile combat support. The synergy of these competencies provides the full range of aerospace capabilities to the combined forces commanders.

The O&M budget pays:

- to operate and to maintain aircraft, space, and related weapon systems,
- to train personnel,
- to operate communications, command and control systems, and
- to purchase supplies, equipment and fuel.

These O&M resources also directly support essential combat related activities such as intelligence; logistics; weather, air traffic control; search and rescue; operation and maintenance of airfields, runways and base facilities; and the working and living environment of Air Force personnel.

AIR FORCE

Overall Assessment

The FY 2004 O&M budget ensures the Air Force's readiness capabilities to meet today's threats while preparing for tomorrow's challenges. Requirements supporting Homeland Security and the Global War on Terrorism increase operating tempo. The Air Force faces significant challenges in meeting the demands of increased operating tempo.

FY 2004 Budget Request

The FY 2004 O&M budget request of \$27,793.9 million increases \$715.8 million above the FY 2003 program. The increase includes price growth of \$1,429.4 million offset by program decreases of \$713.6 million (-2.5 percent). The program changes include net transfers-out totaling \$180.0 million and net program reductions of \$533.6 million (-1.9 percent).

Major Price and Program Changes

- *Price Changes between FY 2003 and FY 2004 (\$+1,429.4 million)*
 - \$+670.3 million – Air Force Supply Management Activity Group (+18.3 percent)
 - \$+130.4 million – civilian compensation pay raises (+2.7 percent)
 - \$+124.2 million – depot maintenance performed at Air Force depots (+19.1 percent)
 - \$+87.2 million – fuel purchases (+8.3 percent)
 - \$+33.2 million – Defense Finance and Accounting Service (+14.1 percent)
- *Functional Transfers (\$-180.0 million)*
 - \$-164.0 million – transfer of Joint Surveillance Target Attack Radar System (E-8C) mission (17 aircraft) to the Air National Guard
 - \$-13.0 million – transfer of seven KC-135 aircraft to the Air National Guard
 - These two transfers replace the Air National Guard missions lost when the Air Force consolidated the B-1 mission into the Active Air Force.
- *Program Changes (\$-533.6 million): Net changes in programs that cut across the appropriation:*
 - \$+261.2 million – increase in aircraft programmed maintenance and in software upgrades

AIR FORCE

- \$+5.4 million – net increase of civilian personnel compensation. Increases (\$+150.7 million) for workforce shaping, reversal of competition decisions offset decreases (\$-144.7 million) for efficiencies, realignments, and incentive and severance pay.
- \$-12.2 million – net decrease in Facilities Sustainment Restoration, and Modernization (FSRM) due to increased funding for sustainment and restoration (\$+52.3 million) offset by reduction demolition program(\$-40.1 million)
- \$-65.0 million -- net decrease in Base Support due to increasing real properly services (\$+105.0 million) and environment support (\$+38.0 million) offset by reductions in the purchase of supplies and services (\$-78.0 million).
- \$-694.8 million – net decrease in the cost of the flying hour program reflected reduced demand for spare parts based on changes in maintenance pattern and changes in force structure.

Major Goals

The FY 2004 O&M Budget sustains readiness gains achieved for FY 2003 and supports the Air Force’s transformation goals. The Air Force funds a flying hour program of 1.2 million flying hours to ensure aircrews of the world’s premier air force receive training crucial to combat readiness. The budget also reflects the Air Force’s efforts to recruit and to retain a skilled force to meet the nation’s growing reliance on air and space power. The budget addresses foundational issues such as maintaining an aging physical plant by meeting growing costs for base operating support, utilities, and facility sustainment, all, of which, are key to maintaining Air Force personnel and readiness.

Budget Activity 1: Operating Forces

<u>(\$ in Millions)</u>									
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>
14,961.4	+278.2	-230.7	15,008.9	+1,060.0	-418.1	15,650.8	+694.8	-234.8	16,110.8

The Operating Forces budget activity consists of three activity groups: Air Operations, Combat Related Operations, and Space Operations. Funding in this budget activity supports:

- Fighter, bomber, and missile forces and aircraft assigned to the Air Force’s operational commands.
- Global command, control, and communications forces and aircraft including the Airborne Warning and Control System (AWACS).

AIR FORCE

- Space operations including the capability to launch payloads into various earth orbits and to relay data gathered by a worldwide network of sites and terminals.
- Support of combat test and training fighter aircraft, electronic warfare aircraft, tactical air control systems, combat training ranges, and base support activities.

Major Changes in the FY 2005 budget request of \$15,650.8 million are:

- *Price Changes:* \$+1,060.0 million.
- *Transfers:*
 - \$-166.3 million in net transfers driven primarily by the transfer of the Joint Surveillance Target Attack Radar System (E-8C) mission (17-aircraft) to the Air National Guard to replace the Air National Guard missions lost when the Air Force consolidated the B-1 mission into the Active Air Force.
- *Program Increases:*
 - \$+112.6 million for Air Operations Training to sustain and to improve the readiness and operations of air combat ranges and training aircraft.
 - \$+108.5 million for F-15 depot maintenance resulting from increases in labor hours and material.
 - \$+82.7 million for software upgrades for B-1, A-10, B-2, B-52, and F-16.
 - \$+72.8 million for U.S. Strategic Command (USSTRATCOM). Includes:
 - Upgrades to the Strategic Warfare Planning System,
 - Modernization of the command center and the command and control infrastructure, and
 - Relocation of the personnel formerly assigned to the US Space Command from Petersen Air Force Base, CO to USSTRATCOM at Offut Air Force Base, NE.
 - \$+68.8 million for Headquarters, Northern Command to provide full operational capability for staffing, planning, administration, logistics, communications, command and control; and to improve Cheyenne Mountain Operations Center to support NORTHCOM crisis operations.
 - \$+62.3 million for launch range sustainment and higher range operation costs
 - \$+38.8 million for MILSTAR sustainment, engineering, and contractor logistics support as MILSTAR support transitions from the Research, Development, Test, and Evaluation, Air Force appropriation to O&M, AF appropriation.
 - \$+32.0 million for B-52 cost increase due requirements for increase labor hours and material resulting from unanticipated corrosion and structural.

AIR FORCE

- \$+31.0 million for support of the Air Operations Center including training and upgrades to the Block 10 configuration.
- \$+30.1 million for maintenance of the Minuteman Missile including repair and manufacture of guidance and control parts.
- \$+26.8 million for increased operational costs of the third Unmanned Aerial Vehicle squadron added in FY 2002
- \$+18.1 million for Space Based Infrared System (SBIRS) for pre-operational support including communications required before SBIRS initial operating capability.

- *Program Decreases:*
 - \$-611.6 million in reduced flying hour costs resulting from lower demand for spare parts due to changed maintenance assumptions and from force structure realignments.
 - \$-267.8 million in one-time funding for one-time FY 2003 Defense Emergency Fund Transferred requirements and for one-time FY 2003 Congressional increases.
 - \$-65.6 million reflects reduced purchases of supplies and equipment to pay for contract costs for mess attendants, library services, fitness centers, and linen exchanges.
 - \$-41.0 million resulting from completion of the F-16 service life extension program in FY 2003.

Budget Activity 2: Mobilization

<u>(\$ in Millions)</u>									
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>
4,499.5	-3.1	-689.9	3,806.5	+140.4	-493.6	3,453.3	+104.2	-45.9	3,511.6

The Mobilization budget activity includes the following activity groups that support the Air Force Mobility Operations:

- (1) Airlift Operations,
- (2) Airlift Operations Command, Control, Communications and Intelligence (C3I),
- (3) Mobilization Preparedness, and
- (4) Payment to the Transportation Business Area.

Mobility Operations provide global mobility through strategic and theater airlift to support peacetime, contingency, humanitarian, and wartime operations in pursuit of national objectives. The rapid movement and sustainment of United States combat forces anywhere in the world to deter aggression or to provide humanitarian/peacekeeping assistance is a major instrument of the U.S. national security

AIR FORCE

policy. The Joint Chiefs of Staff (JCS), the Military Services, and other Department of Defense (DoD) and government agencies depend heavily on the Air Force's Mobility Operations for essential cargo and troop movements in support of a variety of missions. Success in the Balkans and Southwest Asia regions and humanitarian assistance efforts amplify the pivotal role of mobility force projection.

Major Changes in the FY 2004 budget request of \$3,453.3 million are:

- *Price Changes:* \$+140.4 million.
- *Transfers:*
 - \$-15.7 million in net transfers driven primarily by the transfer of the seven KC-135 aircraft to the Air National Guard to replace the Air National Guard missions lost when the Air Force consolidated the B-1 mission into the Active Air Force.
- *Program Increases:*
 - \$+58.6 million for restoration and modernization projects to correct deteriorating facilities and infrastructure at mobility air bases.
 - \$+55.5 million for lease of three C-40 aircraft in support of the travel for senior personnel.
 - \$+21.3 million for the lease of a fourth afloat prepositioned (APF) ship and for APF uploads and downloads. The Air Force added the fourth ship during FY 2002 using funding from Defense Emergency Response Fund. The Air Force begins to pay for the lease in FY 2004 from O&M,AF.
 - \$+15.0 million to reimburse the Air National Guard and Air Force Reserve for mobility support to the Combat Air Patrol.
- *Program Decreases:*
 - \$-351.9 million. Due to positive accumulated operating results in the Transportation Working Capital Fund, the Active Air Force will not need to reimburse the TWCF in FY 2004.
 - \$-160.6 million in one-time funding for FY 2003 Defense Emergency Fund Transferred requirements including combat air patrol, anti-terrorism/force protection, aircraft communications modifications.
 - \$-49.0 million for the divestiture of C-9A Aeromedical Evacuation aircraft. The Air Force will retire the aging C-9A aircraft and will fulfill patient movement requirements with a combination of Air Force mobility aircraft and commercial aircraft.
 - \$-18.6 million resulting from force structure realignments. The Air Force will retire 14 C-5s in FY 2004 and replace them with C-17s. The newer aircraft will reduce training costs for mobility pilots.

AIR FORCE

- \$-20.0 million in reduced flying hour costs resulting from lower demand for spare parts due to changed maintenance assumptions and from force structure realignment.
- \$-14.4 million for reduced C-17 training costs based on lower C-17 TWCF flying hour costs.

Budget Activity 3: Training and Recruiting

<u>(\$ in Millions)</u>									
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>
2,573.7	+42.2	-32.2	2,583.7	+72.5	+41.5	2,697.7	+65.8	+96.0	2,859.5

The Training and Recruiting budget activity supports three broad mission areas:

- (1) Accession Training,
- (2) Basic Skills and Advanced Training, and
- (3) Recruiting and Other Training and Education.

Accession Training operations produce the enlisted and officer personnel needed to meet total force requirements. Officer accessions receive indoctrination training through the United States Air Force Academy (USAFA), the Air Force Reserve Officer Training Corps (AFROTC), the Officer Accession and Training School (OATS), and the Airmen Education and Commissioning Program (AECP).

Basic Skills and Advanced Training includes specialized skill, flight training, professional development education, and training support. Specialized Skills provide to Air Force personnel (and individuals of other services) training and education essential to operate, maintain, and manage complex Air Force weapon systems and associated support structure. Flight training programs include flight screening, undergraduate pilot training, specialized undergraduate pilot training (SUPT), specialized undergraduate and advanced navigator training, and pilot instructor training (PIT). Professional development education includes professional military education programs to enhance and to develop critical leadership skills of commissioned officers, civilian, and noncommissioned officers.

Recruiting and Other Training and Education supports the recruiting and advertising programs needed to fulfill the Air Force personnel requirements. Other training programs cover civilian education and training, tuition assistance for active duty personnel, and Junior Reserve Officer Training Corps.

AIR FORCE

Major Changes included in the FY 2004 budget request of \$2,697.7 million are:

- *Price Changes:* \$+72.5 million.
- *Net Transfers:* \$+1.1 million.
- *Program Increases:*
 - \$+33.5 million for civilian workforce shaping and training. The Air Force plans to increase the number of interns and co-op students in anticipation that 40 percent of today’s civilian workforce will be eligible for retirement within the next five years.
 - \$+21.9 million to expand the Graduate Degree Program to increase graduate degree opportunities from 500 annually to 2,500 annually.
 - \$+18.1 million for educational benefits to pay 100% of Tuition Assistance (up from the current level of 75 percent).
- *Program Decreases:*
 - \$-30.8 million in the annual training flying hour program resulting from force structure realignments as the Air Force replaces the T-37 training aircraft with the new T-6 training aircraft.

Budget Activity 4: Administration and Servicewide

<u>(\$ in Millions)</u>									
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>
6,325.6	+171.5	-818.0	5,679.1	+156.5	+156.5	5,992.1	+189.9	+268.6	6,450.6

The Administration and Servicewide Activities budget activity funds four broad mission areas:

- (1) Logistic Operations,
- (2) Servicewide Support,
- (3) Security Programs, and
- (4) Support to Other Nations.

AIR FORCE

Logistics Operations includes Air Force Logistics Operations, Technical Support Activities, Servicewide Transportation, and Base Support. The Logistics Operations Activity Group primarily funds the operation of Air Force Materiel Command (AFMC), which provides Air Force-wide cradle-to-grave acquisition and logistics support including Readiness Spares Kits and other pipeline supply requirements. It also includes inter- and intra-theater transport and handling of equipment and munitions.

The Servicewide Activities spread across the entire Air Force to ensure combat capability through communications, rescue and recovery, personnel and policy direction, and the Civil Air Patrol.

The Security Program Activity Group includes the Air Force Office of Special Investigations (AFOSI) and a series of classified programs.

Finally, the Support to Other Nations activity group provides United States Air Force participation in the North Atlantic Treaty Organization (NATO); Supreme Headquarters Allied Powers Europe (SHAPE), and the US Central Command's role in the Cooperative Defense Initiative and CINC Engagement Program with the Central Asian States.

Major Changes included in the FY 2004 budget request of \$5,992.1 million are:

- *Price Changes:* \$+156.5 million.
- *Net Transfers:* \$+1.0 million.
- *Program Increases:*
 - \$+74.8 million for Defense Finance and Accounting Service (DFAS) to fund DFAS at historical workload levels.
 - \$+35.4 million for Readiness Spares Packages.
 - \$+29.9 million for shipment of Harvest Falcon (Bare Base) components to the U.S. Central Command area of responsibility.
 - \$+29.0 million for Depot Maintenance Reengineering and Transformation initiatives to improve depot maintenance processes.
 - \$+18.1 million for Air Force Financial Management reform efforts that support of the DoD Financial Management Modernization Program.
 - \$+17.2 million in Second Destination Transportation for the shipment of new materials handling equipment.
- *Program Decreases:*
 - \$-47.2 million in classified programs.

OPERATION AND MAINTENANCE, DEFENSE -WIDE

The Operation and Maintenance, Defense-Wide (O&M,D-W) appropriation finances a wide range of programs which have been consolidated to achieve maximum efficiency by avoiding overlap and duplication among the Services. The Defense Agencies and Activities are essential to the accomplishment of the missions of the Military Departments. Functions financed in the appropriation encompass: special operations forces; airlift and sealift of all Components participating in the Chairman, Joint Chiefs of Staff Exercise Program; information services support; dependent education and family assistance programs; logistics support; and various consolidated training, audit, and contract management activities. The functions also include: intelligence, security cooperation, nuclear weapons management and analysis, treaty implementation, and management of the Department.

At the summary level, the FY 2004 request is for \$16,570.8 million. The net change from FY 2003 to FY 2004 is comprised of \$315.4 million price growth and \$1,438.8 million net program growth. The following chart provides details by budget activity for BA-1, Operating Forces; BA-2, Mobilization; BA-3, Training and Recruiting; and BA-4, Administration and Service-wide Activities:

(TOA, Dollars in Millions)										
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY2005
	<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>
BA - 1	2,217.1	+64.9	-395.6	1,886.4	+37.3	+347.9	2,271.6	+57.0	-12.5	2,316.1
BA - 2	43.9	+0.4	-4.3	40.0	+0.6	+9.4	50.0	+0.8	-10.0	40.8
BA - 3	231.0	+4.4	+7.2	242.6	+4.2	+17.3	264.1	+5.3	+7.9	277.3
BA - 4	<u>11,048.1</u>	<u>+452.6</u>	<u>+1,146.9</u>	<u>12,647.6</u>	<u>+273.3</u>	<u>+1,064.2</u>	<u>13,985.1</u>	<u>+370.4</u>	<u>+91.4</u>	<u>14,446.9</u>
TOTAL	13,540.1	+522.3	+754.2	14,816.6	+315.4	+1,438.8	16,570.8	+433.5	+76.8	17,081.1

Of the FY 2004 \$+1,439 million net program growth, \$521 million is for classified agencies and programs (details provided in a separate classified justification book) and approximately \$267 million is for functional realignments to and from other appropriations.

- Transfers-in include: the Defense Information Services Agency Tier 1 network communications (from the Working Capital Funds (WCF) per congressional direction); the reorganized Defense Security Service (from WCF); the Enhanced Mobile Satellite Service that is used extensively by forward deployed forces (from various users); the Financial Management

DEFENSE-WIDE

Modernization Program O&M activities, Defense Threat Reduction Agency (DTRA) Albuquerque operations O&M activities, Information Systems Support, and Critical Infrastructure Protection initiatives (from RDT&E). (\$300 million)

- Transfers-out include: the restructured Defense Travel Service contract (to RDT&E); the Overseas Military Banking Program and travel card program management offices of the Defense Finance and Accounting Service (to WCF); and the Nuclear Arms Control Technology Program of DTRA (to Army and Air Force) (\$-33 million)

Of the remaining \$650 million in net program growth, highlights of program increases include the following:

- Readiness programs for the U. S. Special Operations Command (USSOCOM) to provide a strategic planning capability at the USSOCOM and bolster the theater special operations commands in CENTCOM, EUCOM and PACOM; fund forward basing of the USSOCOM forces in the CENTCOM area of responsibility to provide a crisis response element; and fund the USSOCOM flying hour requirements, the aging aircraft sustaining engineering program, contractor logistics support, as well as Special Operations Forces enhancements and C3 capabilities. (\$363 million)
- The Counter-terrorism (CT) train and equip program to train, equip and sustain foreign military forces in CT operations and also fund a counter-terrorism fellowship program. (\$204 million)
- Information systems sustainment of the Global War on Terrorism requirements and transformation initiatives include leasing commercial transponders for CENTCOM operations, the White House Communications Agency Pioneer Project, and other C2 initiatives. (\$159 million)
- Dependent schools education and physical security requirements and family assistance programs. (\$137 million)
- Rent and renovation cost increases for tenants of the Pentagon facility. (\$104 million)
- Transformation training, CJCS exercises, and Combating Terrorism Readiness Initiatives of The Joint Staff, as well as adaptive planning initiatives to reduce planning timeframes. (\$59 million)
- Mobilization requirements and the price comparability program to cover military unique costs for contingency operations, forward positioning of stock, and diminishing manufacturing services. (\$60 million)
- Congressional increases and earmarks in FY 2003 that are not extended into FY 2004 are reflected as program decreases.

Further detail of all program changes for each agency is contained in the agency justification materials.

Program funding and price/program changes by Budget Activity O-1 line item, by Agency, are displayed on the next 3 pages.

DEFENSE-WIDE

**Summary by Budget Activity
(Dollars in Millions)**

	<u>FY 2002</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
Total	13,540.1	+522.3	+754.2	14,816.6	+315.4	+1,438.8	16,570.8	+433.5	+76.8	17,081.2

Budget Activity 1 - Operating Forces

	<u>FY 2002</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Subtotal</u>	2,217.1	+64.9	-395.6	1,886.4	+37.3	+347.9	2,271.6	+57.0	-12.5	2,316.1
TJS	359.4	+14.9	+20.0	394.3	-23.4	+49.2	420.0	+3.9	-16.5	407.5
USSOCOM	1,857.7	+50.0	-415.6	1,492.1	+60.7	+298.7	1,851.5	+53.1	+4.0	1,908.6

Budget Activity 2 - Mobilization

	<u>FY 2002</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Subtotal</u>	43.9	+0.5	-4.3	40.0	+0.6	+9.4	50.0	+0.8	-10.0	40.8
DLA	43.9	+0.5	-4.3	40.0	+0.6	+9.4	50.0	+0.8	-10.0	40.8

Budget Activity 3 - Training and Recruiting

	<u>FY 2002</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Subtotal</u>	231.0	+4.3	+7.2	242.6	+4.2	+17.3	264.1	+5.3	+7.9	277.3
AFIS	11.0	+0.1	-0.6	10.6	+0.2	+3.2	14.0	+0.3	-0.2	14.1
DAU	98.2	+2.4	+1.3	101.9	+2.0	-2.2	101.7	+2.2	-0.1	103.8
DCAA	4.5	+0.1	+0.8	5.4	+0.1	-	5.5	+0.1	-	5.6

DEFENSE-WIDE

(Dollars in Millions)

Budget Activity 3 - Training and Recruiting (Continued)

	<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>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>
DFAS	8.6	+0.1	-1.3	7.4	+0.1	-7.5	-			
DHRA	34.7	-0.3	+12.0	46.4	+0.7	-11.8	35.3	+0.6	+9.1	44.9
DSS	7.5	+0.2	-0.7	7.0	+0.2	-	7.2	+0.1	-	7.3
DTRA	1.4	-	-0.2	1.2	-	+3.6	4.8	+0.1	+1.1	6.0
INTELL			+2.8	2.8	-	+0.2	3.1	-	-	3.1
USSOCOM	65.1	+1.7	-6.9	59.9	+0.9	+31.8	92.6	+1.9	-2.0	92.5

Budget Activity 4 - Administration and Servicewide Activities

	<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>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>
<u>Subtotal</u>	11,048.1	+452.6	1,146.9	12,647.6	+273.3	+1,064.2	13,985.1	+370.4	+91.4	14,446.9
AFIS	95.0	+1.4	-1.1	95.3	+1.8	+8.2	105.3	+2.1	-4.8	102.6
CMP	89.5	+1.0	+16.9	107.4	+1.6	-10.0	99.0	+1.6	+0.8	101.4
INTELL	4,770.6	+320.6	+1,052.1	6,143.3	+125.7	+519.2	6,788.2	+161.0	-42.1	6,907.1
DCAA	330.6	+10.0	+6.0	346.6	+7.7	+4.6	359.0	+10.1	-1.1	368.0
DCMA	931.1	+29.4	+4.1	964.6	+19.7	+24.6	1,008.9	+26.7	-7.3	1,028.3
DFAS	5.5	+0.1	+0.5	6.1	+0.1	-4.5	1.7	-	+54.9	56.6
DHRA	189.6	+4.0	+40.8	234.4	+4.0	+38.4	276.8	+5.2	-17.5	264.5
DISA	1,042.7	+14.7	-239.2	818.2	+13.7	+298.0	1,129.9	+22.1	-102.3	1,049.7
DLA	196.4	+3.1	+12.0	211.4	+3.9	+44.4	259.7	+4.9	-1.2	263.4
DLSA	14.1	+0.4	+2.0	16.5	+0.3	+1.0	17.8	+0.6	-2.8	15.5
DoDDE	1,479.3	+46.3	+71.5	1,597.1	+65.4	+35.6	1,698.1	+57.3	-44.4	1,711.0

DEFENSE-WIDE

(Dollars in Millions)

Budget Activity 4 - Administration and Servicewide Activities (Continued)

	<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>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>
DPMO	15.0	+0.7	+0.9	16.6	+0.8	-1.6	15.8	+0.8	-0.6	16.0
DSCA	412.3	+4.6	-264.3	152.7	+2.3	+129.7	284.7	+4.6	-203.0	86.3
DSS	114.5	+4.4	+46.5	165.3	+4.9	+29.7	200.0	+3.4	-6.2	197.3
DTRA	248.3	+3.8	+23.7	275.8	+4.7	+10.8	291.2	+5.4	+1.6	298.2
DTSA			+19.9	19.9	+0.4	+0.1	20.4	+0.6	-0.5	20.5
OEA	36.6	+0.5	+12.4	49.5	+0.8	-36.2	14.1	+0.3	+30.4	44.8
OSD	536.1	+4.6	+144.5	685.3	+17.8	+9.5	712.6	+13.5	+468.1	1,194.2
TJS	156.7	+0.1	+28.8	185.6	-1.6	+50.5	234.5	+22.2	+14.2	270.9
Special Programs	16.3	+0.2	+83.9	100.4	-1.5	-98.9				
USSOCOM	42.9	+0.5	+19.9	63.2	+1.1	-2.3	61.9	+1.3	+7.6	70.8
WHS	325.0	+2.2	+65.2	392.4	-0.3	+13.4	405.5	+26.7	-52.4	379.8

Budget Estimate Totals may not sum due to rounding of price and program changes.

RESERVE COMPONENTS

	(\$ 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 Reserve	1,766.5	+43.8	+133.2	1,943.5	+44.8	-36.3	1,952.0	+39.9	+27.4	2,019.3
Navy Reserve	1,012.6	+12.6	+183.1	1,208.3	+28.1	-64.5	1,171.9	+25.8	-16.6	1,181.1
MC Reserve	139.8	+4.0	+34.9	178.7	+2.9	-7.7	173.9	+2.8	+11.9	188.6
AF Reserve	1,999.0	+38.5	+112.5	2,150.0	+132.5	-103.3	2,179.2	+84.6	-29.4	2,234.4
Army Nat Guard	3,746.8	+86.0	+406.7	4,239.5	+97.2	-125.4	4,211.3	+82.4	+266.8	4,560.5
Air Nat Guard	<u>3,935.1</u>	<u>+113.1</u>	<u>+43.7</u>	<u>4,091.9</u>	<u>+302.7</u>	<u>+8.0</u>	<u>4,402.6</u>	<u>+209.9</u>	<u>-212.0</u>	<u>4,400.5</u>
	12,599.8	+298.0	+914.1	13,811.9	+608.2	-329.2	14,090.9	+445.4	+48.1	14,584.4

The Operation and Maintenance (O&M) appropriations provide funding for operating the Reserve Components' forces and maintaining their assigned equipment in a state of readiness to permit rapid deployment in the event of full or partial mobilization. Reserve Component personnel maintain adequate skill levels in highly technical specialties through training during weekend drills and active duty training. Concurrently, the Reserve Components contribute significant support to a variety of Active mission areas. The FY 2004 budget request of \$14.1 billion for the Reserve Forces includes price growth of \$608.2 million and net program decrease of \$329.2 million (-2.4 percent) below the FY 2003 funding level. Summary program data for the Reserve Components is displayed below.

Reserve Forces Program Data

	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>	
Selected Reserve End Strength	874,330	-9,628	864,702	-1,402	863,300	-400	862,900	
Civilian Personnel Full Time Equivalents (FTEs)	72,940	+3,954	76,894	+328	77,222	+958	78,180	
Military Technicians (Memo)	(60,908)	(+3,930)	(64,838)	(+1,151)	(65,989)	(+838)	(66,827)	
Ship Inventory (End FY)	24	-1	23	+1	24	-	24	
Steaming Hours (000)	48	-5	43	+1	44	-	44	
Total Aircraft Inventory (TAI)	3,645	-216	3,429	-67	3,362	-24	3,338	
Primary Authorized Aircraft (PAA)	3,825	-160	3,665	-86	3,579	-43	3,536	
Flying Hours (000)	845	+27	872	-10	862	+13	875	

RESERVE COMPONENTS

ARMY RESERVE

Program/Price Growth. The FY 2004 budget request for the Army Reserve increases by \$8.5 million from the FY 2003 level. This increase includes \$44.8 million for price growth and a net program decrease of \$36.3 million (-1.9 percent).

Program Discussion. The Army Reserve Selected Reserve end strength remains at 205,000 in FY 2004. Program increases include \$46.3 million for OPTEMPO due to increased requirements for supplies and flying hours that support Army Reserve units as they train to meet current deployment timelines; \$11.4 million for advertising activities to cover the Army's decision to increase media and internet advertising recruiting efforts; \$10.5 million for depot maintenance other end items to reduce depot maintenance backlogs; \$4.1 million for staff management headquarters to support increased projects and requirements; \$2.9 million for medical and dental readiness programs; and miscellaneous program changes which result in a net increase of \$1.5 million.

Program decreases occur in base operations (\$54.1 million) of which \$16.9 million is due to supplemental funding received in FY 2003 for Anti-Terrorism and Force Protection; long haul communications due to a one-time add in FY 2003 (\$35.7 million); Real Property Services (\$17.3 million); and telecommunications services (\$5.9 million). The additional 17 Army Reserve centers in FY 2003 are the result of scheduled leased and newly constructed buildings. The aircraft increase reflects the additional fielding of 8 Black Hawks and 3 Apache helicopters during FY 2004.

Army Reserve Program Data

	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>	
Selected Reserve End Strength	206,682	-1,682	205,000	-	205,000	-	205,000	
Civilian Personnel Full Time Equivalents (FTEs)	11,149	-16	11,133	-1	11,132	+111	11,243	
Military Technicians (Memo)	(7,222)	(+222)	(7,444)	(+1)	(7,445)	(+122)	(7,567)	
Total Aircraft Inventory (TAI)	141	-5	136	+11	147	-	147	
Primary Authorized Aircraft (PAA)	141	-5	136	+11	147	-	147	
Flying Hours (000)	34	+10	44	-	44	+1	45	
Major Installations	6	-	6	-	6	-	6	
Reserve Centers	786	+17	803	-	803	-	803	

RESERVE COMPONENTS

NAVY RESERVE

Program/Price Growth. The FY 2004 budget request for the Navy Reserve decreases by \$36.4 million from the FY 2003 level, and includes \$28.1 million for price growth and a net program decrease of \$64.5 million (-5.3 percent).

Program Discussion. The Navy Reserve Selected Reserve end strength decreases by 2,044 in FY 2004 to 85,900 and civilian personnel full-time equivalents decrease slightly to 1,510. The selected reserve end strength reductions are due to the decommissioning and restructuring of 8 Seabee Augment Units, one SeaBee Support unit, and VFA-203 (a Reserve F-18 squadron based out of Atlanta, GA). There is 1 major program increase of \$28.6 million for the continued fielding and transformation to the Navy Marine Corps Intranet (NMCI) system, with particular emphasis on connecting the drilling Selected Reservists. Program decreases include a decrease associated with the removal of one-time Anti-Terrorist Force Protection physical site security improvement projects in FY 2003 (\$64.9 million), savings generated in base support from Navy-wide workload validation efficiencies and installation consolidation efforts (\$19.3 million), a reduction in ship depot maintenance (\$9.4 million), and the elimination of eight Naval Mobile Construction Battalion (SeaBee) augment units and one Naval Construction Force support unit (\$1.7 million). Other changes result in a net increase of \$2.2 million.

The decrease of 24 Primary Aircraft Authorized (PAA) reflects the decommissioning of 2 F-18 squadrons. The increase of 1 ship in FY 2004 represents the transfer of the USS CROMMELIN (FFG-37), a Type III Frigate from the Active Force. The Reserve Center that is being disestablished in FY 2004 is Readiness Command (REDCOM) Mid-South located in Millington, Tennessee. All of its subordinate commands will now report to REDCOM Southeast in Jacksonville, Florida.

Navy Reserve Program Data

	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>	
Total Selected Reserve End Strength	87,958	-14	87,944	-2,044	85,900	+100	86,000	
Civilian Personnel Full Time Equivalents (FTEs)	1,524	+64	1,588	-78	1,510	-1	1,509	
Total Aircraft Inventory (TAI)*	-	-	-	-	-	-	-	
Primary Authorized Aircraft (PAA)	409	-	409	-24	385	-8	377	
Flying Hours (000)	112	+12	124	+1	125	-	125	
Ship Inventory	24	-1	23	+1	24	-	24	
Steaming Hours (000)	48	-5	43	+1	44	-	44	
Reserve Centers	168	-1	167	-1	166	-	166	
Major Installations	6	-	6	-	6	-	6	

- Total Aircraft Inventory is included under active Navy.

RESERVE COMPONENTS

MARINE CORPS RESERVE

Program/Price Growth. The budget request decreases by \$4.8 million from the FY 2003 level, and includes \$2.9 million for price growth and a net program decrease of \$7.7 million (-4.3 percent).

Program Discussion. The FY 2004 request supports manpower levels of 39,600 Selected Reserve end strength and 155 civilian full-time equivalents. Program increases include a net increase of \$14.7 million for the Navy Marine Corps Intranet (NMCI) to which the Marine Corps Reserve began transitioning in FY 2002 and an increase of \$4.4 million for base support to fully fund all Compliance 1 environmental projects. Program decreases include facilities sustainment, restoration, and modernization program requirements (\$15.2 million); one-time costs for operating forces (\$6.9 million); a net decrease for depot maintenance requirements (\$3.6 million); and a reduction in Marine Corps training exercises (\$0.7 million). Other miscellaneous program changes result in a net decrease of \$0.4 million.

Marine Corps Reserve Program Data

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	39,905	-347	39,558	+42	39,600	-	39,600
Civilian Personnel Full Time Equivalents (FTEs)	152	+4	156	-1	155	-	155
Total Aircraft Inventory (TAI)*	-	-	-	-	-	-	-
Primary Authorized Aircraft (PAA)**	(186)	(-)	(186)	(-12)	(174)	(-)	(174)
Flying Hours (000)**	(45)	(+2)	(47)	(-2)	(45)	(-1)	(44)
Divisions	1	-	1	-	1	-	1
Training Centers	183	-	183	-	183	-	183

* Total Aircraft Inventory is included under active Navy.

** Marine Corps Reserve PAA and Flying Hours are a memo entry and are included under Navy Reserve. Marine Corps Reserve flying hours are funded by the O&M, Navy Reserve appropriation.

RESERVE COMPONENTS

AIR FORCE RESERVE

Program/Price Growth. The FY 2004 budget request for the Air Force Reserve increases by \$29.2 million from the FY 2003 level. This increase includes an increase of \$132.5 million for price growth and a net program decrease of \$103.3 million (-4.8 percent).

Program Discussion. The FY 2004 budget request supports 69 flying units and 429 mission support units with a manpower level of 75,800 military Selected Reserve end strength and 14,112 civilian full-time equivalents. The FY 2004 budget includes an increase of \$45.6 million in Air Operations to support the transition of a reserve flight to a squadron to meet increased mission demands and to conduct exercise/contingency support; \$11.9 million to sustain WC-130J Ground Base Station Hardware/Software for Life of Systems after expiration of warranty; \$12.9 million to increase funding at 5 bases and 7 stations for Facilities, Sustainment, Restoration and Modernization to eliminate facilities backlog; \$10.1 million for Base Support to sustain information technology license renewals (\$3.6 million), personnel protection (\$5.3 million) and to establish a regional supply squadron(\$1.2 million); and \$2.7 million for mission support operations to convert a Reserve Medical Red Flag Course for Air Transportable Hospitals to a new generation Expeditionary Medical Support (EMEDS) equipment. Program decreases include a decrease of \$65.5 million in depot maintenance for deferred depot maintenance and excess carry over for engine contracts; a decrease of \$64.3 million for flying hours which is influenced by a change in the Air Force Reserve flying profile from a peacetime to a steady-state contingency operations and combat operations support profile; a reduction of \$33.5 million in base support due to civilian manpower efficiencies and reengineering efforts; a decrease of \$9.0 million in the cost of C-5 flying hours due to the retirement of the poorest performing aircraft; a decrease of \$6.4 million resulting from retiring 8 KC135E aircraft; and a decrease of \$4.7 million in Recruiting and Advertising due to a one-time promotional item purchase in FY 2003. Other miscellaneous changes result in a net decrease of \$3.1 million.

Depot maintenance has been funded at 81.2 percent of requirements and the flying hour program is funded at 89 percent of the requirement. The civilian end strength decline in FY 2003 is due to A-76 conversions. The net reduction of the 48 TAI and 45 PAA is the result of C-141 unit conversions and the retirement of C-141 and KC-135 aircraft.

RESERVE COMPONENTS

Air Force Reserve Program Data

	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>	
Total Selected Reserve End Strength	76,632	-1,032	75,600	+200	75,800	-200	75,600	
Civilian Personnel Full Time Equivalents (FTEs)	12,995	+1,165	14,160	-48	14,112	+90	14,202	
Military Technicians (Memo)	(8,288)	(+1,099)	(9,387)	(+581)	(9,968)	(+110)	(10,078)	
Total Aircraft Inventory (TAI)	446	+14	460	-48	412	-18	394	
Primary Authorized Aircraft (PAA)	403	+8	411	-45	366	-11	355	
Flying Hours (000's)	155	-13	142	-10	132	-	132	
Major Installations	13	-	13	-	13	-	13	

ARMY NATIONAL GUARD

Program/Price Growth. The FY 2004 budget request for the Army National Guard decreases by \$28.2 million from the FY 2003 level. The total decrease includes an increase of \$97.2 million for price growth and a net program decrease of \$125.4 million (-3.0 percent).

Program Discussion. The FY 2004 budget provides for the training and operations for a Selected Reserve end strength of 350,000. Major program changes include a \$84.2 million increase for Air OPTEMPO to support 9.0 hours per aircrew per month; \$78.2 million increase for ground OPTEMPO to support 92 percent of the platoon level training strategy for FY 2004 which includes 174 tank miles, 251 brigades and 143 divisions; \$15.3 million for 240 additional civilian full-time equivalents; \$10.0 million for Sustainment Restoration and Modernization; \$7.6 million for Recruiting and Advertising; and \$2.7 million for depot maintenance to support increased M88 overhaul and tactical wheeled vehicle requirements.

Program decreases include reductions in Base Operations and Base Operations Support (\$181.4 million); Information Systems (\$129.1 million); Mission Support (\$4.6 million); Education Programs (\$2.7 million); and Second Destination Transportation (\$1.2 million). A one-time congressional add in FY 2003 for Weapons of Mass Destruction results in a decrease of \$4.4 million. The decrease of 18 aircraft in FY 2004 reflects the continuing Army Transformation and retirement legacy of UH-1 and OH-58 aircraft.

RESERVE COMPONENTS

Army National Guard Program Data

	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>	
Total Selected Reserve End Strength	351,078	-1,078	350,000	-	350,000	-	350,000	
Civilian Personnel Full Time Equivalents (FTEs)	25,580	+118	25,698	+240	25,938	+467	26,405	
Military Technicians (Memo)	(25,079)	(+118)	(25,197)	(+240)	(25,437)	(+467)	(25,904)	
Total Aircraft Inventory (TAI)	1,708	-154	1,554	-18	1,536	-	1,536	
Primary Authorized Aircraft (PAA)	1,708	-154	1,554	-18	1,536	-	1,536	
Flying Hours (000)	279	-33	246	-1	245	+12	257	
Training Locations	283	-	283	-	283	-	283	
Divisions	8	-	8	-	8	-	8	
Brigades	15	-	15	-	15	-	15	

AIR NATIONAL GUARD

Program/Price Growth. The FY 2004 budget request for the Air National Guard (ANG) increases by \$310.7 million from the FY 2003 level. This change includes a price increase of \$302.7 million and a net program increase of \$8.0 million (+0.2 percent).

Program Discussion. The FY 2004 budget request supports 88 flying units, 316,294 flying hours, and 24,375 civilian full-time equivalents. The net program increase in the FY 2004 request includes a one-time FY 2003 Congressional adjustment (\$-52.9 million). Program increases include \$201.4 million for a functional transfer from the active Air Force to support the Joint Surveillance Target Attack Radar System (JSTARS) and KC-135 air refueling missions that the Air National Guard will begin operating at two units that previously flew B-1 bomber aircraft; \$91.1 million for higher consumption of reparable and consumable parts primarily caused by aging weapon systems; \$55.4 million for aircraft/engine maintenance funding primarily for the engine pylon strut replacement for the KC-135E aircraft and the Falcon STAR program for the F-16C/D aircraft; \$27.0 million for additional manpower and flying hours associated with the conversion to C-17 aircraft; \$17.5 million for the annualization of the unit conversion to 8 KC-135E air refueling aircraft from F-16C/D tactical fighters; and \$5.0 million to continue the ANG Family program.

Major program reductions are related to an OPTEMPO change that reflects a new dynamic in the ANG flying profile which influences maintenance patterns and results in a reduced rate of funding in the FY 2004 flying hour program (\$-200.6 million); decreased depot

RESERVE COMPONENTS

maintenance funding because of the retirement or replacement of 36 KC-135E aircraft and the reduction in the amount of contract carryover workload to be accomplished in FY 2004 (\$-101.6 million); the full year impact of the F-16 to KC-135 unit conversion (\$-12.2 million); a reduction in C-141 strategic airlift aircraft converting to C-17s (\$-11.1 million); and a decrease in C-130 resources as the Air National Guard begins implementation of the Air Force's corporate mobility plan (\$-5.5 million). Other miscellaneous program changes result in a net program decrease of \$5.5 million.

The increase of 400 Selected Reserve end strength affects is for increased Aerospace Expeditionary Force participation and Civil Support Teams. The change in TAI/PAA is the net effect of C-141 retirements, a reduction from 10 to 8 aircraft in some KC-135E units, and the transfer of E-8 aircraft to assume the JSTARS mission.

Air National Guard Program Data

	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>
Total Selected Reserve End Strength	112,075	-5,475	106,600	+400	107,000	-300	106,700
Civilian Personnel Full Time Equivalents (FTEs)	21,540	+2,619	24,159	+216	24,375	+291	24,666
Military Technicians (Memo)	(20,319)	(+2,491)	(22,810)	(+329)	(23,139)	(+139)	(23,278)
Total Aircraft Inventory (TAI)	1,350	-71	1,279	-12	1,267	-6	1,261
Primary Authorized Aircraft (PAA)	1,164	-9	1,155	-10	1,145	-24	1,121
Flying Hours (000)	265	+51	316	-	316	-	316
Major Installations	2	-	2	-	2	-	2
Other Operating Locations	173	-	173	-	173	-	173

DEFENSE EMERGENCY RESPONSE FUND

	(\$ 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>
Execution Account	17,225.7	+258.8	-17,179.5	305.0	+4.6	-309.6	-	-	-	-
Transfer account	11,260.0	+169.0	-11,428.9	-	-	-	-	-	-	-

Budget Authority is used in this exhibit because the Defense Emergency Response Fund (DERF) account is a no-year account.

The funds appropriated to the DERF account have been used by the Department of Defense (DoD) to respond to, or protect against, acts or threatened acts of terrorism against the United States. In FY 2002, the \$17.2 billion was executed by the DoD Components in the DERF account for the following requirements:

- Increased Situational Awareness - \$3,672.4 million,
- Enhanced Force Protections - \$1,393.2 million,
- Improved Command and Control – 1,391.3 million,
- Increased Worldwide Posture - \$4,905.4 million,
- Offensive Counterterrorism - \$1,839.9 million,
- Initial Crisis Response - \$494.7 million
- Pentagon Repair and Upgrade - \$563.0 million
- Other Requirements - \$216.0 million,
- Air Port Security - \$224.8 million,
- National Foreign Intelligence Program - \$1,442.5 million,
- Pentagon Recovery - \$775.0 million
- Military Construction projects - \$111.3 million,
- Voice of America - \$10.2 million, and
- Pakistan logistics - \$188.0 million.

Also in FY 2002 \$11.3 billion was transferred to the DoD Components operation and maintenance and military personnel accounts to finance the incremental cost of the global war on terrorism. Most of these funds, \$7.2 billion, were used to conduct Operations NOBEL EAGLE and ENDURING FREEDOM and \$4.1 billion was used to pay reserve and national guard personnel who are on active duty to support military operations on a full-time basis.

In FY 2003 \$305.0 million will finance Pentagon Repair and Upgrade.

DEFENSE HEALTH PROGRAM

	FY 2002		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>
O&M	16,738.7	+957.6	-3,643.3	14,053.0	+767.6	+56.3	14,876.9	+844.9	+201.7	15,923.5
Procurement	330.4	+8.5	-55.5	283.4	+6.6	+37.8	327.8	+7.7	+51.5	387.0
RDT&E	<u>553.9</u>	<u>+6.6</u>	<u>-103.4</u>	<u>457.1</u>	<u>+6.9</u>	<u>-398.2</u>	<u>65.8</u>	<u>+1.1</u>	<u>+5.5</u>	<u>72.4</u>
Total	17,623.0	+972.7	-3,802.2	14,793.5	781.1	-304.1	15,270.5	853.7	258.7	16,382.9

The medical mission of the Department of Defense (DoD) is to enhance DOD and our Nation's security by providing health support for the full range of military operations and sustaining the health of all those entrusted to our care. The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, graduate medical education for the training of medical personnel, and occupational and industrial health care.

The Department's managed care program, called "TRICARE", is designed to provide military families with access to quality care that is cost-effective. The TRICARE program provides medical care to about 8.6 million eligible beneficiaries through a network of 75 military hospitals, 461 military clinics, and 7 regional Managed Care Support (MCS) contracts valued at about \$5.5 billion in FY 2004. The TRICARE program offers a triple option benefit: (1) TRICARE Prime, a Health Maintenance Organization (HMO) style benefit requiring beneficiary enrollment; (2) TRICARE Extra, a Preferred Provider Organization (PPO) style benefit; and (3) TRICARE Standard, a fee-for-service option.

In FY 2003, the Department implemented the DoD Medicare Eligible Retiree Health Care Fund, an accrual-type fund to pay for health care provided to Medicare-eligible retirees, retiree family members and survivors. Monthly payments from the Military Personnel accounts into the fund cover the Government's liability for future health care costs of current military personnel and their family members once they retire from military service and become eligible for Medicare. Receipts from the fund into the Defense Health Program and the Military Personnel accounts pay for the current year cost of care provided to Medicare-eligible retirees, retiree family members and survivors.

The FY 2004 Defense Health Program budget request of \$15,270.5 million includes fiscal adjustments for projected receipts from the DoD Medicare Eligible Retiree Health Care Fund. The budget also includes realistic cost growth for pharmacy, managed care support contracts, and other health care services purchased from the private sector. The budget request does not include resources to support any

DEFENSE HEALTH PROGRAM

increased Global War on Terrorism requirements. The FY 2004 budget request assumes TRICARE prime enrollment fees and co payments will be indexed to OMB established inflation rates.

Operation & Maintenance Program

	(\$ 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>
In-House Care	4,386.3	+269.6	-794.2	3,861.7	+218.0	25.3	4,105.0	+246.0	+178.3	4,529.3
Private Sector Care	8,466.8	+627.1	-2,200.8	6,893.1	+486.7	41.2	7,421.0	+524.2	-65.3	7,879.9
CHS	950.9	+17.9	-124.4	844.4	+18.0	-	862.4	+20.6	+36.3	919.3
Information Management	904.7	+11.8	-177.9	738.5	+11.9	-29.3	721.1	+12.7	+53.6	787.4
Management Activities	367.2	+5.4	-126.2	246.4	+4.6	-11.5	239.5	+4.9	+6	245.0
Education and Training	384.8	+11.3	-11.8	384.3	+11.4	-10.4	385.3	+12.9	-2.8	395.4
Base Operations	<u>1,278.0</u>	<u>+14.5</u>	<u>-208.0</u>	<u>1,084.5</u>	<u>+17.1</u>	<u>+41.1</u>	<u>1,142.7</u>	<u>+24.1</u>	<u>+0.3</u>	<u>1,167.1</u>
Total*	16,738.7	+957.6	-3,643.3	14,053.0	+767.6	+56.3	14,876.9	845.5	201.1	15,923.5

* Totals may not add due to rounding

Program/Price Growth

The FY 2004 DHP O&M budget request of \$14,876.9 million reflects a net increase of \$823.9 million above the FY 2003 funding level which includes price growth of \$767.6 million and a net program increase of \$56.3 million.

In-House Care

The DHP In-House Care provides for the delivery of care in MTF's worldwide. The program includes care in medical centers, station hospitals, clinics, and dental care activities. The FY 2004 In-House Care budget estimate of \$4,105.0 million increases by \$243.3 million above the FY 2003 funding level. This increase includes price growth of \$213.3 million; foreign currency fluctuation of \$4.7 million; and a net program increase of \$25.3 million. The net \$25.3 million program growth is primarily composed of increases for: \$59.4 million for pharmacy program growth above inflation due to increased utilization and the entry of new drugs into the market place \$24.7 million increased requirement for appropriated funds to pay for health care costs as the result of revised level of effort reimbursement from the accrual fund; \$12.6 million increase due to reversal of one time FY 2003 Congressional reductions; \$4.4 million transferred from Private Sector Care to offset lost revenue at the MTF's due to elimination of copays for active duty family members; and

DEFENSE HEALTH PROGRAM

\$1.0 million increase to pay the Federal Employees' Compensation Act (FECA) surcharge to the Department of Labor. These increases are partially offset by decreases of: \$46.9 million in decreased estimates for Service level centrally managed contracts and locally procured MTF level contracts; \$21.6 million due to reversal of one time congressional increases; \$5.4 million reduction for aligning the timing of collateral equipment purchases with the medical construction projects at the US Air Force Academy and Andersen AFB, Guam; and \$2.9 million in decreased cost estimates for a variety of Congressionally directed programs such as chiropractic care, travel reimbursement, and attendant travel.

Private Sector Care

The DHP Private Sector Care provides for delivery of care outside the military treatment facilities. The program includes Managed Care Support (MCS) contracts, the CHAMPUS program, Designated Providers (formerly known as Uniformed Service Treatment Facilities (USTFs)) supplemental/emergency care, and revised financing. Under the MCS contracts and CHAMPUS, active duty families and retirees and their families can individually obtain medical and dental care from civilian sources at the government's expense, after satisfying applicable enrollment fees, deductibles, and co-payments. Currently, there are seven MCS contracts that deliver health care nationwide to the military and their dependents. The MCS contractors are responsible for the purchase of TRICARE standard fee-for-service benefits and coordinating the care between MTFs and civilian providers. The FY 2004 Private Sector Care budget request of \$7,421.0 million reflects a net increase of \$527.9 million from the FY 2003 funding level. This includes price growth of \$486.7 million and a net program increase of \$41.2 million. The net \$41.2 million program growth is composed of the following increases: \$222.0 million reversal of one time FY 2003 Congressional reductions; \$103.1 million adjustment based on increased estimates for the under 65 National Mail Order Pharmacy, Supplemental care, and Revised Financing; and \$48.5 million transfer of Army National Guard funding to the DHP for the entire medical and dental care mission from the Army National Guard. The program growth is offset by the following program decreases: \$184.1 million reduction based on revised requirements in Purchased Healthcare and Managed Care Support Contracts related to revised assumptions for programmatic growth factors; \$64.4 million reduction based on anticipated savings associated with optimization projects; a \$45 million reduction based on anticipated savings for indexing TRICARE enrollment fees and co-payments to the Office of Management and Budget (OMB) established private sector care inflation rate; \$28.0 million decreased requirement for appropriated funds to pay for health care costs as the result of revised level of effort reimbursement from the accrual fund; \$6.4 million for reduced purchased healthcare estimates for NDAA directed programs; and \$4.4 million transfer to In-House Care Budget Activity Group for lost revenue at the MTF's associated with elimination of active duty family member co-pays for prime enrollees

DEFENSE HEALTH PROGRAM

Consolidated Health Support

The DHP Consolidated Health Support includes support functions such as occupational health, strategic aeromedical evacuation, pathology, examining activities, regional health care management functions and veterinary service. The FY 2004 Consolidated Health Support budget request of \$862.4 million reflects an increase of \$18.0 million above the FY 2003 funding level. This includes a price growth of \$16.6 million and foreign currency fluctuation of \$1.4 million. Although program growth nets out to zero, the following represent the significant program increases: \$10.4 million increase due to reversal of one time FY 2003 Congressional reductions; and \$3.4 million transferred into the DHP for the Army Physical Fitness Research Institute at the Army War College. These increases are offset entirely by program decreases of \$13.8 million due to reversal of one time FY 2003 Congressional additions.

Information Management

The DHP Information Management focuses on the development and deployment of standardized systems to ensure close integration, interoperability, and commonality of information management throughout the military health system. The FY 2004 Information Management budget request of \$721.1 million reflects a decrease of \$17.4 million below the FY 2003 funding level. This includes price growth of \$11.9 million and a net program decrease of \$29.3 million. The net \$29.3 million negative program growth is primarily composed of: a \$17.1 million reduction due to a change in acquisition strategy from leasing to purchasing end user devices; a \$10.5 million reduction due to completion of the E-health initiative and a reduced program requirement for the DoD Information Technology Systems Certification and Accreditation Program (DITSCAP); \$10.2 million due to completion of software development for the access to care initiative; \$8.3 million reduction in sustainment of legacy decision support systems due to prior year modernization upgrades; \$7.0 million reduction due to reversal of one time FY 2003 Congressional additions; and \$3.4 million programmatic reduction representing completion of the Theater Medical Information Program related Defense Medical Logistics Standard Support (DMLSS) database conversion to Oracle in FY 2003. These decreases are partially offset by: a transfer in from procurement of \$14.3 million for computing and support from the Defense Information Systems Agency (DISA) for the Military Health System Automated Information Systems and Wide Area Network Infrastructure; \$10.9 million for sustainment related to the FY 2003 deployment of DMLSS and the Composite Health Care System II; and reversal of \$2.0 million in one time FY 2003 Congressional reductions.

Management Activities

The DHP Management Activities includes the TRICARE Management Activity (TMA) and the medical commands. These headquarters activities oversee the delivery of DoD healthcare worldwide. The FY 2004 Management Activities budget request of \$239.5 million reflects a net decrease of \$6.9 million from the FY 2003 funding level. This includes a price growth of \$4.6 million and a net program

DEFENSE HEALTH PROGRAM

decrease of \$11.5 million. The \$11.5 million net negative program growth includes: \$11.0 million reduced cost estimates for centrally managed programs such as ADP personnel security checks and the Pharmacy Data Transaction System interface; \$1.7 million reversal of FY 2003 Congressional addition for Fisher Houses; \$0.2 million transfer out of the DHP of the facilities management function for the Headquarters, Army Medical Command to the Army Chief of Staff for Installation Management. These decreases are partially offset by an increase of \$1.4 million due to reversal of one time FY 2003 Congressional reductions and a slight increase in requirements for Major Command staff functions.

Education & Training

The DHP Education and Training provides support for worldwide medical education and training for active duty personnel, civilian medical personnel, and students. The FY 2004 Education and Training budget request of \$385.3 million reflects an increase of \$1.0 million above the FY 2003 funding level. This includes a price growth of \$11.4 million and a program decrease of \$10.4 million. The \$10.4 million program decrease consists of a decrease of \$11.8 million due to reversal of one time FY 2003 Congressional additions; a program increase of \$1.1 million due to reversal of one time FY 2003 Congressional reductions; and a program increase of \$0.3 million for increased training costs.

Base Operations

The DHP Base Operations/Communications includes funding for the operation and maintenance of 75 hospitals and 461 clinics and other DHP facilities. The Base Operations/Communications FY 2004 budget request of \$1,142.7 million reflects a net increase of \$58.2 million above the FY 2003 funding levels. This includes a price growth of \$15.4 million, foreign currency fluctuation increase of \$1.7 million and a net program increase of \$41.1 million. The net \$41.1 million program growth consists of increases of: \$33.3 million due to increased requirements in support of a 50 year recapitalization rate; \$3.0 million due to increased requirements in Base Operations and Visual Information Activities in support of medical training; \$3.2 million reversal of one time FY 2003 Congressional reductions; and \$2.0 million increase for purchases of natural gas. The only decrease to the program is a \$0.4 million transfer out of the DHP for Base Communications Offices at Bremerton, WA and Charleston, SC to the Navy.

DEFENSE HEALTH PROGRAM

Procurement Program

(\$ 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>
Medical Equipment - Replacement/Modernization	323.4	+8.2	-55.5	276.1	+6.4	+33.8	316.3	+7.4	+44.5	368.2
Medical Equipment - New Facility Outfitting	<u>7.0</u>	<u>+3</u>	<u>0</u>	<u>7.3</u>	<u>+2</u>	<u>+4.0</u>	<u>11.5</u>	<u>+3</u>	<u>+7.0</u>	<u>18.8</u>
Total	330.4	+8.5	-55.5	283.4	+6.6	+37.8	327.8	7.7	51.5	387.0

The DHP Procurement Program totals \$327.8 million in FY 2004 and funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded, or altered health care facilities. Also funded is modernization and replacement of equipment past its useful life and automated equipment (IM/IT) in support of the TRICARE Management Activity. The Procurement Program funding level increases in FY 2004 from FY 2003 by \$44.4 million, reflecting price growth of \$6.6 million and a program increase of \$37.8 million. The \$37.8 million program increase is composed primarily of the following: \$30 million increase for deployment of the Defense Medical Human Resources – Internet (DMHRS-I); \$21.4 million increase from Operations and Maintenance due to a change in procurement strategy for end user devices from leasing to purchasing and DMLSS very small site deployment; \$7.0 million net increase for new facility initial outfitting (Fort Wainwright, Heidelberg, and Yongsan); \$3.1 million increase for medical equipment requirements; and \$0.8 million increase due to reversal of one-time Congressional reductions in FY 2003. These increases are partially offset by the following decreases: \$14.3 million due to a transfer of procurement funding to Operations and Maintenance for computing and support from the Defense Information Systems Agency; a \$5.5 million decrease due to reversal of a one-time Congressional add; and a \$4.7 million decrease due to slippage of a MILCON project from FY 2004 to FY 2005.

DEFENSE HEALTH PROGRAM

Research, Development, Test and Evaluation (RDT&E) Program

	(\$ 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>
RDT&E	553.9	+6.6	-103.4	457.1	+6.9	-398.2	65.8	+1.1	+5.5	72.4

The DHP RDT&E program funds health care related Information Management/Information Technology development and Small Business Innovative Research (SBIR). The FY 2004 RDT&E program budget request of \$65.8 million reflects a net decrease of \$391.3 million below the FY 2003 funding level. This includes a price growth of \$6.9 million and a net program reduction of \$398.2 million. The net \$398.2 million program reduction consists of a decrease for FY 2003 congressional additions not continued in FY 2004 and a reduction in information technology program requirements. These reductions are partially offset by a funding increase for development of Deployed Warfighter Protection for ground forces from disease-carrying insects.

President’s Management Plan – Performance Metrics Requirements: The Defense Health Program (DHP) was one of many government programs evaluated by the Office of Management and Budget’s Program Assessment Rating Tool (PART). The PART is designed to evaluate program effectiveness via questions designed to analyze program purpose and design, strategic planning, overall management, and results.

The PART’s findings, as they relate to the DHP, drew several important conclusions: 1) the DHP has, in fact, a clear and unique mission; 2) beneficiaries are generally satisfied with the availability and quality of healthcare; 3) the DoD is making good progress towards completing a five-year strategic healthcare plan; 4) the DHP continues to improve it’s collaborative efforts with the Department of Veterans Affairs.

The tool scored the DHP relatively low in the “program results” area in part because the DHP has yet to fully develop measures and targets for its long term goals. The PART did, however, note the DHP’s excellent reputation for delivering both peacetime and combat medicine and, as such, gave the DHP an overall rating of “Adequate.”

In response to these findings, the DHP’s leadership is taking significant steps towards improving its long term performance measures. The Fiscal Year 2004 President’s Budget continues to support both the DHP’s multi-faceted mission and the DoD’s ongoing efforts to forge new relationships with Department of Veterans Affairs.

DEFENSE HEALTH PROGRAM

Program Data

	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>Organic Medical Programs</u>							
Hospitals/Medical Centers	75	-	75	-	75	-	75
Clinics	461	-	461	-	461	-	461
Dispositions (000)	286	-1	285	-1	284	-	284
Inpatient Work Units – RWP (000)	251	-1	250	-1	249	-	249
Occupied Bed Days (000)	967	-3	965	-3	962	-2	960
Average Length of Stay (Days)	3	-	3	-	3	-	3
Ambulatory Visits (000)	31,484	-88	31,396	-75	31,321	-60	31,261
<u>Training Workloads</u>							
USUHS	985	19	1,004	-19	985	-2	983
Other Education & Training	74,660	-3,192	71,468	-2,644	68,824	-2290	66,534
Health Professionals Scholarship Program/ Financial Assistance Program/Loan Repayment Program	4,576	+114	4,690	+176	4,866	-5	4861
<u>Civilian Personnel FTEs</u>							
U.S. Direct Hire	38,683	-1,751	36,932	-87	36,845	-10	36,835
Foreign National Direct Hire	<u>645</u>	<u>-71</u>	<u>574</u>	<u>-1</u>	<u>573</u>	-	<u>573</u>
Total Direct Hire	39,328	-1,822	37,506	-88	37,418	-10	37,408
Foreign National Indirect Hire	<u>1,466</u>	<u>+185</u>	<u>1,651</u>	<u>+1</u>	<u>1,652</u>	<u>-5</u>	<u>1,647</u>
Total	40,794	-1637	39,157	-87	39,070	-15	39,055
<u>Military Personnel End Strength</u>							
Officers	30,037	+2,453	32,490	+5	32,495	-	32,495
Enlisted	<u>57,854</u>	<u>+1,564</u>	<u>59,418</u>	<u>+1</u>	<u>59,419</u>	-	<u>59,419</u>
Total	87,891	4,017	91,908	+6	91,914	-	91,914
<u>Eligible Beneficiary Population (000)</u>							
Active Duty	1,609	+44	1,653	-32	1,621	-28	1,593

DEFENSE HEALTH PROGRAM

	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>
Dependents of Active Duty	2,215	+67	2,282	-52	2,230	-47	2,183
Dependents of Retirees Under 65	2,007	-16	1,991	-11	1,980	-11	1,969
Retirees Under 65	1,146	-8	1,138	-1	1,137	-3	1,140
Beneficiaries Over 65	<u>1,546</u>	<u>+40</u>	<u>1,586</u>	<u>+41</u>	<u>1,627</u>	<u>+31</u>	<u>1,658</u>
Total	8,523	+127	8,650	-55	8,595	-52	8,543
<u>Managed Care Support (MCS) Contracts</u>							
<u>(000)</u>							
Total CHAMPUS Eligibles	5,368	+43	5,411	-64	5,347	-55	5,292

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

<u>(Dollars in Millions)</u>									
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>
852.6 ^{1,2}	+8.6	+10.7	871.9	+11.6	-66.1	817.4	+12.8	+3.3	833.5

¹ Included for comparability, these funds were transferred to other Defense appropriations for execution.

² Of the \$300.582 million appropriated in the FY 2000 Emergency Supplemental, \$186.413 was allocated in FY 2000, \$103.266 million was allocated in FY 2001, and \$10.903 million was allocated in FY 2002.

In accordance with its statutory authorities, the Department of Defense (DoD) will use its counternarcotics (CN) resources as effectively and efficiently as possible to achieve national and Department CN goals. The DoD will focus on programs that fulfill statutory responsibilities and use military-unique resources and capabilities. The DoD will continue to advance the national priorities of the National Drug Control Strategy.

While the DoD carries out drug demand reduction programs which support the first national priority and help maintain the Armed Forces as an effective fighting force, most of its activities combat drug activity and, where possible, the movement of other threats to the United States, its friends, and allies. The DoD's new CN policy guidance, issued July 31, 2002, states that the DoD will execute drug detection and monitoring and other programs using military command, control, communications and intelligence resources, as well as military operational planning capabilities. Accordingly, the DoD will focus on counternarcotics activities that will (1) Enhance readiness; (2) Satisfy its mandatory detection and monitoring responsibilities; (3) Contribute to the war on terrorism; (4) Advance its security cooperation goals; or (5) Enhance national security. The term “counterdrug activities” refers to “measures taken to detect, interdict, disrupt or curtail any activity that is *reasonably related* to narcotics trafficking.” These include, but are not limited to, “measures taken to detect, interdict, disrupt or curtail activities related to substances, material, weapons or resources used to finance, support, secure, cultivate, process or transport illegal drugs.”

The Counternarcotics Program is financed through the Drug Interdiction and Counterdrug Activities, Defense appropriation, which is a central transfer account (CTA) with a single budget line that accounts for all associated CN resources with the exception of those resources for the Active components’ military personnel, and Service OPTEMPO. The CTA provides inherent flexibility for the Department’s CN program to respond effectively to the dynamic nature of the counterdrug threat. The OPTEMPO portion of the CN program (estimated at \$158 million in FY 2003 and \$160 million in FY 2004) is budgeted in the Services’ O&M appropriations and supports the President’s National Drug Control Strategy. Further, OPTEMPO is managed by the Deputy Assistant Secretary of Defense (CN) as an integral part of the Department’s CN effort.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

Funding Summary: The Department’s FY 2004 CN budget request of \$817.4 million reflects a net decrease of \$54.5 million, which includes price growth of \$11.6 million and a net program decrease of \$66.1 million over the FY 2003 level of \$871.9 million. The program decreases consist primarily of one-time FY 2003 congressional increases to the CN program. The Department has budgeted the following resources in the Drug Interdiction and Counterdrug Activities, Defense appropriation to support resource functions prescribed by the Office of the National Drug Control Policy.

FUNDING BY FUNCTION
(Dollars in millions)

	FY 2002		FY 2003		FY 2004		FY 2005
	<u>Actuals</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
1. Intelligence	119.4	+2.5	121.9	-0.2	121.7	+5.2	126.9
2. Interdiction	385.4	+15.6	401.0	+12.3	413.3	+9.2	422.5
3. Investigations	66.2	-1.7	64.5	-19.7	44.8	+0.4	45.2
4. Prevention	107.5	-3.8	103.7	+5.6	109.3	+2.0	111.3
5. Research and Development	22.4	-8.1	14.3	+4.1	18.4	+2.2	20.6
6. State and Local Assistance	145.7	+14.7	160.4	-57.3	103.1	-2.9	100.2
7. Treatment	<u>6.0</u>	<u>+0.1</u>	<u>6.1</u>	<u>+0.7</u>	<u>6.8</u>	=	<u>6.8</u>
Total	852.6	+19.3	871.9	-54.5	817.4	+16.1	833.5

The FY 2004 CN budget will continue to fund, within fiscal constraints, an array of effective programs that support the National Drug Control Strategy and Department goals as reflected below.

STOPPING USE BEFORE IT STARTS

A total of \$18.7 million is for the National Guard State Plans and Service outreach programs, and the Young Marines outreach program, and \$97.3 million is for the continued support of the DoD Demand Reduction Programs. These funds support drug testing for active duty military, National Guard and Reserve personnel, and DoD civilian employees; drug abuse prevention/education activities for military and civilian personnel and their dependents; and drug treatment for military personnel.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

DISRUPTING THE MARKET

Domestic Support

This funding supports federal, state and local drug law enforcement agencies (DLEAs) requests for domestic operational and logistical support, and will assist the DLEAs in their efforts to reduce drug-related crime. Of this amount, \$147.3 million is for a portion of the total National Guard State Plans that supports domestic law enforcement efforts and the counternarcotics schools; \$15.5 million is for CONUS Operational Support, such as US Northern Command (NORTHCOM) counternarcotics support to DLEAs; and \$9.9 million is for Command, Control, Communication, Computers, and Intelligence (C4I) support.

International and Detection and Monitoring Programs

Detection and Monitoring funding is designated to execute counternarcotics detection and monitoring programs to assist U.S. law enforcement agencies to counter the flow of drugs in transit into Puerto Rico and the Virgin Islands and across the U.S. Southwest Border into the United States. Of this amount, \$68.3 million is for C4I support; \$191.6 million is for detection and monitoring platforms and assets; \$4.2 million is in support of emerging threats; \$128.7 million is for OCONUS Operational Support; \$113.4 million is for intelligence support and Signals Intelligence (SIGINT) collection and processing; and \$22.1 million is for non-operational support to include research and development activities.

The Department's FY 2004 CN program has been updated to reflect the DoD's new CN policy, which required the following changes:

- Phase out or transfer domestic programs where there is no benefit to DoD or where unique military skills or capabilities are not required;
- Enhance demand reduction programs and require minimum testing rates for the Services;
- Provide robust support to the Government of Colombia by enhancing counternarcotics and counterterrorism support;
- Provide resources to combat emerging threats related to counternarcotics;
- Restructure or eliminate international legacy programs; and
- Maintain mandatory detection and monitoring responsibilities.

The changes are summarized as follows:

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

STOPPING USE BEFORE IT STARTS

- Increasing Reserve/National Guard drug testing to 80% per capita/year level.
- Funding the counternarcotics portion of Navy and Air Force Alcohol and Substance Abuse Counseling Services (ASACS) program costs.
- Funding increased Navy Drug Education for Youth (DEFY) program operation and costs.

DISRUPTING THE MARKET

Domestic Support

- Transfer of Joint Task Force Six to NORTHCOM and reduce associated active and reserve domestic support that does not provide benefit to DoD or where unique military skills or capabilities are not required.
- Elimination of the Domestic Ops - Pacific program and the LEA Training Support program.
- Transfer of the North American Air Defense Command (NORAD) Support program and the Civil Air Patrol program to the Department of the Air Force.
- Transfer of the Defense Logistics Agency (DLA) Law Enforcement Support Office (LESO) to DLA.
- Phase out of Central Transfer Account funding for National Guard missions that are not making use of unique military skills, such as Cargo/Mail Inspection, Marijuana Eradication and OH-58 support.

International and Detection and Monitoring Programs

- Enhanced support for Colombian narcoterrorist efforts.
- Incorporation of the Mexico Information Analysis Center (IAC) program into the Tactical Analysis Teams (TAT) program, with the regionalization of TAT elements to service Central America and Caribbean.
- Elimination of the T-AGOS program as directed by FY 2003 congressional language.
- Refocus the Marine Corps Riverine Training Deployments program onto littoral missions. Phase in the Colombian Riverine Training Team concept.
- Elimination of South American radar sites with marginal utility, to include the Monte Cano, VE, and El Copey, VE radar sites.
- Limit Joint Planning Assistance Teams (JPATS) to those Andean countries with the most significant need, such as Colombia, Ecuador, Bolivia and Peru.
- Refocus the training and host nation support programs in the Caribbean and Mexico.
- Establish program to address other trafficking and emerging threats as they relate to narcoterrorism.

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

(\$ 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>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>
ER, Army	387.1	+4.3	+2.3	393.7	+5.9	-3.6	396.0	+5.9	-	401.9
ER, Navy	255.1	+2.8	-2.4	255.5	+3.8	-3.2	256.2	+3.8	+7.8	267.8
ER, Air Force	382.8	+4.2	+0.7	387.7	+5.8	-9.1	384.3	+5.8	+8.3	398.4
ER, Defense-Wide	23.3	+0.3	+0.7	24.3	+0.4	-0.6	24.1	+0.4	-0.8	23.7
ER, Formerly Used Def. Sites	<u>220.7</u>	<u>+2.4</u>	<u>+23.8</u>	<u>246.9</u>	<u>+3.7</u>	<u>-38.0</u>	<u>212.6</u>	<u>+3.2</u>	<u>+1.7</u>	<u>217.5</u>
Total	1,269.0	+14.0	+25.1	1,308.1	+19.6	-54.5	1,273.2	+19.1	+17.0	1,309.3

* Provided for comparison purposes only.

The Department's Environmental Restoration program focuses on reducing the risks to human health and the environment at active installations and Formerly Used Defense Sites (FUDS), while ensuring that DoD environmental cleanup policy conforms to existing laws and regulations. The five DoD Environmental Restoration appropriations provide for the identification, investigation, and cleanup of past contamination prior to 1986 from hazardous substances and wastes, and contamination prior to FY 2003 from unexploded ordnance, discarded military munitions, and munitions constituents at other than operational ranges; correction of other environmental damage; and the demolition and removal of unsafe buildings, structures, and debris. These five appropriations are transfer accounts that have their own special transfer authority that allows the Department to transfer funds from these appropriations to any other appropriation of the Department of Defense in order to finance environmental restoration efforts.

Until 1994, the Department spent the majority of the resources documenting the magnitude of the cleanup problem on DoD lands, a significant but necessary investment. In 1994, DoD turned the corner, by devoting more resources to actual cleanup than to studies. As a result, the pace of restoration has increased while more sites continue to be cleaned up and closed out. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. The relative risk process is now one of the key tools used by the Department in the planning, programming, and budgeting of the cleanup program as well as its execution.

Also in FY 1996, the Department developed specific clean-up goals that have been briefed to the Congress, the regulator community, and the public. Accordingly, the Department funds its environmental restoration program to ensure the Military Departments and Defense Agencies meet all legal agreements and ensure compliance with DoD cleanup goals. As required by the Presidential Management Plan and the Office of Management and Budget FY 2004 budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. The budget exhibits also clearly identify funding requirements for response actions to address UXO, discarded military munitions, and munitions constituents at other than operational ranges. As shown in the

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

various Component DERA budget exhibits for FY 2004, Army, Navy, and Air Force cleanup programs are essentially on schedule to meet the Department's cleanup goals; DLA is ahead of schedule which is necessary in some cases to meet legal requirements and agreements with states and regulatory agencies; and FUDS is falling behind. The FUDS program is unique in that there are no physical boundaries such as a military installation fence line to establish a finite limit of potential contaminated sites and the number of potential new FUDS sites is boundless. While investigations and analyses have been completed for most potential cleanup sites at our military installations, FUDS is still adding new sites. The FUDS baseline number of high relative risk sites for measuring against the DoD cleanup goals initially contained 224 sites in FY 1998. Since that time, an additional 159 high relative risk sites have been identified for a total of 383 sites. Of the 383 FUDS sites categorized as high relative risk, 162 sites have been removed from the list as of February 2003. Had the number of sites not increased, FUDS would have met the Department's FY 2002 cleanup goal of 50 percent of relative high risk sites. In response to increased FUDS sites, and cleanup costs, the Department increased FUDS resources by about \$20 million per year this past year.

Between FY 2003 and FY 2004, the Department's Defense Environmental Restoration Program decreases by \$34.9 million, reflecting price growth of \$19.6 million and programmatic reductions of \$54.5 million (-4.2 percent). The program decrease of \$54.5 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2003 (\$-34.0 million) and deferment of some Air Force investments that will not impact their ability to meet the Department's cleanup goals.

FORMER SOVIET UNION THREAT REDUCTION

(\$ 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>
400.2	+4.4	+9.8	414.4	+6.2	+30.2	450.8	+7.2	-47.8	410.2

The FY 2004 budget contains \$450.8 million to dismantle delivery systems and prevent the proliferation of weapons of mass destruction in Former Soviet Union (FSU) Countries. The budget request increased by \$36.4 million from the FY 2003 funding level. This includes \$6.2 million for price growth and a net program increase of \$30.2 million. The overall increase is attributed to chemical weapons destruction (\$65.4 million), and weapons storage and transportation security (\$10.9 million). The program reflects a reduction in requirements for strategic arms elimination and infrastructure elimination (\$34.0 million); and defense and military contacts (\$8.0 million). Other programs with decreased funding are BW Proliferation Prevention (\$1.3 million); WMD Proliferation Prevention (\$1.0 million), and Other Programs (\$1.8 million).

(Dollars in Millions)										
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Strategic Offensive Arms Elimination - Russia	133.4	+1.9	-65.2	70.1	+1.3	-13.8	57.6	+0.9	+14.3	72.8
Nuclear Weapons Storage Security – Russia	55.0	+0.6	-15.8	39.8	+0.6	+7.6	48.0	+0.8	+35.8	84.6
Weapons Transportation Security – Russia	9.5	+0.1	+10.0	19.6	+0.3	+3.3	23.2	+0.4	+2.6	26.2
Elimination of Weapon Grade Plutonium – Russia*	41.7	-	-41.7	-	-	-	-	-	-	-
Strategic Nuclear Arms Elimination – Ukraine	50.0	+0.5	-44.1	6.4	+0.1	-2.6	3.9	+0.1	-0.2	3.8
WMD Infrastructure Elimination – Ukraine	6.0	+0.1	+2.6	8.7	-	-8.7	-	-	+6.9	6.9
WMD Infrastructure Elimination – Kazakhstan	6.0	+0.1	+2.8	8.9	-	-8.9	-	-	-	-
BW Proliferation Prevention – Former Soviet Union	17.0	+0.2	+37.5	54.7	+0.8	-1.3	54.2	+0.8	-14.7	40.3
Chemical Weapons Destruction – Russia	50.0	+0.5	+82.4	132.9	+2.0	+65.4	200.3	+3.2	-81.7	121.8
WMD Proliferation Prevention – Former Soviet Union	0	-	+39.8	39.8	+0.6	-1.0	39.4	+0.6	-20.3	19.7
Defense and Military Contacts	18.4	+0.2	+0.2	18.8	+0.3	-8.0	11.1	+0.2	+7.4	18.7
Other Assessments/Administrative Support	<u>13.2</u>	<u>+0.2</u>	<u>+1.3</u>	<u>14.7</u>	<u>+0.2</u>	<u>-1.8</u>	<u>13.1</u>	<u>+0.2</u>	<u>+2.1</u>	<u>15.4</u>
Total	400.2	+4.4	+9.8	414.4	+6.2	+30.2	450.8	+7.2	-47.8	410.2

* Transfer to the Department of Energy according to Section 3151, Bob Stump National Defense Authorization Act, 2003.

FORMER SOVIET UNION THREAT REDUCTION

The activities for the Former Soviet Union (FSU) Threat Reduction program for FY 2004 are as follows:

Strategic Offensive/Nuclear Arms Elimination: - Russia, Ukraine:

- Dismantle ICBMs, their silos, road and rail mobile launchers, SLBMs, SLBM launchers and associated strategic submarines, strategic bombers, nuclear capable air to surface missiles and Weapons of Mass Destruction infrastructure;
- Continue construction of solid propellant disposition facility.

Nuclear Weapons Storage Security and Weapons Transportation Security - Russia:

- Enhance the security, safety, control and accounting of nuclear weapons while in storage;
- Support movement and consolidation of nuclear weapons from the Russian Ministry of Defense operational sites to MINATOM weapons dismantlement or secure storage facilities;
- Improves Russia's Ministry of Defense ability to respond to accidents or attempted theft of nuclear weapons.

Biological Weapons (BW) Proliferation Prevention – Former Soviet Union:

- Consolidate and secure or eliminate dangerous pathogen collections;
- Dismantle former Soviet BW research and production facilities;
- Target collaborative research to encourage higher standards of openness, ethics, and conduct at the scientist level, and preempt potential “brain drain” of scientists to rogue states.

Chemical Weapons Destruction Facility (CDWF) - Russia:

- Continue funding the CDWF;
- Dismantle former CW production facilities and support construction of nerve agent CW destruction facility at Shchuch'ye.

Weapons of Mass Destruction Proliferation Prevention – Former Soviet Union (FSU):

- Continue funding to enhance the capability of non-Russian FSU military, internal security forces, border guards and customs to deter, detect, interdict illicit trafficking in WMD and related materials across borders and respond to WMD incidents at the borders and in country;
- FY 2004 funds will provide equipment, training, infrastructure and logistical support for these forces.

Defense and Military Contacts – Former Soviet Union (FSU):

- Support interaction between U.S. and FSU military forces to promote military reform and WMD nonproliferation.

Other Assessments/Administrative Program Support – Former Soviet Union:

- Continue funding a support program to ensure Cooperative Threat Reduction assistance is properly accounted for, and used for the intended purpose effectively and efficiently;
- Provides non-government technical assistance to DoD.

OFFICE OF THE INSPECTOR GENERAL

<u>(Dollars in Millions)</u>									
<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>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>
150.0	+4.9	+5.2	160.1	+3.6	-1.2	162.5	+4.5	-0.5	166.5

The Office of Inspector General (OIG) audits, inspects, and investigates the programs and operations of the Department of Defense. Additionally, the OIG recommends policies and conducts activities to promote economy, efficiency, and effectiveness in DoD programs and operations by preventing and detecting fraud, waste, and abuse. The OIG also informs DoD management and Congress about the problems and deficiencies in programs and operations and progress of corrective action. The OIG is involved in transforming initiatives to improve its operations and effectiveness to serve as a paradigm for a culture of both accountability and intelligent risk-taking throughout the Department.

The budget includes \$162.4 million for the OIG, an increase of \$2.4 million over the FY 2003 level. This increase is composed of \$3.6 million for price growth and a net decrease of \$1.2 million in program. The total civilian full-time equivalents (FTEs) will be 1,217, an increase of 13 FTEs, from FY 2003 to FY 2004. The budget includes additional funds (\$1.1 million) to meet increased financial statement audit workload demands related to DoD improvements in financial management and stewardship of resources as measured by the goal of achieving auditable financial statements, increased security costs (\$0.2 million), workplace improvement (\$0.4 million), the increase in one paid day (\$0.4 million) and other information technology and miscellaneous increases (\$0.6 million). These increases are offset by the reduction investigative equipment replacement and completion of information technology upgrades, replacement and implementation of the electronic workflow system (-\$3.9 million).

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(\$ in Millions)						
FY 2002	Price	Program	FY 2003	Price	Program	FY 2004
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
12.6	+0.2	+24.2	37.0	+0.6	+12.4	50.0

The Overseas Contingency Operations Transfer Fund (OCOTF) was established by the FY 1997 DoD Appropriations Act to meet operational requirements in support of emerging contingency operations without disrupting approved program execution or force readiness. The OCOTF was established as a “no year” transfer account in order to provide additional flexibility to meet operational requirements by transferring the funding to the Military Components based on actual execution experience as events unfold during the year of execution. Between the fiscal years 1997 and 2001, the DoD had been appropriated funds into the OCOTF to finance contingency operations that are so variable in their scope, duration, intensity they cannot be financed via DoD Component appropriations without causing a readiness impact.

Beginning in FY 2002, funds to finance the incremental cost of contingency operations in Bosnia, Kosovo, and Southwest Asia are included in the Services accounts vice the OCOTF. These operations had become stable enough to budget in the Component’s baseline appropriations. Therefore, in FY 2002, \$2,665.8 million was transferred from the OCOTF to the Components budgets.

The budget request for FY 2004 of \$50.0 million budgeted in the OCOTF is for emerging contingency operations costs. The OCOTF is a permanent appropriation to be used only to finance contingency operations. New contingency requirements consistently surface due to the dynamic international situation. The Military Departments, because of their relatively large Operation and Maintenance (O&M) accounts, are generally able to accommodate these new costs until other funding is available. However, the Defense Agencies, most notably the U.S. Special Operations Command (USSOCOM), the National Imagery Mapping Agency (NIMA), and the Defense Information Systems Agency (DISA), are less able to absorb the diversion of funds for these unforeseen contingency operations, making a small contingency fund vitally important. During FY 2002 and FY 2003, all three of these Defense-Wide Components were required to absorb the cost for supporting contingency operations, with a net effect of reducing funding for programs that were originally approved by the Deputy Secretary of Defense. For example in FY 2002, USSOCOM had to redirect \$42.3 million towards unfunded contingencies. Because often the Special Operations Forces (SOF) are the only viable U.S. forces that can react and deploy in a short period of time, USSOCOM bears a substantial portion of the unanticipated costs of unforeseen contingency operations. The OCOTF enables the Department and the Congress to overcome serious financing difficulties in the normal appropriation process; most notably, the Department is able to transfer funds from OCOTF to the appropriation that requires funding during execution to finance incremental costs associated with contingency-related operations.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

(\$ 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>
49.4	+1.6	+7.1	58.1	-1.5	+2.4	59.0	+1.1	-.5	59.6

The Overseas Humanitarian, Disaster and Civic Aid (OHDACA) program includes three segments: the Humanitarian Mine Action Program, the Humanitarian Assistance Program, and Foreign Disaster Relief Assistance. In broad terms, OHDACA programs support U.S. military forces in meeting two key requirements. The first is to maintain a robust overseas presence aimed at shaping the international security environment in a manner that deters would-be aggressors, strengthens friends and allies, and promotes peace and stability in regions of tension. The second requirement is for U.S. forces to respond effectively when called upon to assist the victims of storms, earthquakes, and other natural or manmade disasters.

The OHDACA programs meet these needs by providing the regional Unified Commanders-in-Chief (CINC) with an unobtrusive, low cost, but highly efficacious means to carry out their peacetime engagement missions, while providing a valuable training benefit for U.S. troops. Furthermore, OHDACA augments the CINCs' capabilities to respond rapidly and effectively to humanitarian crises. In providing relief to areas of need, the U.S. military gains substantial training benefits and obtains access to regions important to U.S. interests. The OHDACA programs enhance readiness across a number of operational areas including: command, control, communication and intelligence (C3I); civil affairs; and logistical support.

The programs conducted under OHDACA are coordinated with the Department of State and approved by the Office of the Secretary of Defense to ensure U.S. Government (USG) unity of effort and compliance with national security and foreign policy interests. In the process of carrying out these activities, a small amount of funding efficiently fosters multiple USG goals.

The FY 2004 OHDACA budget request is \$59.0 million. The FY 2004 increase (\$0.9 million) from the FY 2003 planned obligations (\$58.1 million) reflects increase to emergency response program (\$2.0 million) offset by decrease in humanitarian assistance reprograms (\$-1.1 million).

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

The **Humanitarian Mine Action Program** requirement of \$10.0 million will support the geographical CINC’s planned humanitarian demining activities. These CINC plans include: assessments of newly designated countries; ongoing worldwide training operations; incremental funding of high-priority, emerging operations; and evaluations of current programs to determine if projected “end states” have been met. Countries receiving assistance or are under consideration for such assistance include Armenia, Azerbaijan, Chad, Cambodia, Djibouti, Ecuador, Estonia, Egypt, Georgia, Guatemala, Honduras, Jordan, Mauritania, Mozambique, Nicaragua, Lebanon, Oman, Peru, Sri Lanka, Thailand, Vietnam, Yemen and Zambia. The Humanitarian Mine Action Program, executed by the Combatant Commanders, provides significant training and readiness-enhancing benefits to U.S. forces while contributing to alleviating a highly visible, worldwide problem. The DoD program provides access to geographical areas otherwise not easily available to US forces and contributes to unit and individual readiness by providing unique in-country training opportunities that cannot be duplicated in the United States. U.S. military personnel do not enter active minefields or remove landmines. Our military forces hone critical wartime, civil-military, language, cultural, and foreign internal defense skills.

Humanitarian Mine Action Program and Funding

	<u>(\$ in Millions)</u>			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	6.7	10.0	10.0	10.0

The **Humanitarian Assistance Program** FY 2003 requirements of \$39.0 include: transportation; excess property; and other targeted assistance for disaster preparedness and mitigation. Funding also provides for distribution of relief supplies; acquisition and shipment of transportation assets to assist in distribution; acquisition and provision of relief supplies; refurbishment and restoration of excess DoD equipment; storage of excess property; and inspection, packaging and intermediary warehouse storage until excess items can be delivered. The FY 2003 to FY 2004 decrease is due to reduced inflation

Humanitarian Assistance Program and Funding

	<u>(\$ in Millions)</u>			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	34.6	40.1	39.0	39.6

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

The **Foreign Disaster Relief Assistance/Emergency Response** estimate for FY 2004 is \$10 million. This funding supports the capacity of the Department, through the CINCs, to respond to natural and manmade disasters and to the humanitarian aspects of security crises. Among the activities covered by this item are transportation of emergency assistance during foreign disasters and programs to prepare for such activities. In times of severe disasters, the U.S. military has been and will continue to be, called upon to provide aid and assistance. The Commanders have unique assets and capabilities to respond to major disasters. OHDACA funding allows the Commanders to provide immediate life-saving assistance to countries in their region. Emergency response includes transportation, logistical support, search and rescue, medical evacuation, and refugee assistance, in the form of both supplies and services. Projects also include those that assist Non-Government Organizations (NGO) and recipient country to build capabilities to respond to emergencies response, thereby, reducing the potential need for United States military involvement in crisis response. The FY 2004 increase is to improve the capacity of the Department, through the Commanders, to respond to natural and man-made disasters and to the humanitarian aspects of security crises.

Disaster Relief Assistance/Emergency Response Funding

	<u>(\$ in Millions)</u>			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	8.0	8.0	10.0	10.0

SUPPORT FOR INTERNATIONAL SPORTING COMPETITIONS, DEFENSE

<u>(\$ in Millions)</u>									
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>
15.9	+0.2	+2.8	18.9	+0.3	-19.2	-	-	-	-

The Support for International Sporting Competitions (SISC), Defense appropriation is a no-year appropriation that provides for continuing DoD support to international and special events that are certified by the Attorney General.

These funds are available to fund safety, security and logistical requirements for special events. Under the authority of 10 U.S.C., section 2564, the DoD has the authority to assist Federal, State or local agencies in support of civilian sporting events, if the Attorney General certifies that such assistance is necessary to meet essential security and safety needs.

The DoD provides this support through the SISC appropriation only as a supplier of last resort while ensuring that no degradation to readiness results from this effort. Such support is essential to the national responsibility of ensuring the safety of competitors participating and visitors attending these events.

The FY 2002 actuals for support of the 2002 Winter Olympics and Paralympic Games in Salt Lake City, Utah, total \$15,892 in the SISC appropriation. An additional \$31,609 was obligated in the Defense Emergency Response Fund (DERF) appropriation, for a total of \$47,501. The DERF funds were provided to support the enhanced security requirements following the terrorist attacks of September 11, 2001.

The DoD plans to execute \$18.9 million in FY 2003 for the following scheduled events: Special Olympic Summer Games, Summer Olympic Trials, Goodwill Winter Games, and the Military World Games (Conseil International du Sport Militaire (CISM)). Basic categories of support include physical security, aviation, communications, explosive ordnance disposal, temporary facilities, related equipment, and the manpower costs associated with these requirements. Currently, there are no events designated for FY 2004 or FY 2005 and no funds requested in FY 2004.

AIR OPERATIONS

	(\$ 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	899.7	+53.0	+31.2	983.9	+43.0	+104.1	1,131.0	+18.6	+59.0	1,208.6
Army Reserve	43.7	+1.7	+10.9	56.3	+2.1	-1.5	56.9	+2.7	-0.7	58.9
Army National Guard	279.1	+6.4	-47.8	237.7	+5.4	-5.0	238.1	+4.7	-2.7	240.1
Navy	6,027.3	+199.8	-549.1	5,678.0	+162.9	+173.2	6,014.1	+176.6	-379.8	5,810.9
Navy Reserve	541.9	+3.3	+2.1	547.3	+23.9	+3.6	574.8	+15.4	-24.6	565.6
Air Force	14,331.8	+266.7	-613.5	13,985.0	1,103.7	-536.1	14,552.6	+685.9	-367.3	14,871.2
Air Force Reserve	1,486.3	+28.8	+190.5	1,705.6	+121.9	-87.5	1,740.	+75.3	-10.9	1804.2
Air National Guard	3,292.9	+105.0	+59.7	3,457.6	+292.0	+51.4	3,801.0	+198.4	-269.0	3,730.4
USSOCOM	625.3	+24.3	-105.9	543.7	+46.3	+58.1	648.1	+30.2	+8.1	686.4
Defense Health Program	<u>1.9</u>	<u>-</u>	<u>+0.3</u>	<u>2.2</u>	<u>-</u>	<u>+0.3</u>	<u>2.5</u>	<u>-</u>	<u>+0.3</u>	<u>2.8</u>
Total	27,529.9	689.0	-1,021.6	27,197.3	+1,801.2	-239.4	28,759.1	+1,207.8	-987.6	28,979.3

To operate, to maintain, and to deploy aviation forces that support the national military strategy, the Air Operations activity funds the following activities:

- (1) day-to-day operational activities or air operations;
- (2) organizational, intermediate, and depot level maintenance;
- (3) institutional training; unit training and operational training; and
- (4) engineering and logistical support.

The FY 2004 budget request of \$28,759.1 million reflects a net increase of \$1,561.8 million above the FY 2003 estimate. This includes a price growth of \$1,801.2 million and a net program decrease of 239.4 million (-0.5 percent).

AIR OPERATIONS

ACTIVE ARMY

The Army's Land Forces Air Operations funds the combat major commands (MACOMs), as well as several other agencies and commands. Within the combatant MACOMs, the FY 2004 program funds rotary wing aircraft at the average operating tempo (OPTEMPO) of 13.1 hours per crew per month.

The Land Forces Air Operations includes flying hours for the following programs:

- Drug Interdiction and Counter-Drug activities,
- Combat Aviation Training Brigade at Fort Hood (the Army's collective trainer for the AH-64D Apache Longbow and the OH-58D Kiowa Warrior programs),
- Combat Training Center support (National Training Center),
- Joint Readiness Training Center,
- Two training centers in Europe (the 7th Army Training Center and Combat Maneuver Training Center), and
- Several other smaller units.

The Land Forces Air Operations program also funds flying hours for fixed wing aircraft in intelligence, command, and theater aviation units as well as the hours for the training of pilots associated with Training Support XXI (Training Support Brigades), Reserve Officers Training Corps (ROTC) program, Multi-Force Operations, Eitem Egypt, and European Command (EUCOM) Headquarters.

The Army's Flight Training program supports the Army's flight training program at Fort Rucker (Initial Entry Rotary Wing courses through Advanced Pilot Training), as well as flight training programs at the Intelligence School at Fort Huachuca, the Infantry School at Fort Benning, and the Transportation Training Center at Ft. Eustis. It also funds flying hours for the remaining non-training fleet in the Training and Doctrine Command and flying hours at the United States Military Academy.

The Servicewide Support program funds flying hours for a small international program at Supreme Headquarters, Allied Powers Europe (SHAPE). In addition, it supports a small contingent of Army aircraft at the Army Materiel Command's (AMC) Corpus Christi Army Depot and at the Aviation and the Army Missile Command's (AMCOM) Navy Test Pilot School.

AIR OPERATIONS

	(\$ 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>
<u>Funding Summary</u>										
Land Forces Air Operations	578.0	+35.0	+64.0	677.0	+30.0	-24.0	683.0	+11.0	+3.0	697.0
Depot Maintenance	102.7	+3.0	-9.8	95.9	+4.0	+78.1	178.0	+3.8	+80.0	261.6
Flight Training	217.0	+15.0	-24.0	208.0	+9.0	+51.0	268.0	+4.0	-24.0	248.0
Servicewide Support	<u>2.0</u>	<u>-</u>	<u>+1.0</u>	<u>3.0</u>	<u>-</u>	<u>-1.0</u>	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>2.0</u>
Total	899.7	+53.0	+31.2	938.9	+43.0	+104.1	1,131.0	+18.6	+59.0	1,208.6

	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>Program Data</u>								
Primary Authorized Aircraft	2,588	-102	2,486	-98	2,388	-45	2,343	
Total Aircraft Inventory	2,811	-124	2,687	-110	2,577	-75	2,502	
Flying Hours (000)	643.6	-9.8	633.8	+3.3	637.1	-55.6	581.5	

OPTEMPO

(Hrs/Crew/Month)

Rotary Wing	14.5	-1.4	13.1	-	13.1	-	13.1
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The FY 2004 budget request reflects a \$147.1 million increase above the FY 2003 level. This includes a price increase of \$43.0 million and a program increase of \$104.1 million (+10.1 percent).

Land Force Air Operations: The FY 2004 flying hour program supports an average OPTEMPO of 13.1 hours per crew per month. The FY 2004 budget request increases \$6.0 million above the FY 2003 level and includes a price decrease of \$30.0 million and a

AIR OPERATIONS

program decrease of \$24.0 million (-3.4 percent). The FY 2004 program decrease reflects the Army's transfer of aviation maintenance funding from the Land Force Air Operations to the Division, Corps Combat Forces, and Corps Support Forces subactivity groups to align the funding with the organizations responsible for maintenance.

Depot Maintenance: The FY 2004 budget request increases \$82.1 million above the FY 2003 level and reflects a price increase of \$4.0 million and a program increase of \$78.1 million (+78.0 percent). The Army increases FY 2004 depot maintenance by \$53.2 million to restore Army aircraft to a full mission ready status. The expanded level of maintenance will increase the annual workload for helicopter repairs, progressive maintenance, and crash damage restoration to the AH-64, OH-58D, CH-47, and UH-60/MH60K helicopters. In addition, the Army increases the post production software support for software security and accreditation of digitized systems (\$+24.9 million).

Flight Training: The FY 2004 budget request increases \$60.0 million above the FY 2003 level and reflects a price increase of \$9.0 million and a program increase of \$51.0 million (+23.5 percent). The FY 2004 program increase supports the implementation of a new aviation training strategy that is part of the Army's transformation initiatives. During flight training, the Army will increase the number of hours (from 27 to-41) that student pilots will fly on current aircraft. Thus, combat units will not have to use OPTEMPO hours to train new personnel on current equipment when the new pilots get to their units.

Servicewide Support: The FY 2004 budget request decreases \$1.0 million below the FY 2003 level, reflects no price changes, and includes a program decrease of \$1.0 million (-33.3 percent). The FY 2004 program decrease of \$1.0 million reflects miscellaneous program changes in the supported programs.

ARMY RESERVE

The Army Reserve's Training Operations fund aviation training and operational requirements. The program includes fuel, consumable repair parts, and depot level repair parts to maintain the fleet. The program supports both unit training and operations. The Army Reserve's fixed wing and rotary wing units support the requirements of the warfighting combatant commanders. The Reserve fixed wing aircraft are an integral part of the military operational mission support airlift system.

AIR OPERATIONS

	(\$ 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>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>
<u>Funding Summary</u>										
Training Operations	43.7	+1.7	+10.9	56.3	+2.1	-1.5	56.9	+2.7	-0.7	58.9
	<u>FY 2002</u>			<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
<u>Program Data</u>										
Primary Authorized Aircraft	101		-5	96	+11		107	-		107
Total Aircraft Inventory	101		-5	96	+11		107	-		107
Flying Hours (000)	34.1		+10.1	44.2	-0.3		43.9	+1.0		44.9
<u>OPTEMPO</u>										
<u>(Hrs/Crew/Month)</u>										
Rotary Wing	8.9		+0.1	9.0	-0.2		8.8	+0.5		9.3
Fixed Wing	54		-	54	-		54	-		54

The FY 2004 budget request reflects a net increase of \$0.6 million. This includes a price increase of \$2.1 million and a program decrease of \$1.5 million (-2.0 percent) associated with one-time increased support for beddown of the two new General Aviation companies activated in FY 2002.

AIR OPERATIONS

ARMY NATIONAL GUARD

The Army National Guard’s Training Operations program provides for training aircrew members, aviation units, and supported combined arms teams to achieve and sustain designated combat readiness. Resources support the utilization, maintenance, and overhaul of aviation assets and related support equipment to sustain unit capabilities. These funds are required to maintain and train units for immediate mobilization and to provide administrative support.

	(\$ 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>
<u>Funding Summary</u>										
Training Operations	279.1	+6.4	-47.8	237.7	+5.4	-5.0	238.1	+4.7	-2.7	240.1
	<u>FY 2002</u>			<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
<u>Program Data</u>										
Primary Authorized Aircraft	1,676	-170		1,506	-48		1,458	-163		1,295
Total Aircraft Inventory	1,676	-170		1,506	-48		1,458	-163		1,295
Flying Hours (000)	279.3	-33.4		245.9	-0.4		245.5	+12.0		257.5
<u>OPTEMPO</u>										
<u>(Hrs/Crew/Month)</u>										
Rotary Wing	5.6	+3.4		9.0	-		9.0	+0.6		9.6
Fixed Wing	27.5	-4.5		23.0	+2.0		25.0	-		25.0

The FY 2004 budget request reflects a net increase of \$0.4 million. This includes a price change of \$5.4 million and a program decrease of \$5.0 million (-2.1 percent), which reflects reduced consumption of depot level reparable and consumable spare parts.

AIR OPERATIONS

ACTIVE NAVY

The Navy's Air Operations program funds the active Navy and Marine Corps operating tempo, intermediate, organizational and depot level maintenance, fleet training, engineering support, and logistical support to operate, to maintain, and to deploy aviation forces in support of the national military strategy.

	(\$ 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>
<u>Funding Summary</u>										
Mission/Flight Operations	3,389.7	+118.9	-318.3	3,190.3	+103.8	-31.6	3,262.5	+113.2	-204.0	3,171.7
Fleet Air Training	990.6	+26.2	-34.0	982.8	+21.1	+21.4	1,025.3	+29.0	-123.2	931.1
Intermediate Maintenance	63.0	+2.1	+6.6	71.7	+1.9	+0.4	74.0	+1.8	-1.2	74.6
Air Ops and Safety Support	97.9	+3.6	+5.6	107.1	-0.3	-1.2	105.6	+2.1	-0.1	107.6
Depot Maintenance	963.6	+44.7	-237.2	771.1	+25.4	+183.6	980.1	+19.7	-59.6	940.2
Depot Operations Support	49.1	+1.8	+3.1	54.0	+0.4	-3.7	50.7	+1.1	+17.7	69.5
Combat Communications	66.3	+2.1	-9.4	59.0	+1.4	-6.6	53.8	+0.9	-1.9	52.8
Flight Training	389.5	+0.2	+33.3	423.0	+8.2	+10.8	442.0	+8.5	-7.0	443.5
Recruiting & Advertising	<u>17.6</u>	<u>+0.2</u>	<u>+1.2</u>	<u>19.0</u>	<u>+1.0</u>	<u>+0.1</u>	<u>20.1</u>	<u>+0.3</u>	<u>-0.5</u>	<u>19.9</u>
Total	6,027.3	+199.8	-549.1	5,678.0	162.9	173.2	6,014.1	+176.6	-379.8	5,810.9

	FY 2002	<u>Change</u>	FY 2003	<u>Change</u>	FY 2004	<u>Change</u>	FY 2005
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>		<u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft	2,507	-8	2,499	-65	2,434	-14	2,420
Total Aircraft Inventory*	4,355	-153	4,202	-77	4,125	-59	4,066
Flying Hours (000)	1,308.4	-22.4	1,286.0	-29.4	1,256.6	-25.8	1,230.8

AIR OPERATIONS

	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>
Tactical Fighter Wings	10	-	10	-	10	-	10
Hour Per Crew per Month	23.1	-2.3	20.8	-	20.8	-	20.8
Primary Mission Readiness	86%	N/A	N/A	N/A	N/A	N/A	N/A
Naval Aviation Installations							
CONUS	15	-	15	-	15	-	15
Overseas	8	-	8	-	8	-	8

* TAI includes Navy and Marine Corps Reserve aircraft.

**Primary Mission Readiness percentages include 2% simulator contribution.

The FY 2004 budget request increases \$336.1 million above of the FY 2003 level and reflects a price increase of \$162.9 million and a program increase of \$173.2 million (+3.0 percent). The Primary Authorized Aircraft (PAA) decreases between FY 2003 and FY 2004 due to various force structure changes, including the reduction of one S-3B squadron, TACAIR integration, and continued decommissioning of F-14 aircraft. In FY 2004, the flying hour program achieves the readiness and safety goals equivalent to those achieved in FY 2003.

Mission and Other Flight Operations: The FY 2004 budget request reflects a net increase of \$72.2 million above the FY 2003 level, which includes a price increase of \$103.8 million primarily due to a increases in the prices for fuel, Aviation Depot Level Repairables (AVDLR), and aviation consumable spare parts. The FY 2004 program decrease of \$31.6 million (-1.0 percent) reflects a decrease in flying hours of 16,393 hours attributable to force structure reductions.

Fleet Air Training: The FY 2004 budget request reflects a net increase of \$42.5 million above the FY 2003 level, which includes a price increase of \$21.1 million. Programmatic adjustments in FY 2004 total \$21.4 million (+2.1 percent) and result from higher usage rate of consumables and reparable offset by a decrease of 5,739 flying hours to correspond with training requirements.

Navy Intermediate Maintenance: The FY 2004 budget request reflects a net increase of \$2.3 million above the FY 2003 level, which includes a price growth of \$1.9 million and programmatic increases of \$0.4 million (+0.5 percent). The program increase results from refinement of Navy Marine Corps Intranet schedule and requirements.

AIR OPERATIONS

Air Operations and Safety Support: The FY 2004 budget reflects a net decrease of \$1.5 million below the FY 2003 level and includes a price decrease of \$0.3 million and a program decrease of \$1.2 million (-1.1 percent). The program reflects reduced contract support at the Naval Air Technical Data and Engineering Services Command.

Aircraft Depot Maintenance: The FY 2004 budget reflects a net increase of \$209.0 million, which includes a price increase of \$25.4 million and a net program increase of \$183.6 million (+23.1 percent). The FY 2004 program reflects increases in phased depot maintenance actions; engine overhauls and repairs; gearbox and torque meter overhauls; and contract logistics support for the KC-130J aircraft. The program is fully funded to meet Navy readiness goals.

Aircraft Depot Operations Support: The FY 2002 budget request reflects a net decrease of \$3.3 million below the FY 2003 level. This includes a price increase of \$0.4 million and a program decrease of \$3.7 million (-6.8 percent). The program decrease represents reduced funding for Enterprise Resource Planning (ERP) projects, and reduced travel and supply requirements at both the Naval Aviation Pacific Repair Activity and the Naval Aviation Mediterranean Repair Activity.

Combat Communications. Combat Communication funds the E-6A/B TACAMO program. The FY 2004 budget request reflects a net decrease of \$5.2 million below the FY 2003 level. This includes a price increase of \$1.4 million and a program decrease of \$6.6 million (-10.9 percent). The program decrease results from fuel economies attributable to leasing 737 aircraft and from reduced contractor support.

Flight Training: The FY 2004 budget reflects a net increase of \$19.0 million above the FY 2003 level. This includes price growth of \$8.2 million and a program increase of \$10.8 million (+2.5 percent). The program increase reflects increased contract maintenance costs for the T-45 trainer (an older aircraft) and for the T-6A trainer (new aircraft coming into the inventory in FY 2003). For these aircraft, the Navy purchases on-site intermediate maintenance, engine repair, avionics, and spare parts via contractor logistics support.

Recruiting and Advertising (Blue Angels): The FY 2004 budget continues to support 68 Blue Angels. The FY 2004 budget reflects a net increase of \$1.1 million resulting from price increases of \$1.0 million and from a program increase of \$0.1 million for logistics support.

AIR OPERATIONS

NAVY RESERVE

As with the Active Navy, the Navy Reserve Air Operations program funds flying-related operations for the Navy Reserve and the Marine Corps Reserve. The Naval Air Reserve Force consists of one carrier air wing with a total of seven squadrons, one long-range Anti-Submarine Warfare (ASW) patrol wing with a total of seven squadrons, one helicopter wing with 6 squadrons, and one air logistics wing with 14 squadrons. The Fourth Marine Corps Air Wing (4th MAW) consists of 14 flying squadrons and supporting units, which are budgeted for and maintained by the Commander of the Naval Reserve Force. The Air Operations activity group provides funding for all aspects of Navy and Marine Corps Reserve air operations from flying hours to specialized training, maintenance, and associated support.

	(\$ 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>
<u>Funding Summary</u>										
Mission/Flight Operations	406.7	-1.2	-10.5	395.9	+18.0	+3.8	417.7	+12.3	-30.3	399.7
Intermediate Maintenance	16.4	+0.3	+1.0	17.7	+0.3	-1.5	16.5	+0.3	-0.8	16.0
Air Ops and Safety Support	2.1	+0.1	-	2.2	+0.1	-0.1	2.2	+0.1	-0.1	2.2
Depot Maintenance	115.6	+4.1	+11.5	131.2	+5.5	+1.4	138.1	+2.6	+6.6	147.3
Depot Operations Support	<u>0.2</u>	<u>-</u>	<u>+0.1</u>	<u>0.3</u>	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>+0.1</u>	<u>-</u>	<u>0.4</u>
Total	541.9	+3.3	+2.1	547.3	+23.9	+3.6	574.8	+15.4	-24.6	565.6

	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>Program Data</u>								
Primary Authorized Aircraft	409	-	409	-25	384	-8	376	
Total Aircraft Inventory (TAD)*	4,355	-153	4,202	-77	4,125	-59	4,066	
Total Flying Hours (000)	156.8	+14.1	170.9	-0.8	170.1	-1.2	168.9	
Tactical Fighter Wings	1	-	1	-	1	-	1	
Hours Per Crew Per Month	11	-	11	-	11	-	11	
Primary Mission Readiness **	87%	-	N/A	-	NA	-	N/A	

* TAI shown under the active account includes Navy and Marine Corps Reserve aircraft. ** Includes 2% simulator contribution.

AIR OPERATIONS

The FY 2004 request reflects a net increase of \$27.5 million above the FY 2003 level. This includes a price decrease of \$23.9 million and a program growth of \$3.6 million (+0.6 percent) above the FY 2003 level. Programmatic increases in FY 2004 reflect increased costs of AVDLRs, increased contract maintenance costs for the C-40 and UC-35 aircraft, and increased funding for engine repairs.

ACTIVE AIR FORCE

The Air Force Air Operations funding provides the predominant resources supporting combat forces. These activities include the operational flying requirements of bomber, fighter, mobility, and training forces stationed in the United States as well as overseas.

The resources also support:

- land based intercontinental ballistic missiles;
- air launched strategic and tactical missiles;
- electronic warfare and defense suppression missions;
- combat command, control, and communications; and
- combat aircrew training.

Activities funded in the Air Operations budget operate, maintain, and deploy aviation forces in support of the national military strategy; they include:

- operating tempo,
- organizational and depot level maintenance,
- training,
- engineering support, and
- logistical support.

The Air Operations activity for the Air Force are subdivided into the following categories:

AIR OPERATIONS

	(\$ 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>
<u>Funding Summary</u>										
Primary Combat Forces	3,169.0	+77.1	+189.4	3,435.5	+450.9	-389.9	3,496.5	+241.7	-206.6	3,531.6
Primary Combat Weapons	305.4	+6.0	+23.5	334.9	+10.8	-13.7	332.0	+8.8	-10.9	329.9
Combat Enhancement Forces	298.8	+4.8	-33.4	270.2	+6.0	+55.9	332.1	+6.6	-34.5	304.2
Air Operations Training	981.3	+25.5	+143.8	1,150.6	+122.8	-29.5	1,243.9	+70.6	-60.9	1,253.6
Combat Communications	1,651.6	+7.5	-169.4	1,489.7	+61.1	-200.2	1,350.6	+34.6	+188.2	1,573.4
Global C3I & Early Warning	859.2	+10.1	-38.3	831.0	+19.5	+126.1	976.6	+18.7	+23.7	1,019.0
Other Combat Ops Spt Programs	488.6	+10.8	+200.0	699.4	+22.1	-124.2	597.3	+16.0	-29.7	583.6
Airlift Operations	2,561.4	-53.6	-289.9	2,217.9	+90.6	-140.5	2,168.0	+58.1	-64.2	2,161.9
Flight Training	634.0	-2.8	+31.1	662.3	+29.1	-16.2	675.2	+18.7	+9.7	703.6
Rescue & Recovery Services	82.1	+2.5	+25.6	110.2	+8.5	+2.4	121.1	+5.9	+18.0	145.0
Arms Control	35.7	+0.3	-5.0	31.0	+0.6	+2.0	33.6	+0.8	+0.3	34.7
Security Programs	890.9	+24.3	+17.4	932.6	+22.3	-47.2	907.7	+20.7	+8.8	937.2
Depot Maintenance (All Air Force)	<u>2,373.8</u>	<u>+154.2</u>	<u>-708.3</u>	<u>1,819.7</u>	<u>+259.3</u>	<u>+239.0</u>	<u>2,318.0</u>	<u>+184.7</u>	<u>-209.2</u>	<u>2,293.5</u>
Total	14,331.8	+266.7	-613.5	13,985.0	+1,103.6	-536.0	14,552.6	+685.9	-367.3	14,871.2

The FY 2004 budget request reflects a net increase of \$567.6 million above the FY 2003 funding level. This includes a price increase of \$1,103.6 million and a program decrease of \$536.0 million (-3.6 percent).

AIR OPERATIONS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft (PAA)							
Bomber	116	+2	118	-	118	-	118
Fighter/Attack	1,246	+62	1,308	+10	1,318	-	1,318
Trainer	1,202	-35	985	-107	878	+36	914
Airlift	335	-6	329	+14	343	+1	344
Tanker	286	+13	299	-27	272	-8	264
Other	<u>516</u>	<u>-87</u>	<u>429</u>	<u>-36</u>	<u>393</u>	<u>+13</u>	<u>406</u>
Total	3,519	-51	3,468	-146	3,322	+42	3,364
Total Aircraft Inventory (TAI)							
Bomber	183	-40	143	-	143	-	143
Fighter/Attack	1,424	+59	1,483	+24	1,507	+7	1,514
Trainer	1,335	-222	1,113	+52	1,165	+11	1,176
Airlift	372	-9	363	+20	383	+2	385
Tanker	309	+20	329	-24	305	-8	297
Other	<u>596</u>	<u>-89</u>	<u>507</u>	<u>-55</u>	<u>452</u>	<u>+17</u>	<u>469</u>
Total	4,219	-281	3,938	+17	3,955	+29	3,984
Flying Hours (000)	1,484.2	-186.4	1,297.8	-49.7	1,248.1	+20.8	1,268.9
Air Expeditionary Forces	10	-	10	-	10	-	10

AIR OPERATIONS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Crew Ratios (Average)							
Bombers	1.35	-	1.35	-	1.35	-	1.35
Fighters	1.25	-	1.25	-	1.25	-	1.25
OPTEMPO							
Hrs/Crew/Month							
Bombers	15.8	-0.2	15.6	-	15.6	-	15.6
Fighters	21.8	-4.9	16.9	-0.3	16.6	+0.2	16.8
Mission Capable Rates*							
Bombers	71.0	-3.6	67.4	-1.1	66.3	-0.6	65.7
Fighters	79.2	-0.7	78.5	-1.2	77.3	-0.6	76.7
ICBM Inventory							
Minuteman III	500	-	500	-	500	-	500
Peacekeeper	<u>50</u>	<u>-17</u>	<u>33</u>	<u>-17</u>	<u>16</u>	<u>-16</u>	<u>-</u>
Total	550	-17	533	-17	516	-16	500

*Mission Capable Rates estimates for FY 2003 –FY 2005 are predictions based on budgeted funding levels for spare parts to support the current force structure. The model does not consider other factors that will influence mission capable rates in the year of execution such as operational tempo, aircraft age, and skill-level manning.

AIR OPERATIONS

Primary Combat Forces: The FY 2004 budget request increases \$61.0 million above the FY 2003 budget and includes price increases of \$450.9 million, functional transfers of \$-1.2 million, and program decreases of \$388.7 million.

- Major program increases include:
 - F-15C/D F100 engine upgrades, APG-63 radar, and Joint Helmet Mounted Cueing System (\$+38.9 million),
 - F-16 Common Configuration Implementation Program (\$+13.4 million),
 - F/A-22 Beddown/site activations (\$+11.5 million),
 - B-1B wing shear bearing replacement (\$+7 million), and
 - A-10 structural analysis (\$+6.2 million).

- Major program decreases include:
 - Decreased flying hour program due to reduced rates and force structure realignments (\$-389.8 million),
 - F-16 CONUS Combat Air Patrol decrease (\$-37.0 million),
 - B-52 Situational Awareness Defensive Improvement program slip (\$-13.9 million),
 - Non-fly DLR decrease (\$-9.8 million), and
 - F-117 engine repairs and F-117 Reduction in Total Operating Costs (ROTC) initiative (\$-9.4 million).

Primary Combat Weapons: The FY 2004 budget request is \$2.9 million below the FY 2003 level and includes price increases of \$10.8 million and program decrease of \$13.7 million (-4.0 percent).

- Major program increases include:
 - F-16 Sniper Advanced Targeting Pod (\$+6.7 million),
 - Air Force Space Command's UH-1N helicopters maintenance and upgrade of 59 back seats (\$+5.2 million),
 - Flying Hour Program Rates (\$+3.2 million), and
 - Contractor Logistics Support (CLS) for the Joint Air-to-Surface Standoff Missile that becomes operational in FY 2004 (\$+1.6 million).

AIR OPERATIONS

- Major program decreases include:
 - Decreases for Minuteman III ICBM Total System Performance Responsibility (TSPR) contract (\$-17.6 million),
 - Reduction in Non-Flying Aircraft Missile Programs Depot Level Repairable Parts to fund other Air Force programs decrease (\$-5.2 million),
 - Deactivation of 17 additional Peacekeeper missiles (\$-4.8 million), and
 - Decrease in contract engineering support for aircraft missiles/bombs (\$-3.1 million).

Combat Enhancement Forces: The FY 2004 budget request increases \$61.9 million above the FY 2003 budget and includes price increase of \$6.0 million and program increase of \$55.9 million (+20.1 percent).

- Major program increases include:
 - Addition of the third Unmanned Aerial Vehicles Predator Squadron (17th Reconnaissance Squadron) (\$+26.8 million),
 - Computer Network Defense realignment from Information Systems Security Program (\$+20.0 million),
 - Computer Network Operations (CNO) funding from Headquarters Management (\$+19.4 million),
 - US Strategic Command (USSTRATCOM) development and implementation of the computer network attack mission (\$+7.5 million),
 - Additional bandwidth and connectivity to create a virtual analytical capability (\$+5.0 million),
 - Civilian manpower realignment from Servicewide Communications (\$+4.5 million),
 - Engineering support for the AGM-88 missiles (\$+1.2 million), and
 - USSTRATCOM's information operations security improvements (\$+1.0 million).
- Major program decreases include:
 - One-time FY 2003 Special Operations Forces contracted study to determine the follow-on tactical mobility weapons system (\$-4.9 million),
 - One-time FY 2003 Congressional adjustments in FY 2003 for Information Warfare Support (\$-7.8 million),
 - Contractor Logistics, Engineering, and Technical Services contractual service contracts reductions (\$-6.7 million),
 - Compass Call reduction in level of depot-level repair (\$-6.5 million), and
 - CV-22 Program Slip to FY 2006 (\$-6.3 million).

AIR OPERATIONS

Air Operations Training: The FY 2004 budget request increases \$93.3 million about the FY 2003 budget and includes price increases of \$122.8 million and program decreases of \$-29.5 million (-2.3 percent).

- Major program increases include:
 - Unrealized contractual, management efficiencies based on revised economic assumptions (\$+34.8 million),
 - Readiness training (\$+27.6 million),
 - Restoral of funds for Combat Air Forces Training (\$+19.4 million) to historical levels,
 - Three new Full Combat Mission Training Centers and Integration Connectivity for B-2 Weapons System Trainer (\$+11.6 million),
 - Restoral of program funds for Air Warfare Center (\$+9.8 million),
 - Implementation of the Joint National Training Center Strategic Plan (\$+9.4 million), and
 - Workforce shaping actions (\$+6.5 million).

Reductions in the flying hour costs due to flying hour rate changes and to force structure realignments totaling \$-149.0 million offset the program increases.

Combat Communications: The FY 2004 budget request decreases \$139.1 million below the FY 2003 budget and includes price increases of \$61.1 million, functional transfers-out of \$165.3 million and program decreases of \$34.9 million. The single major transfer is the transfer of the Joint Surveillance Target Acquisition System (JSTARS E-8C) mission to the Air National Guard at Warner Robbins, GA (\$-164.0 million). The JSTARS mission replaces the former B-1 mission of the Air National Guard that transferred to the Active Air Force in the consolidation of the B-1 program.

- Major program changes include:
 - Courseware for Air Operations Center initial qualification training and improved standardization among Air Operations Centers (\$+31.0 million),
 - Communications support for the US Central Command (USCENTCOM) (\$+12.9 million),
 - Contractor logistics support for Deployable C3 systems (\$+10.7 million),
 - Contract support for one additional Rivet Joint RC-135 aircraft (\$+7.9 million), and
 - Integration support for the Tactical Airborne Control System (\$+6.2 million).

AIR OPERATIONS

- Major program decreases include:
 - One-time FY 2003 Congressional increases (\$-10.5 million),
 - Flying Hour Program rates and force structure realignments (\$-72.7 million),
 - Deferred purchase of engine overhaul kits and of overhaul of life support equipment for the Dragon U-2 aircraft (\$-9.6 million),
 - Competitive Sourcing and Privation (\$-2.0 million),
 - Reduction in the Theater Battle Management C4I contract support (\$-3.9 million),
 - Delay in the implementation of training programs for Theater Air Control System (\$-3.6 million), and
 - Retirement of two AWACS TC-18 training aircraft (\$-2.0 million).

Global C3I & Early Warning: The FY 2004 budget request increases \$145.6 million above the FY 2003 budget and includes price increase of \$19.5 million, functional transfers-in of \$0.1 million, and program increases of \$126.0 million (+14.8 percent).

- Major program increases include:
 - Worldwide Joint STRATCOM Communications supporting the US Strategic Command and the US Space Command merger (\$+72.8 million),
 - MILSTAR satellite requirements (\$+38.8 million),
 - Space-Based Infrared System (SBIRS) pre-operations support (\$+18.1 million),
 - Continued information systems improvements at US Northern Command (NORTHCOM) (\$+11.6 million),
 - Space Training, Education and Professional Development (\$+8.1 million),
 - Thule Collective Bargaining Agreement contract for the Ballistic Missile Early Warning Systems (\$+5.9 million),
 - MILSTAR terminal operations, maintenance ,and depot level reparable (\$+4.8 million),
 - North American Aerospace Defense Command (NORAD) Cheyenne Mountain Complex for civilian pay requirements (\$+3.6 million),
 - Space Control Systems Block 10 Deployable Offensive Counterspace Systems (\$+3.2 million),
 - Combatant Commander's Mobile Command Center (\$2.1 million),
 - Global Command and Control System deployment of the at the USSPACECOM, NORAD, and USNORTCOM (\$+2.0 million), and
 - National Military Command System support for dual operations as part of the relocation for the Pentagon Renovation (\$+3.0 million).

AIR OPERATIONS

- Major program decreases include:
 - One-time FY 2003 costs (\$-15.1 million)
 - Reduced contract workload for the E-4B National Airborne Operations Center (\$-27.1 million),
 - One-time funding for modernization of communications for Homeland Defense initiatives (\$-2.9 million), and
 - Minuteman Communication (\$-1.9 million).

Other Combat Operations Support Programs: The FY 2004 budget request declines \$102.1 million and includes a price increase of \$22.1 million and a program decrease of \$-124.2 million(-17.2 percent).

- Major program decreases include:
 - Activation of Combatant HQ NORTHCOM (\$+40.8 million),
 - Improvements required as USNORTHCOM approaches full operational capabilities (\$+28.0 million),
 - Improvements to NORAD C2 capabilities (\$+23.9 million),
 - Enhanced space capabilities to the Space Warfare Center (\$+14.9 million),
 - Engineering installation support to improve the capabilities on classified network capabilities (\$+4.7 million),
 - Increases to meet the Combatant HQ-NORAD capabilities (\$+4.2 million),
 - Civilian separation incentives (\$+2.6 million),
 - Accelerated implementation of Air Force-Global Combat Support System (\$+2.4 million),
 - Intelligence operations and analysis for Defensive Counter Information (\$+1.9 million), and
 - National Security Emergency Preparedness (NSEP) support for Headquarters, US Air Force continuity of operations (\$+1.2 million).
- Major program decreases include:
 - One-time cost for anti-terrorism enhancements (\$-144.2 million), and
 - One-time FY 2003 transfers into Air Force Operations and Maintenance from Defense Emergency Relief Fund for:
 - Weapons Mass Destruction (\$-28.5 million),
 - CONUS Combat Air Patrol (\$-17.9 million),
 - Tactical Information Program (\$-5.0 million),
 - Combat Air Intelligence Systems Activities (\$-2.3 million),
 - Commercial Imagery (\$-2.0 million),

AIR OPERATIONS

- Tactical Deception (\$-1.0 million),
- WMD First Responder (\$-1.0 million), and
- CENTCOM Personnel Security Detachment and Forward Headquarters (\$-0.7 million).

Airlift Operations: The FY 2004 budget request declines \$49.9 million below the FY 2003 budget and includes price increases of \$90.6 million, functional transfers of \$6.6 million, and program decreases of \$133.9 million. The primary functional transfer is the transfer of seven KC-135Rs to the Air National Guard to backfill the B-1 mission previously consolidated into the Active Air Force (\$-7.6 million).

- Major program changes include:
 - Combat Air Patrol reimbursement to the Air Force Reserve Components (\$+15.0 million),
 - Contractor logistical support to support the new 318 Tunners (60k loaders) (\$+11.5 million),
 - Contracted-out functions at Andrews AFB for aircraft maintenance (\$+10.3 million),
 - Follow-on beddown of the C-17 aircraft (\$+9.7 million),
 - Civilian separation incentives (\$+2.3 million).

Major program decreases include:

- One-time FY 2003 transfers into Air Force Operations and Maintenance from Defense Emergency Relief Fund for CONUS Combat Air Patrol (\$-100.0 million),
- One-time FY 2003 transfers (\$-7.8 million);
- Divestiture of C-9A aircraft for Aeromedical Evacuation Program (\$-49.0 million),
- Flying Hour Program rate / force structure realignments (\$-20.0 million),
- Retirement of 14 C-5s (\$-18.6 million),
- Reduction in the C-17 flying hour rates (\$-14.4 million),
- Reduction of funding for equipment purchases (\$-8.4 million),
- Realignment of minor construction upgrades for the C-130J beddown at Little Rock AFB, AK (\$-5.7 million),
- Termination of the Air Mobility Command contract for short take-off and landing (STOL) airlift (\$-5.3 million),
- Reduction in purchases of technical data (\$-4.7 million),
- Reduced travel (\$-2.8 million), and
- Divestiture of four C-21s in USAFE (\$-2.1 million).

AIR OPERATIONS

Flight Training: The FY 2004 budget request increases \$12.9 million above the FY 2003 budget and includes a price increase of \$29.1 million, functional transfers of \$-0.5 million, and program decrease of \$-15.7 million (-2.3 percent).

- Major program changes include:
 - Randolph AFB TX Base Operating Support reinstatement of 373 civilian positions (\$+12.3 million) after failure of competitive sourcing efforts,
 - USAF Specialized Undergraduate Helicopter Pilot Training (\$+11.9 million),
 - T-6 aircraft beddown for Randolph and Moody (\$+7.6 million), and
 - Euro-NATO Joint Jet Pilot Training Facility Repair (\$+1.3 million).

Major program decreases include reductions in the flying hour program due to rate and force structure realignments (\$-30.8 million) and for civilian separation incentives (\$-8.4 million).

Rescue & Recovery Services: The FY 2004 budget request increases \$10.9 million above the FY 2003 budget and includes a price increase of \$8.5 million and a program increase of \$2.4 million (+2.0 percent). The primary program change is the full year cost of Combat Search and Rescue support (\$8.5 million). Major program decreases are changes in the flying hour program due to rates changes and force structure realignments (\$-3.3 million) and reduction in mission support costs (\$-2.7 million).

Arms Control: The FY 2004 budget request increases \$2.6 million above the FY 2004 budget and includes a price growth of \$0.6 million and a program change of \$2.0 million (+2.0 percent). The program change reflects increases for Open Skies OC-135B Aircraft Rewire Program for safety and performance (\$1.3 million), Open Skies OC-135B aircraft landing gear refurbishment (\$0.6 million), and civilian pay reprice (\$0.6 million). Program decreases include reductions in counter proliferation (\$-.5 million) and Competitive Sourcing and Privatization (\$-.2 million).

Security Programs: The FY 2004 budget request declines \$24.9 million below the FY 2003 budget and includes a price increase of \$22.3 million. The program change of \$-47.2 million (-4.9 percent) results from decreases to classified programs.

Depot Maintenance (Air Force-wide): The FY 2004 budget request increases \$498.3 million above the FY 2004 budget and funds Depot Purchase Equipment Maintenance (DPEM) at 79% of requirement. It includes a price growth of \$259.3 million and a program growth of \$238.9.0 million (1.5 percent)

AIR OPERATIONS

- Major program increases includes:
 - One-time Quarterly Surcharge for DPEM of \$23.6 million to pay FY 2002 Defense Working Capital Fund cost recovery losses in Depot Maintenance Activity Group.
 - Increase costs for the programmed depot maintenance (\$+90.5 million) for the F-15C/D/E, B-52, F-16, and KC-135 airframes.
 - Engine and Missile maintenance (\$+5.0 million),
 - Software upgrades for A-10,B-1, , B-2, B-52, E-3, and F-16 aircraft (\$+96.8 million),
 - Increased costs for Other Major End Items depot maintenance (\$+11.6 million), and
 - Increase in Non Materiel Support Division Exchangeable, Area Base Manufacturing, and Storage (\$+11.4 million).

AIR FORCE RESERVE

The Air Force Reserve Air Operations provide the resources to maintain and train units for immediate mobilization and to provide administrative support for the Air Reserve Personnel Center. The FY 2004 request provides for the operation and training of 69 flying units, 429 mission support units, 13 Air Force Reserve flying installations, and the flying and mission training of 75,800 Selected Reserve personnel. Activities supported include aircraft operations, base and depot level aircraft maintenance, facility maintenance, medical treatment, civilian pay, travel, transportation, maintenance of other equipment, and base operating support.

	(\$ 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>
<u>Funding Summary</u>										
Primary Combat Forces	1,064.6	+0.1	+234.9	1,299.6	+74.9	-22.7	+1,351.8	+49.6	-20.2	1,381.2
Mission/Flight Operations	81.6	+2.3	-17.5	66.4	+2.0	+0.7	+69.1	+1.8	-0.3	70.6
Depot Maintenance	<u>340.1</u>	<u>+26.4</u>	<u>-26.9</u>	<u>339.6</u>	<u>+45.0</u>	<u>-65.5</u>	<u>+319.1</u>	<u>+23.9</u>	<u>+9.6</u>	<u>352.6</u>
Total	1,486.3	+28.8	+190.5	1,705.6	+121.9	-87.5	1,740.0	+75.3	-10.9	1,804.4

AIR OPERATIONS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft (PAA)							
Bomber	403	+8	411	-45	366	-11	355
Fighter	105	-	105	-	105	-	105
Airlift	173	+8	181	-40	141	-11	130
Tanker	64	+6	70	+2	72	-	72
Rescue	31	-6	25	-7	18	-	18
Weather Reconnaissance	10	-	10	-	10	-	10
Special Operations Forces	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Total	403	+8	411	-45	366	-11	355
Total Aircraft Inventory (TAI)							
Bomber	9	-	9	-	9	-	9
Fighter	122	-2	120	+5	125	-3	122
Airlift	184	+25	209	-49	160	-15	145
Tanker	68	+2	70	+2	72	-	72
Rescue	33	-5	28	-6	22	-	22
Weather Reconnaissance	16	-6	10	-	10	-	10
Special Operations Forces	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total	446	+14	460	-48	412	-18	394
Flying Hours (000)	155.4	-13.7	141.7	-10.0	131.7	+0.5	132.2
Tactical Fighter Wing Equivalents	1.0	-	1.0	-	1.0	-	1.0

AIR OPERATIONS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Crew Ratios (Average)							
Bombers	1.31	-	1.31	-	1.31	-	1.31
Fighters	1.25	-	1.25	-	1.25	-	1.25
OPTEMPO							
Hrs/Crew/Month							
Bombers	27.8	-10.7	17.1	-	17.1	-	17.1
Fighters	14.0	-3.1	10.9	+1.2	12.1	-0.6	11.5
Mission Capable Rates*							
Bombers							
Fighters							

The FY 2004 budget request increases \$34.4 million above the FY 2003 level. Price changes increase \$121.9 million while program changes decline \$87.5 million (-4.8 percent).

Primary Combat Forces (Air Operations): The FY 2004 budget request reflects a net increase of \$52.2 million. This includes a price increase of \$74.9 million and a program decreases of \$22.7 million (-1.7 percent). The FY 2004 program decreases result from changes in flying hour rates and in force structure.

Mission Support Operations: The FY 2004 budget request reflects a net increase of \$2.7 million. This includes a price increase of \$2.0 million and a program growth of \$0.7 million (+1.0 percent). The FY 2004 program increase reflects conversion of the Reserve Medical Red Flag Course for Air Transportable Hospital to new generation emergency medical equipment.

AIR OPERATIONS

Depot Maintenance: The FY 2004 budget request includes a net decrease of \$20.5 million. This includes a price increase of \$45.0 million and a program decrease of \$65.5 million (-17.0 percent) reflecting the deferment of 11 programmed depot maintenance and of nine engine overhauls.

AIR NATIONAL GUARD

The Air National Guard Air Operations program provides for the flying and maintenance of Air National Guard mission related aircraft. These funds also provide for the facilities, equipment, and manpower required to train, equip, and support the Air National Guard force structure at a combat readiness level that enables it to immediately assimilate into the active Air Force and to be capable of conducting independent operations in accordance with unit taskings.

	<u>(\$ in Millions)</u>									
	<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>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>
<u>Funding Summary</u>										
Primary Combat Forces	2,076.9	+22.3	+459.1	2,558.3	+198.4	+86.3	2,843.0	+140.5	-265.5	2,718.0
Mission/Flight Operations	505.7	+11.9	-182.8	334.8	+10.8	-8.7	336.9	+10.3	-	347.2
Depot Maintenance	<u>710.3</u>	<u>+70.8</u>	<u>-216.6</u>	<u>564.5</u>	<u>+82.8</u>	<u>-26.2</u>	<u>621.1</u>	<u>+47.6</u>	<u>-3.5</u>	<u>665.2</u>
Total	3,292.9	+105.0	+59.7	3,457.6	+292.0	+51.4	3,801.0	198.4	-269.0	3,730.4

AIR OPERATIONS

	<u>FY 2002</u>	<u>Change</u>	<u>FY 2003</u>	<u>Change</u>	<u>FY 2004</u>	<u>Change</u>	<u>FY 2005</u>
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>		<u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft (PAA)							
Bomber	-	-	-	-	-	-	-
Fighter	495	-15	480	-	480	-	480
Training	107	-	107	-	107	-	107
Airlift Tactical	218	-	218	-5	213	-5	208
Airlift Strategic	28	-	28	-8	20	-4	24
Tanker	204	+6	210	-11	199	-9	190
Air Defense	60	-	60	-	60	-	60
Other	<u>52</u>	=	<u>52</u>	<u>+14</u>	<u>66</u>	<u>-14</u>	<u>52</u>
Total	1,164	-9	1,155	-10	1,145	-24	1,121
Total Aircraft Inventory (TAI)							
Bomber	-	-	-	-	-	-	-
Fighter	590	-53	537	+5	542	+3	545
Training	129	-6	123	-6	117	-	117
Airlift Tactical	230	+6	236	-9	227	-3	224
Airlift Strategic	30	-	30	-8	22	+3	25
Tanker	231	-11	220	-14	206	-4	202
Air Defense	73	-7	66	+2	68	+12	80
Other	<u>67</u>	-	<u>67</u>	<u>+18</u>	<u>85</u>	<u>-17</u>	<u>68</u>
Total	1,350	-71	1,279	-12	1,267	-6	1,261
Flying Hours (000)	265.0	+51.0	316.0	-	316.0	-13.0	303.0

AIR OPERATIONS

	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>
Tactical Fighter Wing Equivalents	6.63	-0.21	6.42	-	6.42	-	6.42
Crew Ratios (Average)							
Bombers	1.50	-1.50	-	-	-	-	-
Fighters	1.25	-	1.25	+0.25	1.50	-	1.50
OPTEMPO							
Hrs/Crew/Month							
Bombers	14.6	-14.6-					
Fighters	10.5	-	10.5	+0.1	10.6	-	10.6
Mission Capable Rates*	71.6	-10.2	68.1	-	68.1	-	68.1
Bombers							
Fighters							

The Air National Guard (ANG) FY 2004 budget increases \$343.4 million above the FY 2003 level and includes price growth of \$292.0 million and program increases of \$51.4 million (+1.4 percent).

AIR OPERATIONS

Primary Combat Forces Aircraft Operations: The FY 2004 budget request reflects a net increase of \$284.7 million. This includes a price growth of \$198.4 million and a program increase of \$86.3 million (+3.1 percent).

- Major program increases include:
 - Transfer of funding from the active Air Force to support the Joint Surveillance Target Attack Radar System (JSTARS) and KC-135 air refueling missions that the Air National Guard began operating in FY 2003 at two units that previously flew B-1 bomber aircraft (\$+178.9 million).
 - Additional flying hour funding to provide for the increased consumption of reparable and consumable parts primarily due to the aging weapon systems in the ANG inventory (\$+1.1 million).
 - Civilian workyears and support funding required for the annualization of the unit conversion to eight (8) KC-135 air refueling aircraft (\$+17.5 million),
 - Additional full-time manpower and flying hours associated with the conversion to eight (8) C-17 strategic airlift aircraft (\$+27.0 million), and
 - Resources for the continuation of the Air National Guard family program (\$+5.0 million).
- Major program decreases include:
 - Flying hour rate changes (\$-200.6 million).
 - Full year impact of converting F-16C/D tactical fighters to KC-135 tanker aircraft (\$-12.2 million),
 - Decreased C-141 strategic airlift requirements as one unit converts to C-17 aircraft in FY 2004 (\$-11.1 million), and
 - Initial implementation of the Air Forces corporate mobility plan that will reduce thirty-two ANG C-130 aircraft by the end of FY 2007. Five C-130 aircraft will be lost in FY 2004 (\$-5.5 million).

Mission Support Operations: The FY 2004 budget reflects a net increase of \$2.1 million above the FY 2003 level. This includes price increases of \$10.8 million and program decreases of \$8.7 million (-2.5 percent).

- Major program increases include:
 - Additional manpower required to transition the Air National Guard from a shape and respond force to a major participant in the Aerospace Expeditionary Force mission as directed by FY 1998 Defense Planning Guidance (\$+4.7 million).
 - Annualized impact of the civil engineering technician end strength added in FY 2003 that will eliminate the remaining full-time manpower shortfall identified in the ANG Future Force restructuring (\$+1.2 million), and
 - Establishment of one information warfare aggressor squadron and two (2) flights beginning in FY 2004 (\$+.9 million).

AIR OPERATIONS

- Major program decreases include:
 - Decreased tactical air control unit manpower to establish the new information warfare aggressor flights and the reduced requirement for non flying depot level reparable at units transitioning to new missions (\$-3.1 million),
 - Decrease in communications units requirements primarily caused by one unit converting to information warfare operations (\$1.4 million), and
 - Reduction in civilian manpower at Operation Headquarters, 1st Air Force (\$-1.3 million).

Depot Maintenance: The FY 2004 budget reflects a net increase of \$56.6 million. This includes price increases of \$82.8 million and program decreases of \$26.2 million (-4.0 percent).

- Major program increases include:
 - Implementation of the replacement program for the KC-135E engine pylon struts (\$+36.4 million),
 - Falcon STAR program that upgrades known life-limited structural components on the F-16C/D aircraft (\$+6.7 million), and
 - Scheduled aircraft and engine maintenance for C-130E/H, LC-130 and F-15A aircraft (\$+12.3 million).
- Major program decreases include:
 - Retirement or replacement of thirty six (36) KC-135E aircraft (\$-43.7 million),
 - decreased Programmed Depot Maintenance (PDM) requirements for F-15B aircraft (\$-4.5 million).
 - Reduction of engine maintenance requirements for the KC-135R, C-5, and F-15A/B aircraft (\$-11.8 million), and
 - Reduction the amount of contract carryover workload to be accomplished in FY 2004 (\$-44.2 million).

AIR OPERATIONS

US SPECIAL OPERATIONS COMMAND

The Air Operations funding for the U.S. Special Operations Command (USSOCOM) supports the manpower authorizations, Special Operations Forces (SOF) unique support equipment, flying hours, aircraft, necessary facilities, and the associated costs specifically identified and measurable to initial qualification and training of aircrews for SOF aviation operations and tactics.

	<u>(\$ in Millions)</u>									
	<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>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>
<u>Funding Summary</u>										
USSOCOM –SOF Operations	625.3	+24.3	-105.9	543.7	+46.3	+58.1	648.1	+30.2	+8.1	686.4
	<u>FY 2002</u>			<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
<u>Program Data</u>										
Primary Authorized Aircraft										
AFSOC	112	-1		111	-		111	+3		114
USASOC	135	+2		139	+1		140	+12		152
Total Aircraft Inventory										
AFSOC	114	-		114	+1		115	+3		118
USASOC	138	+4		142	+1		143	+12		155
Flying Hours (000)										
AFSOC	62.4	-15.0		47.4	-6.7		40.7	-		40.7
USASOC	34.4	-0.7		33.7	+3.5		37.2	+0.7		37.9

AIR OPERATIONS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Crew Ratio (Average per Aircraft)							
AFSOC	1.8	-0.1	1.7	-	1.7	-	1.7
USASOC	1.4	-	1.4	-	1.4	-	1.4
<u>OPTEMPO</u>							
<u>(Hrs/Crew/Month)</u>							
AFSOC	28.3	-7.3	21.0	-3.6	17.4	-	17.4
USASOC	15.4	-1.8	13.6	+0.3	13.9	-0.5	13.4
Primary Mission Readiness	75%	-	85%	-	75%	-	75%

* Air Force Special Operations Command (AFSOC)

** U.S. Army Special Operations Command (USASOC)

The FY 2004 budget reflects a net increase of \$104.4 million above the FY 2003 level. This includes a price increases of \$46.3 million and program increases of \$58.1 million (+9.8 percent).

- Major program increases include:
 - Support to relieve problems associated with the low density/high demand assets of the 160th Special Operations Aviation Regiment (\$+42.1 million),
 - Forward location of Air Force Special Operations Command (AFSOC) assets to Central Command (CENTCOM) Crisis Response Element (\$+33.9 million), and
 - Forward basing costs for European Command (EUCOM) detachment (\$+5.0 million).

The program growth is offset by a reduction in flying hours (\$-23.5 million) due to changes in the cost of Air Force flying hours.

AIR OPERATIONS

DEFENSE HEALTH PROGRAM

The Air Operations funding for the Defense Health Program (DHP) supports aircraft at the U.S. Army Aeromedical Center (Lyster Army Hospital), Fort Rucker, Alabama that provide aeromedical evacuation support to the Army Aviation Center . Costs include fuel, supplies, depot level repairs, contract maintenance, and all other related expenses associated with the aeromedical evacuation system.

	<u>(\$ in Millions)</u>									
	<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>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>
<u>Funding Summary</u>										
Defense Health Program	1.9	-	+0.3	2.2	-	+0.3	2.5	-	+0.3	2.8

The FY 2004 budget request reflects a net increase of \$0.3 million above the FY 2003 level and reflects the a net program increase of \$0.3 million (+13 percent) resulting from force structure changes as the DHP changes from UH-1 to the UH-60 helicopter.

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Program Data</u>							
Primary Authorized Aircraft	8	+4	12	-	12	-6	6
Total Aircraft Inventory	8	+4	12	-	12	-6	6
Flying Hours (000)	2.6	+0.1	2.7	-0.5	2.2	-	2.2
Crew Ratio (Average)	2.1	-	2.1	-	2.1	-	2.1

BASE OPERATIONS SUPPORT

	(\$ in Millions)									
	FY 2002 Actual	Price Growth	Program Growth	FY 2003 Estimate	Price Growth	Program Growth	FY 2004 Estimate	Price Growth	Program Growth	FY 2005 Estimate
Army	5,178.2	+34.1	+94.6	5,306.9	-47.4	-275.2	4,984.4	+207.6	+203.3	5,395.2
Navy	3,138.0	+75.0	+182.0	3,395.0	+78.0	-237.0	3,236.0	+59.0	-321.0	2,974.0
Marine Corps	948.5	-	+393.4	1,341.9	+15.0	-273.9	1,083.0	+21.7	+41.8	1,146.4
Air Force	5,528.2	+61.0	-366.9	5,222.3	+132.5	-32.1	5,322.7	+158.2	-92.9	5,388.0
Army Reserve	392.5	+7.3	-1.9	397.9	+6.5	-80.8	323.6	+5.6	+37.7	366.9
Navy Reserve	155.5	+2.8	-17.2	141.1	+3.6	-13.6	131.1	+3.1	-1.0	133.2
Marine Corps Reserve	30.4	+0.7	+5.0	36.1	+0.4	+3.8	40.3	+0.6	-1.2	39.7
Air Force Reserve	313.7	+6.0	-30.7	289.0	+7.0	-23.4	272.6	+5.8	-17.5	260.9
Army National Guard	586.5	+6.5	+27.1	620.2	+9.4	-181.4	448.2	+7.2	+103.5	558.8
Air National Guard	437.5	+5.7	-6.0	437.2	+7.6	-34.2	410.6	+7.9	-1.0	417.5
Defense Health										
Program	<u>575.6</u>	<u>+0.2</u>	<u>+59.0</u>	<u>634.8</u>	<u>+10.1</u>	<u>+5.2</u>	<u>650.1</u>	<u>+13.7</u>	<u>-1.7</u>	<u>662.0</u>
Total	17,284.6	+199.3	+338.4	17,822.4	+222.7	-1,142.6	16,902.6	+490.2	-50.0	17,342.6

Base Operations Support (BOS) provides the resources to operate the bases, installations, camps, posts, and stations of the Military Departments. These resources sustain mission capability, ensure quality-of-life, and enhance work force productivity and fund personnel and infrastructure support. Personnel support includes food and housing services for unaccompanied and deployed forces; religious services and programs; payroll support; personnel management; and morale, welfare, and recreation services to military members and their families. Infrastructure support includes utility systems operations; installation equipment maintenance; engineering services including fire protection, crash rescue, custodial, refuse collection, snow removal, and lease of real property; security protection and law enforcement; and transportation motor pool operations. The FY 2004 budget request of \$16,902.6 million includes a net price increase of \$222.7 million and a net program decrease of \$1,142.6 million (-6.4 percent) below the FY 2003 funding level. Specific changes are addressed in the following sections for each Active Component and Defense Health Program.

BASE OPERATIONS SUPPORT

Active Forces Program Data

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Number of Active Installations</u>							
CONUS	228	-	228	-	228	-	228
Overseas	126	-	126	-	126	-	126
<u>Active Forces Personnel</u>							
Military (End-Strength)	87,455	-13,770	73,685	-2,960	70,725	-1,568	69,157
Civilian (Full-Time Equivalents)	97,821	-3,567	94,254	-5,455	88,799	-619	88,180

Installations: There are no changes in the overall number of active forces installations within the continental United States or overseas from FY 2002 to FY 2005.

Personnel: The civilian personnel assigned to base support activities continue to decline from FY 2003 to FY 2004 primarily due to anticipated reduction in forces as a result of outsourcing and privatization efforts, Quadrennial Defense Review (QDR) decisions, installation reform reductions, and transition to the Navy Marine Corps Intranet. The military end strength decreases in FY 2004 primarily due to shifts in personnel out of Base Operations Support positions to support more critical positions.

ARMY

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Active</u>							
Funding	5,178.2	+128.7	5,306.9	-322.6	4,984.4	+410.9	5,395.2
<u>Installations</u>							
CONUS	55	--	55	--	55	--	55
Overseas	85	--	85	--	85	--	85
<u>Personnel</u>							
Military (End-Strength)	6,015	+1,742	7,757	-2,108	5,649	-526	5,123
Civilian (Full-Time Equivalents)	35,304	-1,505	33,799	-3,375	30,424	-315	30,109

BASE OPERATIONS SUPPORT

The FY 2004 Base Operations Support budget request for active Army decreases by \$322.6 million below the FY 2003 funding level. This net decrease includes a foreign currency rate increase of \$52.5 million, a \$99.9 million decrease for inflation, a net functional transfer out of \$185.0 million, and a net real program reduction of \$90.3 million. The FY 2004 budget request provides increased funding of \$278.0 million that supports Anti-Terrorism/Force Protection requirements to protect personnel and installations around the world (\$117.0 million); Army Family Team Building (AFTB) (\$3.4 million); Historical Properties Improvement Program (\$1.5 million); security matters (\$5.7 million); Transformation Installation Management Region (\$63.6 million) leases for Homeland Security and other GSA/NCR lease increases (\$16.0 million); Pentagon Renovation Facility (\$65.0 million) and Business Initiative Investment Fund (\$2.0 million); and one additional compensable work day (\$3.8 million). These increases are offset by programmatic decreases totaling \$-368.3 million dollars. A \$-192.3 million programmatic reduction is the result of anticipated cross leveled Base Support resources to meet emerging requirements within Base Support and Operations and Maintenance, Army. A correction of \$176.0 million resulted from a clerical error made when applying the FY 2003 rebaselining adjustments.

NAVY

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Active</u>							
Funding	3,138.0	+257.0	3,395.0	-159.0	3,236.0	-262.0	2,974.0
Installations							
CONUS	80	--	80	--	80	--	80
Overseas	25	--	25	--	25	--	25
Personnel							
Military (End-Strength)	23,316	+1,238	24,554	-73	24,481	-162	24,319
Civilian (Full-Time Equivalents)	19,184	-1,222	17,962	-555	17,407	-228	17,179

The FY 2004 Base Operations Support budget request for active Navy reflects a net decrease of \$159.0 million below the FY 2003 funding level. This net decrease reflects a price growth of \$78.0 million and a net real program decrease of \$-237.0 million. The FY 2004 programmatic changes include increases to fund base support to minimum service levels (\$103.0 million), for galley and BOS contracts at Recruit Training Center (\$26.0 million), and an increase in Pentagon rent payments (\$39.0 million); offset by efficiencies anticipated due to Installation Claimant Consolidation (ICC) (\$-210.0 million), and Congressional increases not extended to FY 2004 (\$-195.0 million).

BASE OPERATIONS SUPPORT

MARINE CORPS

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Active</u>							
Funding	948.5	+393.4	1,341.9	-258.9	1,083.0	+63.5	1,146.4
Installations							
CONUS	19	--	19	--	19	--	19
Overseas	3	--	3	--	3	--	3
Personnel							
Military (End-Strength)	11,658	-115	11,543	-355	11,188	-247	10,941
Civilian (Full-Time Equivalents)	8,016	+235	8,251	-344	7,907	-24	7,883

The FY 2004 Base Operations Support budget request for active Marine Corps reflects a net decrease of \$-258.9 million below the FY 2003 funding level. This net decrease reflects a price growth of \$15 million and a net real program decrease of \$-273.9 million. The FY 2004 programmatic changes include an increase to fund Navy Marine Corps Intranet (NMCI) seat costs (\$70.9 million); increase for Blount Island AT/FP requirements (\$2.5 million) to purchase vice leasing; increase for Marine Corps Community Services (MCCS) programs in support of the Marine Corps commitment to achieve appropriated funding goals for Categories A and B MCCS programs (\$5.8 million); increase to collateral equipment associated with Military Construction, Facility Sustainment, Restoration and Modernization (FSRM), and the Japanese Facility Improvement Program (JFIP) projects (\$10.3 million); increase for one additional compensable work day (\$1.4 million) and projected increase for FECA Surcharge (\$1.3 million). These program increases are offset by changes for environmental projects related to compliance, conservation, and pollution prevention (\$-0.4 million); reduction in utilities based on the cost assumptions related to the expected price of electricity and natural gas (\$-7.5 million); decrease from one-time DERF funding in FY 2003 (\$-246.6 million); Smartworks program reduction (\$-0.9 million); Personnel Support Equipment program reduction (\$-3.6 million); reduction due to the elimination of duplicative information systems (\$-2.0 million); Installation Reform Savings to be achieved by initiatives such as competition, regionalization, process re-engineering, and elimination of functions (\$-11.6 million); a reduction in NMCI discontinued support costs for the current Marine Corps Enterprise Network as the Marine Corps begins to transition to NMCI (\$-92.8 million); as well as various other minor savings (\$-0.7 million).

BASE OPERATIONS SUPPORT

AIR FORCE

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Active</u>							
Funding	5,528.2	-305.9	5,222.3	+100.4	5,322.7	+65.3	5,388.0
Installations							
CONUS	66	--	66	--	66	--	66
Overseas	12	--	12	--	12	--	12
Personnel							
Military (End-Strength)	43,708	-16,629	27,079	-415	26,664	-633	26,031
Civilian (Full-Time Equivalents)	33,116	-948	32,168	-1,133	31,035	-52	30,983

The FY 2004 Base Operations Support budget request for active Air Force reflects a net increase of \$100.4 million from the FY 2003 funding level. This net increase includes a price growth of \$132.5 million; a net increase of \$25.9 million in functional transfers, which is primarily due to the transfer to Real Property Services to fund Southwest Asia power production and the Oman access agreement; and a net program decrease of \$-58.0 million. The net program growth includes increases to support the Air Force fair-share payment to Pentagon Force Protection Agency (PFPA) for expanded force protection, security, and law enforcement for the Pentagon Reservation and DoD occupied facilities in the National Capital Region (\$69.9 million); for environmental initiatives such as the Environment and Pollution Programs (\$17.6 million) and Environmental Compliance (\$10.6 million); and Environmental Conservation assessments associated with Unmanned Combat Aerial Vehicles, Joint Strike Fighter, F/A-22 and Airborne Laser, and F-16 beddown actions (\$9.8 million). Other increases are seen in Real Property Services for critical base maintenance contracts AF-wide and Los Angeles AFB System Acquisition and Management Support project (\$35.4 million); in Base Communications for maintaining the information infrastructure (\$3.7 million); and in Family Support and Child Development for 12 additional family child care homes and 809 children receiving care (\$1.3 million). These increases are offset by program decreases which are driven by estimated savings associated with ongoing reengineering efforts (\$-126.9 million); decreases in supplies and equipment (\$-39.6 million); reduction to realign funds from Base Operations Support to the Other Servicewide Activities Subactivity Group for Defense Accounting and Finance Service (DFAS) to sustain projected DFAS payment at the historical level (\$-32.1 million); and a correction to the Air Force's fair-share of the Transportation Working Capital Fund (TWCF) as a result of high posted earnings in FY 2002 during Operation Enduring Freedom (\$-7.7 million).

BASE OPERATIONS SUPPORT

DEFENSE HEALTH PROGRAM

	FY 2002		FY 2003		FY 2004		FY 2005
	Actual	Change	Estimate	Change	Estimate	Change	Estimate
<u>Active</u>							
Funding	575.6	+59.2	634.8	+15.3	650.1	+12.0	662.0
Installations							
CONUS	8	--	8	--	8	--	8
Overseas	1	--	1	--	1	--	1
Personnel							
Military (End-Strength)	2,758	-6	2,752	-9	2,743	--	2,743
Civilian (Full-Time Equivalent)	2,201	-127	2,074	-48	2,026	--	2,026

The FY 2004 Base Operations Support budget request reflects a net increase of \$15.3 million above the FY 2003 funding level. This net increase includes a price growth of \$10.1 million and a net program increase of \$5.2 million. The net program increase is primarily attributed to an increase of estimated utility, installation safety management analysis/engineering and communication cost increases, and additional visual information requirements for development of medical training material.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ 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	466.5	+7.7	+42.3	516.5	+6.8	-69.3	454.0	+7.5	+8.0	469.5
Navy	649.6	+7.1	+102.7	759.4	+11.4	-69.2	701.6	+11.2	-40.9	671.9
Marine Corps	37.9	+1.4	+5.5	44.8	+1.6	-3.8	42.6	+1.5	-0.7	43.4
Air Force	2,104.1	+30.7	-61.9	2,072.9	+45.4	+92.2	2,210.5	+42.5	+15.2	2,268.2
Defense-Wide	919.4	+11.4	-195.9	735.0	+11.0	+343.9	1,089.9	+15.4	-94.8	1,010.5
Army Reserve	59.0	+0.9	+27.1	87.0	+1.3	-39.5	48.8	+0.7	+8.3	57.8
Navy Reserve	7.9	+0.3	+0.2	8.4	+0.2	-0.3	8.3	+0.2	--	8.5
Marine Corps Reserve	3.5	+0.1	+0.1	3.7	+0.1	--	3.8	--	--	3.8
Air Force Reserve	93.0	+1.4	-44.3	50.1	+1.1	+17.0	68.2	+1.3	+2.3	71.8
Army National Guard	111.6	+2.4	+106.6	220.6	+1.4	-131.8	90.2	+1.5	+4.8	96.5
Air National Guard	21.9	+0.2	-5.5	16.6	+0.2	-0.3	16.5	+0.3	-0.2	16.6
Defense Health Program	41.4	--	+8.1	49.5	+0.8	--	50.3	+1.0	-0.1	51.2
Court of Military Appeals	<u>0.1</u>	<u>--</u>	<u>--</u>	<u>0.1</u>	<u>--</u>	<u>--</u>	<u>0.1</u>	<u>--</u>	<u>--</u>	<u>0.1</u>
Total	4,515.9	+63.6	-15.0	4,564.6	+81.3	+138.9	4,784.8	+83.1	-98.1	4,769.8

Command, control, and communications (C³) resources provide seamless base level and worldwide communication networks for voice, data, and imagery traffic of sufficient quality, reliability, and flexibility to ensure responsive support to U.S. forces. This information infrastructure contains communications networks, computers, software, databases, applications, data, security services, and other capabilities that meet the information processing and transport needs of DoD users. The C³ program specifically funds telecommunications systems, leased circuits, and other services necessary for information transfer, messaging operations, and equipment associated with sending and receiving communications transmissions. Additionally, this program funds efforts to integrate command and control systems with communications in order to support the information needs of field commanders. The FY 2004 budget request of \$4,784.8 million includes price increases of \$81.3 million and a net program growth of \$138.9 million (+3.0 percent) above the FY 2003 funding level.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

Program Data	(\$ 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>
<u>Communications</u>	<u>2,201.2</u>	<u>+32.8</u>	<u>+117.9</u>	<u>2,351.9</u>	<u>+35.4</u>	<u>-302.9</u>	<u>2,084.3</u>	<u>+35.7</u>	<u>-5.4</u>	<u>2,114.6</u>
Sustaining Base Communications	1,269.8	+18.0	-69.2	1,218.6	+17.6	-79.0	1,157.1	+20.4	+22.0	1,199.5
Long Haul Communications	594.2	+9.0	+176.9	780.1	+8.4	-216.7	571.8	+7.9	-27.3	552.4
Deployable and Mobile Communications	337.2	+5.8	+10.2	353.2	+9.4	-7.2	355.4	+7.4	-0.1	362.7
<u>Command and Control</u>	<u>1,254.1</u>	<u>+17.3</u>	<u>-52.5</u>	<u>1,218.9</u>	<u>+21.8</u>	<u>+209.9</u>	<u>1,450.6</u>	<u>+24.1</u>	<u>+17.2</u>	<u>1,491.9</u>
National	339.8	+5.5	-70.6	274.7	+5.3	+97.7	377.7	+6.3	+19.2	403.2
Operational	748.7	+10.1	+7.0	765.8	+13.6	+98.6	878.0	+14.5	+14.9	907.4
Tactical	165.6	+1.7	+11.1	178.4	+2.9	+13.6	194.9	+3.3	-16.9	181.3
<u>C3-Related</u>	<u>1,060.6</u>	<u>+13.5</u>	<u>-80.3</u>	<u>993.9</u>	<u>+24.1</u>	<u>+231.9</u>	<u>1,249.8</u>	<u>+23.3</u>	<u>-109.9</u>	<u>1,163.2</u>
Navigation	65.3	+0.8	+5.6	71.7	+4.4	+5.5	81.6	+2.9	+1.2	85.7
Meteorology	161.3	+1.8	+0.3	163.4	+5.5	-19.0	149.9	+4.1	-0.7	153.3
Combat Identification	1.1	--	+1.5	2.6	--	-0.7	1.9	--	--	1.9
Information Assurance Activities	832.9	+10.9	-87.7	756.2	+14.2	+246.1	1,016.4	+16.3	-110.4	922.3
Total	4,515.9	+63.6	-14.9	4,564.6	+81.3	+138.9	4,784.8	+83.1	-98.1	4,769.8

Communications: Communications are an integral element of C³ and include sustaining base, long haul, and deployable and mobile forms of communications assets. Resources for sustaining base communications are almost exclusively fixed plant and installation support and provide the “backbone” and other communications infrastructure for CONUS and overseas locations. Funding for long-haul communications, largely comprised of the Defense Information Systems Network (DISN) costs, includes primarily voice and data services for all off-post connectivity, worldwide web, and other connectivity. The DISN is a combination of DoD-owned and leased telecommunications networks and subsystems comprised of equipment, services, personnel, and facilities under the management

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

control and operational direction of the Defense Information Systems Agency (DISA). Resources for deployable and mobile communications include funding for systems and capabilities to extend communications into areas of operations, which are primarily provided through satellite systems and other wireless transmission means and constitute moveable or transportable communications. The FY 2004 budget request of \$2,084.3 million reflects a price increase of \$35.4 million and net program growth of \$-302.9 million (-12.9 percent) over the FY 2003 funding level. The following are the significant changes:

- The Army's budget request includes real program growth of \$-58.4 million, which includes a reduction in sustaining base communications due to a realignment of resources so available funding can be equally shared, as well as a transfer out to Other Procurement, Army to support the replacement of trunked radios (\$-38.1 million). The reduction also applies to long haul communications due to a Congressional add that did not carry into FY 2004 (\$-26.3 million). Slightly offsetting a reduction is an increase to deployable and mobile communications for various communication requirements (\$6.0 million). The Army National Guard and Reserve requests include real program growth of \$-167.7 million, primarily reducing sustaining base communications costs and long haul communication which represent Congressional adds that did not carry into FY 2004.
- The Navy's budget request includes real program growth of \$-89.6 million, which includes a reduction from DISA Tier-One services that are funded by DISA beginning in FY 2004. The Navy Reserve's budget request includes real program growth of \$-0.3 million. Program reductions in sustaining base communications are the result of management efficiencies from claimant consolidation in the Active and Reserve components. Deployable and mobile communications also report program reductions from reduced requirements such as the INMARSAT channels and the termination of Iridium services.
- The Marine Corps' budget request includes real program growth of \$-3.8 million, which include efficiencies in sustaining base communications such as the elimination of duplicative information systems and savings associated with the Marine Corps Installation Reform (\$-4.0 million); offset by an increase for phone services at Marine Barracks Annex, 8th & I (\$0.2 million).
- The Air Force's budget request includes a real program growth of \$-12.1 million, which includes a reduction from DISA Tier-One services that are funded by DISA beginning in FY 2004 (\$-43.1 million). Some program adjustments that offset the reduction include an increase for deployable and mobile communications (\$23.6 million), of which \$12.9 million is for USCENTCOM's Theater C4 infrastructure to provide the combatant commander with a reliable communications bridge between the headquarters and deployed forces; and \$10.7 million is for additional fielded theater deployable communications and associated contract support. In addition, long haul communications increased by \$10.0 million in Air Force Information Services for Joint Task Force Battlespace. The Air Force Reserve increased its sustaining base communications by \$17.0 million to sustain Air Force Reserve Information Technology in FY 2004.
- In O&M, Defense-wide, the Joint Staff budget request includes a real program decrease of \$-0.9 million in sustaining base communications for transferring Tier-One funding and costs to the Defense Information Systems Agency beginning in this budget

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

year. This decrease is partially offset by increases in long haul communications for US Special Operations Command (USSOCOM) and the Defense Contract Management Agency (DCMA). The USSOCOM budget request reflects a program increase of \$9.5 million to support leased long-haul communications circuits, to include satellite airtime costs, and to extend Command and Control capability to three forward deployed Theater Special Operations Commands (TSOCs). The DCMA budget request reflects a program increase of \$4.0 million to fund the Defense Messaging Service (DMS), a replacement to the AUTODIN messaging service, to ensure the agency has secure messaging traffic.

Command and Control (C2): This category represents the facilities, systems, and manpower essential to a commander for planning, directing, coordinating, and controlling operations of assigned forces. These command and control capabilities cover the National Command Authority, through the joint operational and theater level echelon, and down to the front-line tactical elements. Additionally, this category includes funding for the Defense portion of the National Airspace System and other air traffic control activities. The FY 2004 budget request reflects price growth of \$21.8 million and a net program increase of \$209.9 million (+17.2 percent) over the FY 2003 funding level. Major changes include:

- The Army's budget request includes real program growth of \$5.8 million, which represents increased support for Operational Command and Control.
- The Navy's budget request includes real program growth of \$21.5 million, which is partially due to a realignment of funding into National Command and Control for communications services to consolidate funding for similar services (\$7.9 million). This initiative is part of the incorporation of the Naval Network Operations Command into the Naval Network Warfare Command (under COMCLANFLT). In addition, the program growth is in Tactical Command and Control for increased requirements and higher pricing for Aviation Depot Level Repairables for the E-2C Hawkeye aircraft (\$13.6 million).
- The Air Force's budget request includes real program growth of \$120.7 million that supports National and Operational Command and Control programs. National Command and Control increased by \$80.9 million to support the merger of the US Strategic Command and the US Space Command by funding projects to upgrade the Strategic Warfare Planning System (\$14.3 million), modernize the Command Center at the new USSTRATCOM (\$25.9 million), upgrade the Nuclear Planning and Executive Systems (\$2.9 million), and support the Cheyenne Mountain Operations Center (\$8.1 million). In addition, \$29.7 million supports command and control connectivity and network infrastructure needs, as well as costs associated with physically relocating 450 plus personnel from USSPACECOM to USSTRATCOM. Operational Command and Control increased by \$41.9 million to realign MILSTAR satellite engineering tasks from Investment accounts (\$38.8 million), and support operations, maintenance, and training for three deployable Offensive Counterspace Systems used to disrupt or deny an adversary's space-based communications (\$3.1 million).
- The Defense-Wide budget request includes real program growth of \$61.9 million that supports National Command and Control programs for US Special Operations Command (USSOCOM) (\$22.1 million) and Operational Command and Control programs for

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

the Defense Information Systems Agency (DISA) (\$38.3 million). The increase for USSOCOM supports various initiatives like equipment purchases for critical sustainment purposes, military manning growth, must-pay license issue in the C4IAS program, centralized router maintenance contract for the SCAMPI program, and sustainment, training and unit level consumables for accelerated procurement and fielding of all radio systems. The increase for DISA supports various initiatives including simultaneous access to real-time operational, tactical, and administrative planning information, performance management with effective cost accounting to meet legislative requirements, and technical and administrative support to the combatant commanders for Network Operations and Security Centers.

C3-Related: This category includes various programs and functions related to and supportive of communications, command, and control requirements and includes both communications security and computer security. Included are communication resources to support navigation, meteorological reporting, combat identification that provides positive identification of friendly forces to prevent fratricide, and information assurance to protect information systems against denial of service and unauthorized (accidental or intentional) disclosure, modification, or destruction of the information system or data. The FY 2004 budget request reflects a net program increase of \$231.9 million (+23.3 percent) above the FY 2003 funding level. The significant changes include:

- The Army's budget request includes real program growth of \$-16.7 million primarily due to a one-time Congressional add that did not extend into FY 2004. The Army Reserve's budget request includes real program growth of \$-3.7 million in Information Assurance Activities to reduce fund migration from readiness accounts during the year of execution.
- The Navy's budget request includes real program growth of \$-1.1 million as a result of various savings in Information Assurance Activities.
- The Air Force's budget requests includes real program growth of \$-16.4 million primarily due to a decrease in Information Assurance Activities to realign Computer Network Defense from the Information Systems Security Program and into Information Warfare Support within the Air Intelligence Agency to properly align all resources with the mission (\$-25.6 million). This decrease is partially offset by an increase in C3-related navigation for Air Traffic Control and Landing System logistics sustainment to repair aging equipment and to provide Contractor Logistics Support and Sustaining Engineering, and for Depot-Level Reparable support to repair or restore communications equipment, vehicles, and other support equipment to a serviceable condition at Air Force depots (\$8.5 million).
- The Defense-wide budget request includes real program growth of \$269.1 million, which primarily reflects an increase for the Defense Information Systems Agency (DISA) for its Information Superiority C2. In addition, US Special Operations Command's (USSOCOM) budget request includes growth of \$2.2 million in Combat Identification to sustain blue force tracking transmitters and receivers, and Information Assurance Activities for an increase of 11 contract workyears to support network security planning and assessment, program/policy development, modernization and additional communication security (COMSEC).

DEPOT MAINTENANCE

	(\$ 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	743.4	+25.5	+34.6	803.5	+44.2	+159.8	1,007.5	+19.3	+66.3	1,093.1
Navy	5,327.0	+101.6	-283.6	5,145.0	+59.3	-118.9	5,085.4	+232.2	-88.8	5,228.8
Marine Corps	102.6	+11.4	+27.2	141.2	+16.1	-55.9	101.4	+3.5	+16.7	121.6
Air Force	2,373.8	+154.2	-708.3	1,819.7	+259.4	+238.9	2,318.0	+184.7	-209.2	2,293.5
USSOCOM	204.4	+2.3	-30.8	175.9	+2.7	+12.6	191.2	+3.0	+7.3	201.5
Subtotal Active Forces	8,751.2	+295.0	-960.9	8,085.3	+381.7	+236.5	8,703.5	+442.7	-207.7	8,938.5
Army Reserve	58.6	+2.8	-12.9	48.5	+4.0	+10.4	62.9	+5.2	+12.9	81.0
Navy Reserve	196.8	+5.7	+26.2	228.7	+6.6	-8.1	227.2	+4.5	-2.9	228.8
Marine Corps Reserve	7.8	+0.8	+3.9	12.5	+1.4	-3.7	10.2	+0.4	+1.5	12.1
Air Force Reserve	340.1	+26.4	-26.8	339.7	+45.1	-65.7	319.1	+24.0	+9.5	352.6
Army National Guard	186.4	+4.6	-14.2	176.8	+14.7	+2.6	194.1	+3.9	+61.9	259.9
Air National Guard	710.3	+70.9	-216.7	564.5	+82.8	-26.3	621.0	+47.6	-3.5	665.1
Subtotal Reserve/Guard	1,500.0	+111.2	-240.5	1,370.7	+154.6	-90.8	1,434.5	+85.6	+79.4	1,599.5
Total	10,251.2	+406.2	-1,201.4	9,456.0	+536.3	+145.7	10,138.0	+528.3	-128.3	10,538.0

Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from active forces to reserve components. The FY 2004 Depot Maintenance budget request reflects a net funding increase of \$682.0 million above the FY 2003 funding level. This is comprised of \$536.3 million of price growth and a net program increase of \$145.7 million (+1.5 percent).

DEPOT MAINTENANCE

Price Growth

Of the overall \$536.3 million price increase, \$365.9 million is in aircraft maintenance, \$9.7 million is in ship maintenance, \$29.9 million is for combat vehicle maintenance, and \$130.8 million is for maintenance of missiles and other equipment.

Program Changes

Of the overall \$145.7 million net program increase, \$217.6 million is in aircraft maintenance, and \$285.9 million is for maintenance of missiles and other equipment. These increases are offset by a program reduction of \$-289.8 million for ship maintenance and \$-68.0 million for combat vehicle maintenance. The major programmatic changes are discussed below.

- The Army depot maintenance program increases by \$235.7 million in FY 2004. The Active Army program increases by \$204.0 million which is composed of price growth of \$44.2 million and a net program increase of \$159.8 million (18.9 percent). The Army has built its FY 2004 budget to augment depot maintenance efforts to restore Army aircraft to a full mission-ready status. Major end-item programs addressed by this increase are the AH-64 Helicopter (\$11.2 million), OH-58D Helicopter including Government Furnished Parts (\$10.8 million), CH-47 Helicopter (\$6.3 million), UH-60/MH60K Helicopters (\$20.8 million), and for Aircraft Communications and Electronic Equipment (\$3.6 million). The increased level of funding will provide for helicopter repairs, as well as progressive maintenance actions and crash damage restoration. Embedded in the above funding are new requirements within the CH-47 Helicopter program for Special Operations Aircraft (MH-47E) in FY 2004 and increased Recapitalization requirements in support of the UH-60 Helicopter program. Increase in Automotive depot maintenance is due to the induction of the High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) into the Recapitalization Rebuild Program with 1,065 vehicles in FY 2004 (\$29.0 million). Increase in combat vehicle maintenance supports the Field Artillery Ammunition Supply Vehicle (FAASV) M992A2 Recapitalization Rebuild Program increasing to 34 in FY 2004 and a minor unit cost increase associated with the Abrams Army Integrated Management (AIM) XXI Program (\$8.5 million). Maintenance of communications/electronics and Post-Production Software Support increases \$52.2 million. The Army Missile maintenance program increases \$55.6 million to provide additional work in three areas: (1) Missile System Accessories and Components, (2) Multiple Launch Rocket System (MLRS) Ground Communication System and Components and finally, (3) the Patriot Missile Program. The Army revised its Patriot Missile Program to address concerns about program executability and still achieve the Joint Requirements Oversight Council (JROC) Approved Migration Plan and the Combatant Commanders' requirements by FY 2003. A \$19.2 million reduction to Army depot maintenance programs includes a reduction in the number of crash damages funded in support of the CH47D Program, which decrease from a quantity of 4 in FY 2003 to 1 in FY 2004. There is also a reduction associated with the number of Electronic Shop Shelters Recapitalization program. This program decreases from a quantity of 195 in FY 2003 to 68 in FY 2004. The Army Reserve program increases \$14.4 million that includes price growth of \$4.0 million and a

DEPOT MAINTENANCE

net program increase of \$10.4 million (19.8 percent). Finally, the Army National Guard program increases by \$17.3 million, which consists of \$14.7 million in price growth, and \$2.6 million in net program growth (1.4 percent).

- The Navy and Marine Corps depot maintenance programs decrease \$103.2 million in FY 2004. For the Active Navy program, this reflects price growth of \$59.3 million offset by net a program decrease of \$118.9 million. Further broken down, this reflects a net program decrease to ship depot maintenance of \$280.4 million (-7.3 percent) and other maintenance of \$36.7 million (-7.9 percent) partially offset by a net program increase in aircraft depot maintenance of \$198.2 million (+22.2 percent). The net decrease in ship depot maintenance is associated with a reduction in number and scope of scheduled ship availabilities (\$-503.8 million), a decrease in emergent repairs corresponding to a decrease in ship operating months (\$-47.3 million), decrease in miscellaneous and other restricted/technical availabilities (ORA/TA) (\$-39.9 million); offset by additional depot-level work performed outside of scheduled availabilities (continuous maintenance) (\$89.5 million), and increase in unallocated overhead reflecting mission funding Puget Sound Naval Shipyard and a larger amount of reimbursable work at Pearl Harbor Naval Shipyard (\$221.1 million). Reductions in other depot maintenance reflect a reduction of maintenance tasks associated with the reclassification of Strike ordnance, calibration equipment, target maintenance, special weapons maintenance, missile maintenance, and Pioneer UAV (Unmanned Aerial Vehicle). Active Aircraft Depot Maintenance reflects additional Airframe Phased Maintenance Intervals, Age Explorations and Air Worthiness Inspections as well as additional Engine Overhauls, Engine Repairs, Gear Box/Torque Meter Repairs and Overhauls (\$185.2 million). The increase is also associated with additional Aircraft Software Trouble Report Maintenance actions (\$13.0 million). For the Navy Reserve program, this reflects price growth of \$6.6 million offset by net a program decrease of \$8.1 million. Further broken down, this reflects a net program decrease to ship depot maintenance of \$9.4 million (-10.1 percent) and other maintenance of \$0.1 million (-1.8 percent) partially offset by a net program increase in aircraft depot maintenance of \$1.4 million (+1.0 percent). The Navy Reserve depot maintenance program reflects a reduction in the number of ships scheduled for Phased Maintenance Availabilities (from 10 in FY 2003 to 4 in FY 2004). This decrease is partially offset by a \$1.4 million increase in aircraft depot maintenance commensurate with an increase in non-organic inductions. Overall, the President's budget request will meet 94 percent of the notional requirements for Reserve ship depot maintenance and 100 percent of the Navy goal for Reserve aviation depot requirements. The Active Marine Corps program reflects price growth of \$16.1 million offset by a net program decrease of \$55.9 million (-35.5 percent). The Reserve Marine Corps program change includes \$1.4 million in price growth offset by a net program decrease of \$3.7 million (-26.6 percent). Major program changes to Marine Corps depot maintenance from FY 2003 to FY 2004 include an increase in ordnance maintenance (\$1.2 million); increase in other end item maintenance (\$21.6 million); decrease in combat vehicle maintenance (\$-75.3 million); decrease in missile maintenance (\$-3.4 million). The reduced funding levels also reflect the USMC's commitment to eliminate excess carryover, which has been an item of Congressional Interest in recent years. The FY 2004 funding level strikes an acceptable balance between programs that affect medium term readiness and the USMC's investment in modernization and transformational programs.

DEPOT MAINTENANCE

- The Air Force's depot maintenance programs increase \$534.2 million in FY 2004. The Active Air Force program increases by \$498.3 million which is composed of price growth of \$259.4 million and a net program increase of \$238.9 million (+11.5 percent). Aircraft depot maintenance increases include an 85% increase in the F-15C/D/E Aircraft PDM price caused by an increase in labor hours and direct material consumption to convert the trim stabilizers on 89 F-15s from a honeycomb composite material to a gridlock material (\$108.5 million), increase in the B-52 unit PDM cost of \$2.29M for 14 B-52s is a result of unanticipated corrosion and structural repairs, which increased labor hours and direct material (\$32.0 million), an increase in PDM workload hours for in-processing procedures at the start of the AWACS aircraft PDM process (\$17.0 million). Program increases are partially offset by decreased aircraft and engine maintenance at the depot due to completion of the Service Life Extension Program (SLEP) for the F-16 aircraft (\$-40.9 million), the transfer of 17 E-8 JSTARS and 7 KC-135s to the Air National Guard and a reduction of 1 B-2 PDM (\$-13.3 million). In other maintenance, the Air Force funds a variety of avionics software developments including the A-10 software upgrade for the Suite 3 Block-Upgrade as well as the associate testing (\$19.8 million), the software effort for the first Block Cycle Change of the B-1 ALR-46 RADAR warning receiver (\$27.5 million), coding on P5 Block Cycle Change under Multi Stage Improvement Program (MSIP) for the B-2 program (\$8.7 million), the B-52 Avionics Mid-Life Improvement Off Aircraft Pylon Tester (OAPT) and flight test support (\$8.7 million), the initial effort to sustain the Precision Location and Identification (PLAID) subsystem to the ALR-69 Radar Warning Receiver on the E-3 AWACS (\$12.8 million), the initial stage of the F-16 SCU-6 Block Cycle Change (\$9.7 million), and support for a service life extension of the MH-53 to FY 2014 (\$8.8 million). The Air Force Reserve program decreases \$20.6 million which includes price growth of \$45.1 million and a net decrease of \$65.7 million (-17.1 percent). The Air National Guard program increase of \$56.5 million is composed of a price increase of \$82.8 million offset by a net program decrease of \$26.3 million (-4.1 percent).
- The United States Special Operations Command (USSOCOM) depot maintenance program increases \$15.3 million which is composed of \$2.7 million in price growth and \$12.6 million in program growth (7.1 million). Increase include \$1.2 million for Psychological Operations Production Distribution System (PDS), \$1.3 million for Special Operations Forces Intelligence systems, and \$6.2 million for increased maintenance and sustainment for Special Operations Command Research Analysis and Threat Evaluation System (SOCRATES) in support of the Global War on Terrorism.

Maintenance Backlog

- Between FY 2003 and FY 2004, depot maintenance funding increases by \$682.0 million (+1.5 percent), and the percentage of funded executable requirements decrease from 82.5 percent in FY 2003 (\$9,456.0 million of \$11,457.8 million executable requirement is funded) to 81.1 percent in FY 2004 (\$10,138.0 million of \$10,781.4 million executable requirement is funded). Executable requirements are those maintenance requirements that can be accommodated within current physical depot maintenance capacity. The table on the following page displays funded and financial backlog amounts for depot maintenance:

DEPOT MAINTENANCE

(\$ in Millions)

	FY 2002		FY 2002/ FY 2003	FY 2003		FY 2003/ FY 2004	FY 2004		FY 2004/ FY 2005	FY 2005	
	Requirements Funded	Requirements Unfunded	Change in Unfunded	Requirements Funded	Requirements Unfunded	Change in Unfunded	Requirements Funded	Requirements Unfunded	Change in Unfunded	Requirements Funded	Requirements Unfunded
<u>Army*</u>	<u>988.4</u>	<u>374.6</u>	<u>+60.2</u>	<u>1,028.8</u>	<u>434.8</u>	<u>+118.4</u>	<u>1,264.5</u>	<u>553.2</u>	<u>-153.9</u>	<u>1,434.0</u>	<u>399.3</u>
Aircraft	174.9	129.4	-24.6	273.1	104.8	+3.7	298.8	108.5	-9.5	358.4	99.0
Combat Vehicle	319.1	105.2	-6.8	297.0	98.4	+64.9	330.5	163.3	-81.2	390.4	82.1
Other	494.4	140.0	+91.6	458.7	231.6	+49.8	635.2	281.4	-63.2	685.2	218.2
<u>Navy*</u>	<u>5,523.8</u>	<u>499.2</u>	<u>+293.0</u>	<u>5,373.7</u>	<u>792.2</u>	<u>+91.7</u>	<u>5,312.6</u>	<u>883.9</u>	<u>-22.1</u>	<u>5,457.6</u>	<u>861.8</u>
Ship	3,959.8	207.0	-57.0	3,931.2	150.0	-7.0	3,651.1	143.0	+7.0	3,816.3	150.0
Aircraft	1,161.9	152.0	+168.7	995.4	320.7	+130.7	1,229.5	451.4	+44.8	1,198.9	496.2
Other	402.1	140.2	+181.3	447.1	321.5	-32.0	432.0	289.5	-73.9	442.4	215.6
<u>Marine Corps*</u>	<u>110.4</u>	<u>29.3</u>	<u>-10.0</u>	<u>153.7</u>	<u>19.3</u>	<u>+44.8</u>	<u>111.6</u>	<u>64.1</u>	<u>+26.2</u>	<u>133.7</u>	<u>90.3</u>
Combat Vehicle	48.0	3.9	-0.2	98.3	3.7	+35.3	26.7	39.0	+24.6	45.3	63.6
Other	62.4	25.4	-9.8	55.4	15.6	+9.5	84.9	25.1	+1.6	88.4	26.7
<u>Air Force*</u>	<u>3,424.2</u>	<u>146.0</u>	<u>+609.5</u>	<u>2,723.9</u>	<u>755.5</u>	<u>+112.8</u>	<u>3,258.1</u>	<u>868.3</u>	<u>+198.4</u>	<u>3,311.2</u>	<u>1,066.7</u>
Aircraft	2,015.9	29.3	+415.6	1,973.5	444.9	+60.1	2,294.4	505.0	+197.2	2,370.1	702.2
Other	1,408.3	116.7	+193.9	750.4	310.6	+52.7	963.7	363.3	+1.2	941.1	364.5
<u>USSOCOM</u>	<u>204.4</u>	=	=	<u>175.9</u>	=	=	<u>191.2</u>	=	=	<u>201.5</u>	=
Ship	9.7	-	-	-	-	-	-	-	-	-	-
Aircraft	125.7	-	-	104.3	-	-	106.9	-	-	110.3	-
Other	69.0	-	-	71.6	-	-	84.3	-	-	91.2	-
<u>Total</u>	<u>10,251.2</u>	<u>1,049.1</u>	<u>+952.7</u>	<u>9,456.0</u>	<u>2,001.8</u>	<u>+367.7</u>	<u>10,138.0</u>	<u>2,369.5</u>	<u>+48.6</u>	<u>10,538.0</u>	<u>2,418.1</u>
Ship	3,969.5	207.0	-57.0	3,931.2	150.0	-7.0	3,651.1	143.0	+7.0	3,816.3	150.0
Aircraft	3,478.4	310.7	+559.7	3,346.3	870.4	+194.5	3,929.6	1,064.9	+232.5	4,037.7	1,297.4
Combat Vehicle	367.1	109.1	-7.0	395.3	102.1	+100.2	357.2	202.3	-56.6	435.7	145.7
Other	2,436.2	422.3	+457.0	1,783.2	879.3	+80.0	2,200.1	959.3	-134.3	2,248.3	825.0

* Includes Active, Guard and Reserve Component programs

ENVIRONMENTAL PROGRAMS

	(\$ 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>
Environmental Restoration	1,269.0	+14.0	+24.2	1,307.2	+19.6	-53.6	1,273.2	+20.4	+15.6	1,309.2
Environmental Compliance	1,666.5	+18.3	+61.5	1,746.3	+26.2	-169.1	1,603.4	+25.6	+20.4	1,649.4
Environmental Conservation	156.5	+1.7	+2.1	160.3	+2.4	-9.6	153.1	+2.5	-7.3	148.3
Pollution Prevention	226.1	+2.5	-8.8	219.8	+3.3	-50.4	172.7	+2.7	+3.9	179.3
Environmental Technology	228.1	+2.5	-4.1	226.5	+3.4	-40.0	189.9	+3.0	+4.6	197.5
Base Realignment & Closure (BRAC)	<u>609.2</u>	<u>+6.7</u>	<u>-75.7</u>	<u>540.2</u>	<u>+8.1</u>	<u>-136.3</u>	<u>412.0</u>	<u>+6.7</u>	<u>-143.0</u>	<u>275.7</u>
Total Environmental Program*	4,155.4	+45.7	-0.8	4,200.3	+63.0	-459.0	3,804.3	+60.9	-105.8	3,759.4

* Includes environmental funding for all DoD appropriations/funds, not just those funded in the operation and maintenance (O&M) title.

The Department of Defense Environmental Program addresses five overriding and interconnected goals: (1) to support the readiness of U. S. Forces by ensuring access to air, land, and water for training and operations; (2) to improve the quality of life by protecting military personnel and families from environmental, safety, and health hazards; (3) to ensure that weapons systems, logistics, installations, et. al., have greater performance, lower total ownership costs, and minimal health and environmental effects; (4) to serve customers, clients, and stakeholders through public participation and advocacy; and (5) to enhance international security through military-to-military cooperation. To help achieve these goals, the Department established its environmental program around five pillars -- cleanup, compliance, conservation, pollution prevention, and environmental technology. Much of this program is addressed in the Defense Environmental Restoration (or Cleanup) Program Annual Report to Congress and the Defense Environmental Quality (includes Compliance, Conservation, and Pollution Prevention) Annual Report to Congress. The FY 2004 budget request of \$3,804.3 million decreases by \$396.0 million, which includes price growth of \$63.0 million and a net program reduction of \$459.0 million (-10.9 percent). The reduction primarily reflects a discontinuance of one-time FY 2003 congressional adds, completion of some long term projects to meet compliance requirements, and significant progress in closing installations and completing BRAC cleanup investigations. The Department notes that the FY 2004 budget request for BRAC environmental programs

ENVIRONMENTAL PROGRAMS

is only \$370 million vice the \$412 million total requirement identified above. This is due to the fact that the Department plans to fund the difference with proceeds from anticipated land sales and available prior year unobligated balances. Each of the Department's environmental pillars is discussed below.

Environmental Restoration

The Department's Environmental Restoration program focuses on reducing the risks to human health and the environment at active installations and Formerly Used Defense Sites (FUDS), while ensuring that DoD environmental cleanup policy conforms to existing laws and regulations. The DoD Environmental Restoration appropriations provide for: the identification, investigation, and cleanup of past contamination prior to 1986 from hazardous substances and wastes, and contamination prior to FY 2003 from unexploded ordnance (UXO), discarded military munitions, and munitions constituents at other than operational ranges; correction of other environmental damage; and the demolition and removal of unsafe buildings, structures, and debris. Until 1994, the Department spent the majority of the resources documenting the magnitude of the cleanup problem on DoD lands, a significant but necessary investment. In 1994, DoD turned the corner, by devoting more resources to actual cleanup than to studies. As a result, the pace of restoration has increased while more sites continue to be cleaned up and closed out. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. The relative risk process is the key tool used by the Department in the planning, programming, and budgeting of the cleanup program as well as its execution.

Also in FY 1996, the Department developed specific clean-up goals that have been briefed to the Congress, the regulator community, and the public. Accordingly, the Department funds its environmental restoration program to ensure the Military Departments and Defense Agencies meet all legal agreements and ensure compliance with DoD cleanup goals. As required by the Presidential Management Plan and the Office of Management and Budget (OMB) FY 2004 budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. The budget exhibits also clearly identify funding requirements for response actions to address UXO, discarded military munitions, and munitions constituents at other than operational ranges. As shown in the various Component DERA budget exhibits for FY 2004, Army, Navy, and Air Force cleanup programs are essentially on schedule to meet the Department's cleanup goals; DLA is ahead of schedule which is necessary in some cases to meet legal requirements and agreements with states and regulatory agencies; and FUDS is falling behind. The FUDS program is unique in that there are no physical boundaries such as a military installation fence line to establish a finite limit of potential contaminated sites and the number of potential new FUDS sites is boundless. While investigations and analyses have been completed for most potential cleanup sites at our military installations, FUDS is still adding new sites. The FUDS baseline number of high relative risk sites for measuring against the DoD cleanup goals initially contained 224 sites in FY 1998. Since that time, an additional 159 high relative risk sites have been identified for a total of 383 sites. Of the 383 FUDS sites categorized as high relative risk, 162

ENVIRONMENTAL PROGRAMS

sites have been removed from the list as of February 2003. Had the number of sites not increased, FUDS would have met the Department's FY 2002 cleanup goal of 50 percent of relative high risk sites. In response to increased FUDS sites, and cleanup costs, the Department increased FUDS resources by about \$20 million per year this past year.

Between FY 2003 and FY 2004, the Department's Defense Environmental Restoration Program decreases by \$34.0 million, reflecting price growth of \$19.6 million and programmatic reductions of \$53.6 million (-4.1 percent). The program decrease of \$53.6 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2003 (\$-34.0 million) and deferment of some Air Force investments that will not impact their ability to meet the Department's cleanup goals.

Environmental Compliance

The FY 2004 compliance program includes sufficient resources to enable the Department's day-to-day operations to comply with state and local government enforcement of current environmental laws and regulations. Environmental Compliance projects include the replacement and upgrade of waste water treatment plants to comply with Clean Water Act standards, hazardous waste management, testing and remediation of underground storage tanks, and monitoring waste water treatment systems. In FY 2004, the environmental compliance program decreases by \$142.8 million. This decrease reflects a price growth of \$26.2 million and a programmatic decrease of \$169.1 million (9.7 percent) as DoD completes some long term projects to meet compliance requirements. The program decrease of \$169.1 million primarily consists of: a decrease in Army and Army National Guard nonrecurring projects (\$-66.6 M) and a decrease in Army's other recurring costs (\$-13.6 M); a decrease due to completion of the Kaho'olawe restoration program in Navy (\$-75 M) and other non-recurring efforts (\$-13.0 M); and a decrease in Air Force requirements due to a reduction of one-time projects (\$-17.3 million). These decreases are offset by an increase in the Marine Corps' requirements for one-time projects (\$+13.4 million) and an increase in the Defense-wide requirements (\$+3.0 million).

Environmental Conservation

The Department of Defense is the steward of nearly 25 million acres of public lands. The DoD has a responsibility to protect, maintain, and enhance the natural and cultural resources found on these lands. Through the conservation program, biological and cultural resources are managed to help support the military mission. Additionally, conservation activities are required by law (e.g., Endangered Species Act, Sikes Act, and National Historic Preservation Act) and must be funded. In FY 2004, the Environmental Conservation funding decreases by \$7.2 million, reflecting a price growth of \$2.4 million and a program decrease of \$9.6 million (-6.0 percent). The program decrease of \$9.6 million primarily consists of decreases in the Army's nonrecurring costs (\$-19.0 million). This decrease is offset by an increase in the Marine Corps program (\$+7.9 million) and an increase in the non-recurring projects for the Defense-wide (\$+2.4 million).

ENVIRONMENTAL PROGRAMS

Pollution Prevention

The Pollution Prevention program targets the reduction of hazardous material, solid waste, toxic releases, air emissions, and water pollution at the source. The funding requested for FY 2004 will support these efforts, as well as implementation of Executive Order 13148, “Greening the Government through Leadership in Environmental Management,” and Executive Order 13101, “Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition.” In FY 2004, the Pollution Prevention program decreases by \$47.1 million. This reflects a price increase of \$3.3 million and a program decrease of \$50.4 million (-22.9 percent). The program decrease of \$50.4 million primarily results from decreases in the Air Force (\$-7.2 million) and Navy (\$-41.2 million) due to completion of one-time projects. The significant success achieved within the Department towards meeting pollution prevention goals will cause periodic fluctuations in program funding as various projects are completed.

Environmental Technology

Technology development is important to meet DoD-unique environmental needs with programs that yield quick results and have high payoffs, including accelerating the development and deployment of technologies that address issues such as shipboard discharges and remediation of soil, surface, and ground water contamination from explosives. The FY 2004 request allows DoD to continue environmental research, development, test, demonstration, and validation activities to provide technologies that result in direct operational savings, mitigate future liabilities, and permit the Department to meet its environmental obligations more cost-effectively. In FY 2004, the Environmental Technology program decreases by \$36.6 million. This reflects a price increase of \$3.4 million and a program decrease of \$40.0 million (-17.7 percent). The program decrease of \$40.0 million is primarily the result of the discontinuance of several one-time FY 2003 congressional increases to the Military Department’s Research, Development, Test & Evaluation (RDT&E) appropriation (\$-37.3 million), and a reduction in RDT&E investments due to the completion of environmental research to retrofit non-ozone depleting equipment on board Navy vessels (\$-14.3 million). These decreases are partially offset by an increase in the Department’s Environmental Security Technology Certification Program for accelerated development of new technologies, including the detection and cleanup of unexploded ordnance (\$+14.9 million).

Base Realignment and Closure (BRAC)

The DoD is striving to complete scheduled base closures as rapidly as possible to realize potential savings to the government and to make property available to local communities for redevelopment. To do this, the DoD must complete environmental restoration and compliance work at these bases. In FY 2004, the BRAC environmental program decreases by \$128.2 million. This reflects a price increase of \$8.1 million and a program decrease of \$136.3 million (-25.2 percent). The program decrease primarily reflects significant progress in closing installations and completing BRAC cleanup investigations.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>ENVIRONMENTAL RESTORATION</u> ^{*/}	FY 2002		FY 2003		FY 2004		FY 2005
<u>Cleanup</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	226.9	+27.9	254.8	+ 31.0	285.8	+ 26.1	311.9
Navy	157.0	+12.5	169.5	+ 5.1	174.6	+ 18.8	193.4
Air Force	224.1	+19.6	243.7	+ 42.7	286.4	+ 34.6	321.0
Formerly Used Defense Sites	112.6	+14.6	127.2	+ 2.2	129.4	+ 14.7	144.1
Defense-Wide	<u>17.7</u>	<u>+ 0.5</u>	<u>18.2</u>	<u>+ 0.5</u>	<u>18.7</u>	<u>- 0.2</u>	<u>18.5</u>
Subtotal	738.3	+75.1	813.4	+ 81.5	894.9	+ 94.0	988.9
<u>Investigations and Analysis</u>							
Army	104.1	-20.3	83.8	-28.6	55.2	-12.8	42.4
Navy	62.5	-10.6	51.9	-4.3	47.6	-8.2	39.4
Air Force	101.2	-16.6	84.6	-37.0	47.6	-17.3	30.3
Formerly Used Defense Sites	81.4	+ 6.7	88.1	-24.6	63.5	-15.8	47.7
Defense-Wide	<u>1.3</u>	<u>-1.1</u>	<u>0.2</u>	<u>+ 0.2</u>	<u>0.4</u>	<u>-0.1</u>	<u>0.3</u>
Subtotal	350.5	-41.9	308.6	-94.3	214.3	-54.2	160.1
<u>Program Oversight</u>							
Army	56.1	-1.0	55.1	-0.1	55.0	-7.4	47.6
Navy	35.6	-1.5	34.1	-0.1	34.0	+ 0.9	34.9
Air Force	57.5	+ 1.9	59.4	-9.1	50.3	-3.2	47.1
Formerly Used Defense Sites	26.7	+ 4.9	31.6	-11.9	19.7	+ 6.0	25.7
Defense-Wide	<u>4.3</u>	<u>+ 0.7</u>	<u>5.0</u>	<u>0.0</u>	<u>5.0</u>	<u>-0.1</u>	<u>4.9</u>
Subtotal	180.2	+ 5.0	185.2	-21.2	164.0	-3.8	160.2
<u>Total</u>							
Army	387.1	+ 6.6	393.7	+ 2.3	396.0	+ 5.9	401.9
Navy	255.1	+ 0.4	255.5	+ 0.7	256.2	+ 11.5	267.7
Air Force	382.8	+ 4.9	387.7	-3.4	384.3	+ 14.1	398.4
Formerly Used Defense Sites	220.7	+ 26.2	246.9	-34.3	212.6	+ 4.9	217.5
Defense-Wide	<u>23.3</u>	<u>+ 0.1</u>	<u>23.4</u>	<u>+ 0.7</u>	<u>24.1</u>	<u>-0.4</u>	<u>23.7</u>
Total Environmental Restoration	1,269.0	+ 38.2	1,307.2	-34.0	1,273.2	+ 36.0	1,309.2

*/ This display shows the amounts budgeted by functional area for each of the five Environmental Restoration transfer appropriations – one for each Department, one for Formerly Used Defense Sites, and one for Defense-wide. The FY 2002 amounts (executed in various Component appropriations) are included for comparability purposes.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>ENVIRONMENTAL COMPLIANCE</u>	FY 2002		FY 2003		FY 2004		FY 2005
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	376.7	+34.9	411.6	-40.5	371.1	+2.4	373.5
Operation & Maintenance, Army Reserve	23.9	-0.7	23.2	-2.2	21.0	+2.4	23.4
Operation & Maintenance, Army National Guard	115.5	+35.0	150.5	-16.1	134.4	+15.0	149.4
Procurement of Ammunition, Army	27.0	-16.1	10.9	-10.9	0.0	0.0	0.0
Other Procurement, Army	0.0	+0.6	0.6	-0.6	0.0	0.0	0.0
Military Construction, Army	23.0	-23.0	0.0	0.0	0.0	0.0	0.0
Family Housing, Army	0.1	+0.0	0.1	+0.0	0.1	-0.0	0.1
Defense Working Capital Fund	<u>24.4</u>	<u>+1.9</u>	<u>26.3</u>	<u>-0.5</u>	<u>25.8</u>	<u>+0.7</u>	<u>26.5</u>
Total Army	590.6	+32.6	623.2	-70.8	552.4	+20.4	572.8
<u>Navy</u>							
Operation & Maintenance, Navy	281.7	-10.5	271.2	-55.9	215.3	+0.1	215.5
Operation & Maintenance, Navy Reserve	8.7	-3.6	5.1	-.5	4.6	+0.2	4.8
RDT&E, Navy	4.2	+3	4.5	-0.2	4.3	+0.4	4.6
Other Procurement, Navy	62.4	+8.5	70.9	-20.4	50.5	-9.5	41.0
Military Construction, Navy	34.1	-10.9	23.2	+8.0	31.2	-0.2	31.0
Military Construction, Navy Reserve	0.0	0.0	0.0	0	0	0.0	0.0
Defense Working Capital Fund	<u>81.5</u>	<u>+8.6</u>	<u>90.1</u>	<u>-12.1</u>	<u>78.0</u>	<u>-1.7</u>	<u>76.2</u>
Total Navy	472.6	-7.6	465.0	-81.1	383.9	-10.7	373.2
<u>Marine Corps</u>							
Operation & Maintenance, Marine Corps	79.0	+1.3	80.3	+11.8	92.1	+9.4	101.4
Operation & Maintenance, MC Reserve	<u>3.0</u>	<u>-0.5</u>	<u>2.5</u>	<u>+2.9</u>	<u>5.4</u>	<u>+1.2</u>	<u>6.6</u>
Total Marine Corps	82.0	+0.8	82.8	+14.7	97.5	+10.5	108.0

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>ENVIRONMENTAL COMPLIANCE</u>	FY 2002		FY 2003		FY 2004		FY 2005
<u>Air Force</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Air Force	299.1	+17.9	317.0	+24.5	341.5	-3.4	338.0
Operation & Maintenance, Air Force Reserve	11.6	+1.2	12.8	-0.1	12.7	+0.2	13.0
Operation & Maintenance, Air National Guard	19.2	-3.5	15.7	+4.1	19.8	+5.1	24.9
Aircraft Procurement, Air Force	12.1	-1.6	10.5	+0.6	11.1	+0.2	11.3
Missile Procurement, Air Force	.9	.2	1.1	+0.1	1.2	+0.0	1.2
Military Personnel, Air Force	14.0	-2.5	11.5	-1.1	10.4	+0.5	10.9
Guard Personnel, Air Force	2.0	-.6	1.4	+0.2	1.6	+0.2	1.8
Military Construction, Air Force	10.0	+36.3	46.3	-39.3	7.0	-7.0	0.0
Military Construction, Air Force Reserve	-	-	-	-	-	-	-
Military Construction, Air National Guard	-	-	-	-	-	-	-
Defense Working Capital Fund	=	=	=	=	=	=	=
Total Air Force	368.9	+47.4	416.3	-11.0	405.3	-4.2	401.1
<u>Defense-Wide</u>							
Operation & Maintenance, Defense-Wide	57.4	-1.0	56.4	-8.7	47.7	+0.4	48.1
Military Construction, Defense-Wide	5.5	+4.0	9.5	-1.2	8.3	+29.5	37.8
RDT&E, Defense-Wide	9.9	+2.2	12.1	-0.5	11.6	-1.1	10.5
Defense Working Capital Fund	<u>79.6</u>	<u>+1.4</u>	<u>81.0</u>	<u>+15.7</u>	<u>96.7</u>	<u>+1.2</u>	<u>97.9</u>
Total Defense-Wide	152.4	+6.6	159.0	+5.3	164.3	+30.0	194.3
<u>Total</u>							
Army	590.6	+32.6	623.2	-70.8	552.4	+20.4	572.8
Navy	472.6	-7.6	465.0	-81.1	383.9	-10.7	373.2
Marine Corps	82.0	+0.8	82.8	+14.7	97.5	+10.5	108.0
Air Force	368.9	+47.4	416.3	-11.0	405.3	-4.2	401.1
Defense-Wide	<u>152.4</u>	<u>+6.6</u>	<u>159.0</u>	<u>+5.3</u>	<u>164.3</u>	<u>+30.0</u>	<u>194.3</u>
Total Environmental Compliance	1,666.5	+79.8	1,746.3	-142.9	1,603.4	+46.0	1,649.4

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>ENVIRONMENTAL CONSERVATION</u>	FY 2002		FY 2003		FY 2004		FY 2005
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	58.1	11.3	69.4	-7.2	62.2	-9.0	53.2
Operation & Maintenance, Army Reserve	1.8	0.7	2.5	+0.3	2.8	-0.1	2.7
Operation & Maintenance, Army Natl Guard	23.9	-0.6	23.3	-10.7	12.6	+5.9	18.5
Defense Working Capital Fund	<u>1.9</u>	<u>+0.1</u>	<u>2.0</u>	<u>+0.2</u>	<u>2.2</u>	<u>-0.0</u>	<u>2.2</u>
Total Army	85.7	+11.5	97.2	-17.4	79.8	-3.2	76.6
Navv							
Operation & Maintenance, Navy	12.0	-1.4	10.6	+0.2	10.8	-0.1	10.7
Operation & Maintenance, Navy Reserve	0.4	-0.1	0.3	-	0.3	+0.1	0.4
RDT&E, Navy	0.4	-	0.4	-	0.4	+0.0	0.4
Defense Working Capital Fund	<u>1.1</u>	<u>+0.5</u>	<u>1.6</u>	<u>-0.5</u>	<u>1.1</u>	<u>-0.2</u>	<u>0.9</u>
Total Navy	13.9	-1.0	12.9	-0.3	12.6	-0.2	12.4
Marine Corps							
Operation & Maintenance, Marine Corps	7.6	+0.1	7.7	+7.4	15.1	+0.2	15.3
Operation & Maintenance, MC Reserve	-	-	-	+0.6	0.6	-0.2	0.4
Total Marine Corps	7.6	+0.1	7.7	+8.0	15.7	-0.0	15.7
Air Force							
Operation & Maintenance, Air Force	31.9	-2.3	29.6	+1.4	31.0	+0.1	31.1
Operation & Maintenance, AF Reserve	1.8	-	1.8	-1.6	0.2	-0.0	0.2
Operation & Maintenance, Air National Guard	<u>1.2</u>	<u>-0.1</u>	<u>1.1</u>	<u>=</u>	<u>1.1</u>	<u>+0.0</u>	<u>1.1</u>
Total Air Force	34.9	-2.4	32.5	-0.2	32.3	+0.1	32.4
Defense-Wide							
O&M, Defense-Wide (Includes Legacy)	14.2	-4.4	9.8	+2.5	12.3	-1.5	10.8
DoD Working Capital Fund	<u>0.2</u>	<u>=</u>	<u>0.2</u>	<u>+0.2</u>	<u>0.4</u>	<u>+0.0</u>	<u>0.4</u>
Total Defense-Wide	14.4	-4.4	10.0	+2.7	12.7	-1.5	11.2
<u>Total</u>							
Army	85.7	+11.5	97.2	-17.4	79.8	-3.2	76.6
Navy	13.9	-1.0	12.9	-0.3	12.6	-0.2	12.4
Marine Corps	7.6	+0.1	7.7	+8.0	15.7	-0.0	15.7
Air Force	34.9	-2.4	32.5	-0.2	32.3	+0.1	32.4
Defense-Wide	<u>14.4</u>	<u>-4.4</u>	<u>10.0</u>	<u>+2.7</u>	<u>12.7</u>	<u>-1.5</u>	<u>11.2</u>
Total Environmental Conservation	156.5	+3.8	160.3	-7.2	153.1	-4.8	148.3

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>POLLUTION PREVENTION</u>	FY 2002		FY 2003		FY 2004		FY 2005
<u>Army</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Army	39.1	-10.2	28.9	+3.3	32.2	-0.2	32.0
Operation & Maintenance, Army Reserve	2.1	-0.7	1.4	-0.9	0.5	+0.1	0.6
Operation & Maintenance, Army National Guard	2.8	+0.9	3.7	-2.0	1.7	+0.6	2.3
Other Procurement, Army	-	-	-	+0.6	0.6	-0.0	0.6
Defense Working Capital Fund	<u>1.3</u>	<u>+0.1</u>	<u>1.4</u>	<u>+0.1</u>	<u>1.5</u>	<u>+0.1</u>	<u>1.6</u>
Total Army	45.3	-9.9	35.4	+1.1	36.5	+0.6	37.1
<u>Navy</u>							
Operation & Maintenance, Navy	24.1	-3.6	20.5	-7.5	13.0	+0.4	13.4
Operation & Maintenance, Navy Reserve	0.5	+0.4	0.9	-0.1	0.8	+0.1	10.0
RDT&E, Navy	-	+0.1	0.1	-0.1	-	+0.0	0.0
Other Procurement, Navy	19.9	+0.4	20.3	-15.4	4.9	+3.2	8.1
Defense Working Capital Fund	<u>7.6</u>	<u>-0.3</u>	<u>7.3</u>	<u>-1.9</u>	<u>5.4</u>	<u>-0.0</u>	<u>5.4</u>
Total Navy	52.1	-3.0	49.1	-25.0	24.1	+3.8	27.9
<u>Marine Corps</u>							
Operation & Maintenance, Marine Corps	31.5	+0.6	32.1	-17.2	14.9	+0.3	15.2
Operation & Maintenance, Marine Corps Reserve	<u>1.9</u>	<u>+0.2</u>	<u>2.1</u>	<u>+1.0</u>	<u>3.1</u>	<u>-0.3</u>	<u>2.8</u>
Total Marine Corps	33.4	+0.8	34.2	-16.2	18.0	+0.0	18.0

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>POLLUTION PREVENTION</u>	FY 2002		FY 2003		FY 2004		FY 2005
<u>Air Force</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation & Maintenance, Air Force	71.8	+3.6	75.4	-6.0	69.4	+1.3	70.7
Operation & Maintenance, AF Reserve	3.9	-0.4	3.5	-0.1	3.4	-0.3	3.1
Operation & Maintenance, Air National Guard	3.9	-	3.9	+0.3	4.2	+0.4	4.6
Aircraft Procurement, Air Force	2.9	-0.7	2.2	+0.2	2.4	+0.1	2.5
Missile Procurement, Air Force	1.1	-0.2	0.9	-0.1	0.8	+0.1	0.9
RDT&E, Air Force	0	3.7	3.7	-1.4	2.3	+0.5	2.8
Other Procurement, Air Force	<u>0.9</u>	<u>-0.1</u>	<u>0.8</u>	<u>-0.1</u>	<u>0.7</u>	<u>+0.1</u>	<u>0.8</u>
Total Air Force	84.5	+5.9	90.4	-7.2	83.2	+2.2	85.4
<u>Defense-Wide</u>							
Operation & Maintenance, Defense-Wide	6.8	+0.4	7.2	+0.1	7.3	-0.1	7.2
RDT&E, Defense-Wide	-	-	-	+0.1	0.1	0.0	0.1
Defense Working Capital Fund	<u>4.0</u>	<u>-0.5</u>	<u>3.5</u>	=	<u>3.5</u>	<u>+0.1</u>	<u>3.6</u>
Total Defense-Wide	10.8	-0.1	10.7	+0.2	10.9	-	10.9
<u>Total</u>							
Army	45.3	-9.9	35.4	+1.1	36.5	+0.6	37.1
Navy	52.1	-3.0	49.1	-25.0	24.1	+3.8	27.9
Marine Corps	33.4	+0.8	34.2	-16.2	18.0	+0.0	18.0
Air Force	84.5	+5.9	90.4	-7.2	83.2	+2.2	85.4
Defense-Wide	<u>10.8</u>	<u>-0.1</u>	<u>10.7</u>	<u>+0.2</u>	<u>10.9</u>	<u>-0.0</u>	<u>10.9</u>
Total Pollution Prevention	226.1	-6.3	219.8	-47.1	172.7	+6.6	179.3

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

ENVIRONMENTAL TECHNOLOGY

	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>							
RDT&E, Army	<u>73.0</u>	<u>11.2</u>	<u>84.2</u>	<u>-26.6</u>	<u>57.6</u>	<u>-3.6</u>	<u>54.0</u>
Total Army	73.0	11.2	84.2	-26.6	57.6	-3.6	54.0
<u>Navy</u>							
RDT&E, Navy	<u>72.4</u>	<u>-3.0</u>	<u>69.4</u>	<u>-24.8</u>	<u>44.6</u>	<u>1.3</u>	<u>45.9</u>
Total Navy	72.4	-3.0	69.4	-24.8	44.6	1.3	45.9
<u>Air Force</u>							
RDT&E, Air Force	=	=	=	=	=	=	=
Total Air Force	-	-	-	-	-	-	-
<u>Defense-Wide</u>							
Strategic Environmental R&D Program (SERDP)	62.2	-9.7	52.5	-5.4	47.1	+12.9	60.0
Env Security Technology Certification Program	20.5	-0.1	20.4	+15.2	35.6	-3.0	32.6
Defense Warfighter Protection	=	=	=	<u>+5.0</u>	<u>5.0</u>	=	<u>5.0</u>
Total Defense-Wide	82.7	-9.8	72.9	+14.8	87.7	+9.9	97.6
<u>Total</u>							
Army	73.0	11.2	84.2	-26.6	57.6	-3.6	54.0
Navy	72.4	-3.0	69.4	-24.8	44.6	1.3	45.9
Air Force	-	-	-	-	-	-	-
Defense-Wide	<u>82.7</u>	<u>-9.8</u>	<u>72.9</u>	<u>+14.8</u>	<u>87.7</u>	<u>+9.9</u>	<u>97.6</u>
Total Environmental Technology	228.1	-1.6	226.5	-36.6	189.9	+7.6	197.5

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>BASE REALIGNMENT&CLOSURE (BRAC)</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>BRAC 95</u>							
Army	155.5	-2.8	152.7	-95.4	57.3	-9.2	48.1
Navy	229.4	+28.7	258.1	-88.9	169.2	-75.4	93.8
Air Force	217.0	-92.9	124.1	+51.5	175.6	-47.8	127.8
Defense-Wide	<u>7.3</u>	<u>-2.0</u>	<u>5.3</u>	<u>+4.6</u>	<u>9.9</u>	<u>-3.9</u>	<u>6.0</u>
Total BRAC 95	609.2	-69.0	540.2	-128.2	412.0	-136.3	275.7

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>Operation & Maintenance Title Summary</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>
Army	474.0	+36.0	510.0	-44.6	465.4	-6.7	458.7
Army Reserve	27.8	-0.8	27.0	-2.7	24.3	2.4	26.7
Army National Guard	142.1	+35.4	177.5	-28.9	148.6	+21.5	170.1
Navy	317.8	-15.5	302.3	-63.2	239.1	+0.5	239.6
Navy Reserve	9.6	-3.3	6.3	-0.6	5.7	+0.5	6.2
Marine Corps	118.1	+2.0	120.1	+1.9	122.0	+10.0	132.0
Marine Corps Reserve	4.9	-0.2	4.7	+4.5	9.2	+0.7	9.9
Air Force	402.8	+19.1	421.9	+20.0	441.9	-2.1	439.8
Air Force Reserve	17.3	+0.8	18.1	-1.7	16.4	-0.2	16.2
Air National Guard	24.3	-3.7	20.6	+4.5	25.1	+5.5	30.6
Defense-Wide	78.3	-5.0	73.3	-6.0	67.3	-1.3	66.0
Environmental Restoration	<u>1,269.0</u>	<u>+38.2</u>	<u>1,307.2</u>	<u>-34.0</u>	<u>1,273.2</u>	<u>+36.0</u>	<u>1,309.2</u>
Total Operation & Maintenance	2,886.0	+103.0	2,989.0	-150.8	2,838.2	+66.8	2,905.0
<u>Program Summary for Operation and Maintenance Title</u>							
Environmental Restoration	1,269.0	+38.2	1,307.2	-34.0	1,273.2	+36.0	1,309.2
Environmental Compliance	1,275.8	+70.4	1,346.2	-80.5	1,265.7	+32.9	1,298.6
Environmental Conservation	152.9	+3.2	156.1	-7.2	148.9	-4.5	144.4
Pollution Prevention	<u>188.3</u>	<u>-8.8</u>	<u>179.5</u>	<u>-29.1</u>	<u>150.4</u>	<u>+2.4</u>	<u>152.8</u>
Total Operation & Maintenance	2,886.0	+103.0	2,989.0	-150.8	2,838.2	+66.8	2,905.0

**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	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	1,446.7	-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.

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

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.

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

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).

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

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.

LAND FORCES

	<u>(\$ in Millions)</u>									
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	3,110.0	+109.0	-4.0	3,215.0	+73.0	-7.0	3,281.0	+65.0	-101.0	3,245.0
Marine Corps	554.0	+29.5	-5.3	578.2	-7.1	+17.6	588.7	+9.4	+14.1	612.2
Total	3,664.0	+138.5	-9.3	3,793.2	+65.9	+10.6	3,869.7	+74.4	-86.9	3,857.2

The Land Forces program describes those resources committed to the training and sustainment of DoD's land forces. Land Forces encompass the Land Forces Activity Group within the Army and that portion of the Expeditionary Forces Activity Group within the Marine Corps for the Fleet Marine ground forces. The Army's Land Forces are comprised of the units assigned to heavy, airborne, air assault and light division; corps combat units and corps support forces; echelon above corps forces; and combat training centers. The Marine Corps' land forces include Marine divisions, service support groups, helicopter groups, and light anti-aircraft missile battalions that constitute the Marine air-ground team and Marine security forces.

Resources in Land Forces train and sustain the active component ground combat forces. These resources support the key ingredients of combat readiness by providing the funds necessary to operate combat vehicles and weapon systems, train combat personnel, perform field level equipment maintenance, and maintain required readiness levels. The FY 2004 budget request increases by \$76.5 million from the FY 2003 baseline with only \$10.6 million attributed to program growth with the remainder for price increases.

ARMY

The Army Land Forces program provides Operating Tempo (OPTEMPO) resources to train and sustain the active component combat forces execution of approved training strategies that support readiness levels consistent with mission requirements. The budget supports the Active Component ground OPTEMPO training strategy, encompassing actual miles driven for home station training (HST) and National Training Center (NTC) rotations as well as virtual miles associated with using simulators, such as the Close Combat Tactical Trainer (CCTT) and the Unit Conduct of Fire Trainer (UCOFT). The Department of Army is fully committed to providing the resources required to meet this training strategy and associated level of readiness.

Funding will allow the Army to field a trained and ready force, with the combat capabilities necessary to execute assigned missions and fulfill the Army's critical role in meeting the National Military Strategy, threat scenarios, and other national military requirements. In

LAND FORCES

addition to funding unit training and its associated costs (such as fuel, supplies, repair parts, travel and transportation), Land Forces also includes the resources to fund the operation of the Combat Training Centers (CTCs).

Land Forces supports a training strategy that provides soldiers, from the infantryman to the corps commander, a full range of realistic training exercises. Funding in FY 2004 will permit the Army to train 10 brigades (nine Active Component and one Army National Guard) at the National Training Center, 10 brigades (nine Active Component and one Army National Guard) at the Joint Readiness Training Center, and 4 brigades at the Combat Maneuver Training Center. Additionally, 7 divisions and 3 corps staffs, which includes the Command and General Staff College (CGSC) Prairie Warrior Exercise, is a Corps BCTP equivalent.

The Army's FY 2004 budget request supports the Combined Arms Training Strategy (CATS), which includes both actual miles driven and credit for virtual miles associated with using simulators. As the Army completes the fielding of the CCTT in FY 2005 its virtual simulator miles will increase and homestation live miles will decrease accordingly. The NTC miles will change annually due to the number of rotations per year and the different types of units scheduled to complete training at the NTC.

The FY 2004 program reflects a increase of \$66.0 million above the FY 2003 funding level. This growth in Land Forces includes a price increase of \$73.0 million and a net program decrease of \$7.0 million (-0.2 percent). The FY 2004 program decrease is primarily associated with an anticipated reduction in orders for consumable repair parts. However, this decrease is mostly offset by a program increase associated with higher demand for parts and higher costs to repair equipment. The demand growth is driven by aging equipment and improved OPTEMPO execution over the last several years as the Army continues to improve its ground OPTEMPO Combined Arms Training Strategy.

MARINE CORPS

The Marine Corps Land Forces program encompasses the ground portion of Fleet Marine Forces and includes three Marine divisions, three service support groups, five helicopter groups, and two light anti-aircraft missile battalions. Forces are located at installation on the east and west coasts of the United States and at bases in the Pacific Ocean.

The Operating Forces are considered the heart of the Marine Corps. About 65 percent of all active duty Marines are assigned to the operating forces. They constitute the forward presence, crisis response, and fighting power available to the warfighting combatant commanders. The Land Forces program supports the operating forces that constitute the Marine Air-Ground Team and Marine security forces at Naval installations and aboard Naval vessels. The funding provides for training and routine operations; maintenance and repair of

LAND FORCES

organic ground equipment; routine supplies, travel, per diem and emergency leave; automatic data processing and initial purchase; and replenishment and replacement of both unit and individual equipment. Additionally, resources support the movement of troops and their participation in training exercises essential to sustaining readiness levels.

The FY 2004 program reflects a net increase of \$10.5 million above the FY 2003 funding level. This increase is the sum of a price growth of \$-7.1 million and a net program increase of \$17.6 million. Major program increases include additions for operation and maintenance of new equipment (\$+7.3 million), Joint Concept Development and Experiment (JCDE) and Joint Command and Control Integration and Interoperability (JC2I2) (\$+6.6 million), NMCI Contract Costs (+\$71.2 million), one extra paid day (\$+0.1), removal on Congressional Adjustment to DERF (\$-15.6 million), Removal of Undistributed Congressional Adjustment (\$-10.8 million), Removal of FY 1999 Emergency Supplemental Carry Forward (\$-0.8 million), Net decrease for exercises and participation in JCS and CINC sponsored exercises (\$-1.3 million); decrease for Corrosion Control Program (\$-10.2 million), and NMCI Discontinued Service Costs (\$-28.9 million).

PROGRAM DATA

Army OPTEMPO Tank Miles^{1/}

	FY 2002	FY 2003	FY 2004	FY 2005
Battalions – Armor (M1) Tank Miles	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<i>Live Training:</i>				
Training at Home Stations and National Training Center (NTC) ^{2/}	809	857	832	858
<i>Virtual Training:</i>				
Close Combat Tactical Trainer (CCTT)	40	46	51	60
Unit Conduct of Fire Trainer (UCOFT) ^{3/}	30	30	30	30
Total Live and Virtual Training	879	933	913	948

1/ Excludes M1 OPTEMPO miles executed in the Balkans (FY 2002: 4 tank miles) and Kuwait (FY 2002: 61 tank miles). The training costs at these locations are financed in the Additional Activities subactivity group and NOT in the OPTEMPO Land Forces activity group.

2/ The Army removed its prepositioned fleet at the NTC in order to reduce requirements. This change now requires all units to transport their armored vehicles to the NTC. As a result, it is difficult to breakout the tank miles driven at homestation from those driven at the NTC.

3/ Beginning in FY 2002, the Army included UCOFT tank miles in the total OPTEMPO tank miles in order to capture all virtual tank miles.

LAND FORCES

Marine Corps Participation in Collective Unit Training

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Marine Forces Atlantic (MFL)</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Chairman Joint Chiefs of Staff Exercises	36	36	36	36
II Marine Expeditionary Forces Exercises	50	50	50	50
Marine Operating Force Exercises	7	10	10	10
Marine Expeditionary Unit Special Operations Capable (MEUSOC) Exercises	6	10	10	10
Chairman Joint Chiefs of Staff Exercises	19	22	19	21
I Marine Expeditionary Forces Exercises	51	51	51	51
III Marine Expeditionary Forces Exercises	50	50	50	50
Marine Operating Force Exercises	11	10	10	10
Marine Expeditionary Unit Special Operations Capable (MEUSOC) Exercises	6	13	10	13

LAND FORCES

Personnel Data

	FY 2002		FY 2003		FY 2004		FY 2005
Personnel	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army Officer	32,474	-1,301	31,173	+213	31,386	+291	31,677
Army Enlisted	269,504	-5,036	264,468	-54	264,414	+853	265,267
Subtotal Army	301,978	-6,337	295,641	+159	295,800	+1,144	296,944
Marine Corps Officer	8,300	+117	8,417	+18	8,435	+15	8,450
Marine Corps Enlisted	96,524	+1,465	97,989	+360	98,349	+375	98,724
Subtotal Marine Corps	104,824	+1,582	106,406	+378	106,784	+390	107,174
Total Officer	40,774	-1,184	39,590	+231	39,821	+306	40,127
Total Enlisted	366,028	-3,571	362,457	+306	362,763	+1,228	363,991
Total Active Force Personnel	406,802	-4,755	402,047	+537	402,584	+1,534	404,118
Army Civilians	1,843	-281	1,562	+440	2,002	+1	2,003
Marine Corps Civilians	254	-16	238	-	238	-1	237
Total Civilian Personnel	2,097	-297	1,800	+440	2,240	-	2,240

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).

RECRUITING, ADVERTISING, AND EXAMINING

Overall funding in recruiting, advertising, and examining provides support for recruiting commands and stations throughout the United States; for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel; and for the U.S. Military Entrance Processing Command (MEPCOM), which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty.

	(\$ 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	525.6	+9.3	-3.4	531.5	+8.8	+11.0	551.3	+9.9	+5.2	566.4
Navy	228.2	+8.9	+8.8	245.9	+7.1	-1.6	251.4	+7.5	-4.0	254.9
Marine Corps	110.3	+2.1	+5.2	117.6	+1.8	-4.2	115.2	+2.0	-1.1	116.1
Air Force	151.6	+2.1	+0.4	154.1	+2.4	-2.7	153.8	+2.8	+3.7	160.3
Defense-Wide	7.6	+0.1	+18.0	25.7	+0.4	-18.4	7.7	+0.1	+0.3	8.1
Defense Health Program	31.2	+0.7	-	31.9	+0.8	-0.1	32.6	+0.9	-0.2	33.3
Army Reserve	88.9	+1.7	-0.5	90.0	+1.3	+11.4	102.7	+1.6	+3.3	107.6
Navy Reserve	24.6	+0.4	-2.4	22.6	+0.4	+1.7	24.7	+0.4	+0.3	25.4
Marine Corps Reserve	8.1	+0.1	-	8.2	+0.1	-0.1	8.2	+0.1	--	8.3
Air Force Reserve	18.4	+0.2	-0.1	18.5	+0.3	-4.6	14.2	+0.3	+0.1	14.6
Army National Guard	84.7	+1.2	+1.6	87.5	+1.4	+7.6	96.5	+1.6	-11.8	86.3
Air National Guard	<u>15.4</u>	<u>+0.2</u>	<u>-5.9</u>	<u>9.7</u>	<u>+0.2</u>	<u>-0.2</u>	<u>9.7</u>	<u>+0.2</u>	<u>-0.2</u>	<u>9.7</u>
Total	1,294.6	+27.0	+21.7	1,343.2	+25.0	-0.2	1,368.0	+27.4	-4.5	1,391.0

RECRUITING, ADVERTISING, AND EXAMINING

Explanation of Funding Changes

Funding in recruiting, advertising, and examining increases from \$1,343.2 million in FY 2003 to \$1,368.0 million in FY 2004, which is a net increase of \$24.8 million above the FY 2003 level. This increase reflects price growth of \$25.0 million, net functional transfers into the recruiting, advertising, and examining account of approximately \$2.7 million primarily from a transfer from the Army's Base Operations Support subactivity group representing a consolidation of advertising and marketing resources through the Army Marketing Program (+\$5.9 million); transfer out of Army to Office of Personnel Management for DoD Personnel Security Investigation activities (-\$3.2 million); and net program decrease of \$2.9 million (-0.2 percent). These adjustments are described further below:

	<u>(\$ in Millions)</u>
<u>Program Increases</u>	<u>+34.1</u>
• Funds increased to support the replacement of 2,686 Recruiter Work Station laptops for the Army National Guard and the Army Reserve recruiting force.	+6.2
• Funds a policy decision to increase Army Reserve (\$11.4 million) and Army National Guard (\$7.6 million) for additional media and internet advertising.	+19.0
• Funds 15 US Military Entrance Processing Command (MEPCOM) Integrated Resource System (MIRS) servers, a 20 percent life cycle replacement for Active Army. The servers provide automation infrastructure and support required for operations of the 65 Military Entrance Processing Stations and Headquarters MEPCOM (\$1.9 million). Additionally, the increase supports Air Force contract cost increases over and above the inflation accounted for in price growth for the Military Entrance Processing Stations (\$1.5 million).	+3.4
• Funds increased for a replacement system for an obsolete Active Air Force Recruiting Information Support System with a version that accommodates automated transaction growth associated with a 36% increase in enlisted recruiters and connects with Military Personnel Data System (MILPDS), Air National Guard, and Air Force Reserves.	+2.4
• Funds increased to maintain awareness to the Marine Corps' target market through Advertising printing and reproduction (\$1.1 million); and restores funding for leased vehicles required for Air Force recruiter/recruit interaction in recruiting regions across the country to meet accessions goals (\$1.7 million).	+2.8
• Funds reflect a one-time Congressional reduction in FY 2003 for Air National Guard business process reforms, management efficiencies, and procurement of administrative and management support (\$0.3 million).	+0.3

RECRUITING, ADVERTISING, AND EXAMINING

<u>Program Decreases</u>	<u>-37.0</u>
• Reflects one-time requirements for a FY 2003 congressional increase in recruiting and advertising to support Naval Sea Cadet.	-1.0
• Reflects a reduction in variable costs for Navy recruiter support (-\$0.6 million); discontinued service costs for Navy Marine Corps Intranet (-\$3.6 million); reductions in Active Air Force advertising activities to realign funds for Security Forces training (\$-2.5 million); mobile marketing cost efficiencies related to replacing the contractor-operated tractor trailers with Air Force owned trailers (-\$0.9 million); and a reduction to the supply and equipment purchases in support of recruiting activities for Army and Air Force (-\$1.0 million).	-8.6
• Reflects the cancellation of Defense Human Resources Activity's Joint Recruiting Advertising Program to support higher departmental priorities.	-18.4
• Reflects a decrease representing manpower reductions to Active Air Force as an outcome of the on-going reengineering efforts.	-1.5
• Reflects an Air Force, Reserve decrease in purchasing promotional items.	-4.6
• Reflects a non-programmatic reduction in Active Air Force based upon revised economic assumptions for inflation exceeding the published rates for inflation.	-2.9
	1,368.0

RECRUITING, ADVERTISING, AND EXAMINING

RECRUITING

The recruiting funds provide support for recruiting commands and stations throughout the United States. Recruiting costs are for those items essential to the accomplishment of the recruiting mission, including meals, lodging, and travel of applicants; recruiter expenses, travel and per diem; civilian pay; vehicle operation and maintenance; lease of office space; and other incidental expenses necessary to support the recruiting mission. The FY 2004 Recruiting program reflects a net increase of \$19.7 million. Of this amount, \$14.4 million is for price growth and \$5.3 million (0.8 percent) is for net program growth.

The following tables provide the funding by Component for each category.

RECRUITING

(\$ 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	233.1	+4.1	+17.7	254.9	+7.4	+2.9	265.2	+4.6	+4.5	274.3
Navy	125.5	+5.1	+8.3	138.9	+3.7	+0.8	143.4	+4.2	-4.1	143.5
Marine Corps	63.2	+1.3	+6.6	71.1	+1.1	-5.7	66.5	+1.1	-1.2	66.4
Air Force	61.4	+1.1	-1.9	60.6	+1.0	+3.3	64.9	+1.3	-0.1	66.1
Army Reserve	40.6	+0.8	-1.6	39.8	+0.6	-0.9	39.5	+0.7	+2.9	43.1
Navy Reserve	18.1	+0.3	-3.2	15.2	+0.3	+1.7	17.2	+0.3	+0.4	17.9
Marine Corps Reserve	5.3	+0.1	-0.1	5.3	+0.1	-0.1	5.3	+0.1	--	5.4
Air Force Reserve	6.5	--	-1.5	5.0	+0.1	--	5.1	+0.1	+0.2	5.4
Army National Guard	30.6	+0.5	+8.2	39.4	--	+3.6	43.0	+0.8	-0.1	43.7
Air National Guard	<u>4.5</u>	<u>+0.1</u>	<u>-0.7</u>	<u>3.9</u>	<u>+0.1</u>	<u>-0.3</u>	<u>3.7</u>	<u>+0.1</u>	<u>-0.1</u>	<u>3.7</u>
Total	588.8	+13.4	+31.8	634.1	+14.4	+5.3	653.8	+13.3	+2.4	669.5

RECRUITING, ADVERTISING, AND EXAMINING

ADVERTISING

The advertising funds provide for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel. All advertising is designed to increase public awareness, portray opportunities, and generate recruit leads. The Services fund a media mix of advertising that includes television and radio; magazines and newspapers; direct mail campaigns; and recruiting booklets, pamphlets, and posters. The Operation and Maintenance (O&M), Defense-Wide appropriation funds common services for the Active and Reserve Components to include providing consolidated lead lists and direct mail campaigns. The FY 2004 Advertising program reflects a net increase of \$0.7 million. This amount reflects the net sum of \$8.0 million for price growth, partially offset by a net program decrease of \$7.3 million (-1.2 percent).

ADVERTISING

(\$ 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	216.2	+3.1	-22.4	196.9	-0.3	+6.2	202.8	+3.5	+3.0	209.3
Navy	102.7	+3.8	+0.5	107.0	+3.4	-2.4	108.0	+3.3	+0.1	111.4
Marine Corps	47.1	+0.8	-1.4	46.5	+0.7	+1.5	48.7	+0.9	+0.1	49.7
Air Force	87.8	+1.0	+1.7	90.5	+1.3	-6.0	85.8	+1.4	+4.1	91.3
Defense-Wide	7.6	+0.1	+18.0	25.7	+0.4	-18.4	7.7	+0.1	+0.2	8.1
Army Reserve	48.3	+0.9	+1.1	50.2	+0.7	+12.3	63.2	+0.9	+0.4	64.5
Navy Reserve	6.5	+0.1	+0.8	7.4	+0.1	--	7.5	+0.1	-0.1	7.5
Marine Corps Reserve	2.8	+0.1	--	2.9	--	--	2.9	--	--	2.9
Air Force Reserve	11.9	+0.2	+1.4	13.5	+0.2	-4.6	9.1	+0.1	--	9.2
Army National Guard	54.1	+0.7	-6.6	48.2	+1.4	+4.0	53.6	+0.8	-11.7	42.6
Air National Guard	10.9	+0.1	-5.2	5.8	+0.1	+0.1	6.0	+0.1	-0.1	6.0
Total	595.9	+10.9	-12.1	594.6	+8.0	-7.3	595.3	+11.2	-4.0	602.5

RECRUITING, ADVERTISING, AND EXAMINING

EXAMINING

The examining funds provide support for the U.S. Military Entrance Processing Command (MEPCOM), which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty. The MEPCOM is a joint-Service organization. Each Service contributes military personnel based on its share of total budgeted accessions. The Army is the DoD Executive Agent for the command and provides the civilian staff. In addition, the Army provides funds for the MEPCOM to administer the Armed Service Vocational Aptitude Battery (ASVAB) test. This administration includes both the production and institutional (high school) testing programs and the Mobile Examining Teams (MET) operating under MEPS direction. Funds also provide for automated data processing (ADP) requirements of MEPCOM and the Selective Service System at their shared Joint Computer Center. The Air Force provides funding for an Air Force specific strength aptitude test program. This Air Force program provides a gender neutral test to ensure personnel are capable of performing their duties, therefore reducing accidents and injuries due to overexertion and alleviating attrition in strenuous jobs.

The Defense Health Program finances the medical activities in the MEPS, primarily the examination of applicants to determine their medical qualifications for enlistment in the Armed Forces. In addition, the Defense Health Program includes funds for the DoD Medical Evaluation Review Board, which schedules and reviews physical examinations for the Service Academies and for the Reserve Officers Training Corps (ROTC) scholarship program.

The FY 2004 Examining program reflects a net increase of \$4.4 million, of which \$2.6 million is for price growth, and a net program growth of \$1.8 million (1.6 percent).

EXAMINING

	(\$ 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>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	76.3	+2.1	+1.3	79.7	+1.7	+1.9	83.3	+1.8	-2.3	82.8
Air Force	2.4	-	+0.6	3.0	+0.1	-	3.1	+0.1	-0.3	2.9
Defense Health Program	<u>31.2</u>	<u>+0.7</u>	<u>-</u>	<u>31.9</u>	<u>+0.8</u>	<u>-0.1</u>	<u>32.6</u>	<u>+0.9</u>	<u>-0.2</u>	<u>33.3</u>
Total	109.9	+2.8	+1.9	114.6	+2.6	+1.8	119.0	+2.8	-2.8	119.0

RECRUITING, ADVERTISING, AND EXAMINING

The following table provides the enlisted accession requirements for each Component.

<u>ENLISTED ACCESSION REQUIREMENTS (in 000's of personnel)</u>							
	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total Active Forces</u>	<u>194.5</u>	<u>-3.5</u>	<u>191.0</u>	<u>-5.4</u>	<u>185.6</u>	<u>+6.1</u>	<u>191.7</u>
Active Forces Nonprior Service	184.2	-0.6	183.6	-5.0	178.6	+6.1	184.7
Army	73.3	-3.9	69.4	-2.1	67.3	+5.2	72.5
Navy	42.4	-1.0	41.4	+1.6	43.0	+2.3	45.3
Marine Corps	32.1	+4.7	36.8	-5.0	31.8	--	31.8
Air Force	36.4	-0.4	36.0	0.5	36.5	-1.4	35.1
Prior Service	10.3	-2.9	7.4	-0.4	7.0	-	7.0
Army	6.3	-1.9	4.4	+0.6	5.0	-	5.0
Navy	2.4	-0.4	2.0	-0.5	1.5	-	1.5
Marine Corps	-	-	-	-	-	-	-
Air Force	1.6	-0.6	1.0	-0.5	0.5	-	0.5
<u>Total Reserve Forces</u>	<u>149.4</u>	<u>-8.4</u>	<u>141.0</u>	<u>+2.6</u>	<u>143.6</u>	<u>-0.2</u>	<u>143.4</u>
Reserve Forces Nonprior Service	71.3	-3.1	68.2	+4.3	72.5	-0.6	71.9
Army Reserve	22.1	-0.9	21.2	-0.2	21.0	-0.5	20.5
Navy Reserve	2.6	-	2.6	+0.1	2.7	+0.1	2.8
Marine Corps Reserve	6.0	+0.1	6.1	-	6.1	-	6.1
Air Force Reserve	2.7	-0.1	2.6	+1.3	3.9	+0.1	4.0
Army National Guard	32.8	+0.1	32.9	+1.2	34.1	-0.3	33.8
Air National Guard	5.1	-2.3	2.8	+1.9	4.7	--	4.7
Prior Service	78.1	-5.3	72.8	-1.7	71.1	+0.4	71.5
Army Reserve	19.6	+1.6	21.2	-0.3	20.9	-0.5	20.4
Navy Reserve	14.4	-3.8	10.6	-1.0	9.6	+2.2	11.8
Marine Corps Reserve	3.2	-	3.2	-	3.2	-	3.2
Air Force Reserve	4.3	+1.6	5.9	-1.8	4.1	-0.1	4.0
Army National Guard	30.4	-2.7	27.7	-0.3	27.4	-0.3	27.1
Air National Guard	6.2	-2.0	4.2	+1.7	5.9	-0.9	5.0

SHIP OPERATIONS

	(\$ 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>
<u>Active Forces</u>	<u>7,864.1</u>	<u>+50.4</u>	<u>+383.9</u>	<u>8,298.4</u>	<u>+10.8</u>	<u>-554.0</u>	<u>7,755.2</u>	<u>+273.9</u>	<u>+22.6</u>	<u>8,051.7</u>
Mission and Other Ship Operations	2,500.6	-19.6	-31.5	2,449.5	-17.9	+54.0	2,485.6	+43.6	-16.7	2,512.5
Operational Support and Training	493.2	+12.9	+80.0	586.1	+7.2	+21.2	614.5	+12.2	+42.5	669.2
Intermediate Maintenance	391.4	+11.3	-5.7	397.0	+0.6	-397.6	-	-	-	-
Depot Maintenance	3,142.7	+22.8	+290.6	3,456.1	+8.1	+103.3	3,567.5	+193.4	-20.4	3,740.5
Depot Operations Support	1,336.2	+23.0	+50.5	1,409.7	+12.8	-334.9	1,087.6	+24.7	+17.2	1,129.5
<u>Reserve Forces</u>	<u>135.3</u>	<u>+2.7</u>	<u>+25.9</u>	<u>163.9</u>	<u>-1.2</u>	<u>-8.0</u>	<u>154.7</u>	<u>+3.4</u>	<u>-10.3</u>	<u>147.8</u>
Mission and Other Ship Operations	57.1	+1.2	+10.0	68.3	-2.3	+1.2	67.2	+1.7	-1.0	67.9
Operational Support and Training	0.5	-	+0.1	0.6	-	-0.1	0.5	-	-	0.5
Intermediate Maintenance	10.6	+0.7	+0.9	12.2	+0.1	-12.3	-	-	-	-
Depot Maintenance	65.1	+0.8	+13.9	79.8	+1.0	+2.8	83.6	+1.6	-9.4	75.8
Depot Operations Support	2.0	-	+1.0	3.0	-	+0.4	3.4	+0.1	+0.1	3.6
Total	7,999.4	+53.1	+409.8	8,462.3	+9.6	-562.0	7,909.9	+277.3	+12.3	8,199.5

Ship Operations funds the Active and Reserve operating tempo (OPTEMPO), intermediate maintenance, depot level maintenance, engineering support, and logistical support to maintain and deploy combat-ready ships to ensure control of the sea. From this activity the Navy purchases ship fuel, repair parts, utilities, consumable supplies, and repair maintenance at public and private shipyards, as well as Fleet intermediate maintenance facilities. In addition, this category includes the cost to charter logistics support and other ships from the Military Sealift Command (MSC), and includes payments to the Department of Energy (DOE) for consumed nuclear fuel as well as storage and processing of expended nuclear cores. The FY 2004 Ship Operations budget decreases by \$552.2 million from the FY 2003 level. The decrease is composed of a price increase of \$9.6 million and net program decreases of \$-562.0 million

SHIP OPERATIONS

(-6.6 percent). The FY 2004 budget request provides \$7,755.2 million for Active ship operations, which includes price growth of \$10.8 million and program decreases of \$554.0 million (-6.7 percent) below the FY 2003 level. The key components of the \$-554.0 million Active program change are described below:

- \$54.0 million in the Mission and Other Ship Operations for per diem costs due to an additional day in 2004 and the transition of AOE ships to the Military Sealift Command (MSC) (\$39.1 million), Force Protection costs for MSC ships operating independently in Non-Navy ports (\$12.0 million), refinement of NMCI schedule (\$5.1 million), and post COLE/9-11 port vulnerability assessments and phased replacement force protection costs (\$10.2 million), offset by decreases in ship years and operating months (\$-12.4 million).
- \$21.2 million in the Operational Support and Training program associated primarily with increases for the start up of the Navy Environmental Protection Support Service Program (\$18.3 million) AEGIS ship support (\$10.4 million), and support for the introduction of Virginia class submarines to the fleet (\$5.5 million) offset by decreases for one time Congressional adds (\$-9.3 million) and efficiency savings (\$-3.7 million).
- \$-294.2 million in Ship Maintenance (Depot and Intermediate Level) associated with the realignment of RADIC (Radiation Detection, Indication & Computation) and FAMI (Forces Afloat Management Improvement) programs to Depot Operations Support (\$-14.2 million), decreased notional requirements for depot maintenance availabilities (\$-193.2 million), a decreased level of emergent level repairs corresponding to a decrease in ship operating months (\$-47.3 million), decrease in miscellaneous and other restricted/technical availabilities (ORA/TA) (\$-39.9 million); Realignment of Intermediate Maintenance reflects regionalization of ship maintenance activities.
- \$-334.9 million in Depot Operations Support, comprised of decreased midlife work on *Tarawa* Class LHAs and decrease of two LPD 4 sustainment availabilities (\$-111.5 million); decrease in Fleet Modernization Program efforts for various ship classes (\$-57.9 million); decrease in Enterprise Resource Planning (ERP) reflecting scheduled completion of national systems, lower costs at shore facility installations and use of business process reengineering (\$-69.7 million); decreased funding for off-ship berthing during CNO availabilities and for barge overhauls (\$-42.6 million); realignment of AT/FP (Anti-Terrorism/Force Protection) requirements from Surface and Amphibious Ship Support to Hull, Mechanical and Electrical Support (4B5N) (\$-11.8 million), decreases for one-time Congressional adds (\$-33.6 million), reductions due to mission funding Puget Sound NSY (\$-11.8 million), and other depot support efficiencies (\$-8.3 million), offset by the realignment of RADIAC and FAMI from Ship Maintenance (\$14.2 million).

The FY 2004 Operation and Maintenance, Navy Reserve (OMNR) Ship Operations request includes a pricing decrease of \$1.2 million, and a program decrease of \$8.0 million above the FY 2003 level, associated primarily with replacing three old Type I frigates with Type III frigates from the Active component, and a decrease in depot and intermediate maintenance.

SHIP OPERATIONS

	FY 2002		FY 2003		FY 2004		FY 2005
<u>Ship Inventory (End of Year)</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Navy Active	257	-12	245	-7	238	-1	238
MSC Charter/Support	41	+1	42	-3	39	+1	39
Battle Force Ships (Active)	298	-11	287	-10	277	-	277
Reserve Battle Force	15	-1	14	+1	15	-	15
Reserve Non-Battle Force	10	-	10	-	10	-	10
Naval Reserve Force	25	-1	24	+1	25	-	25
Total Battle Force Ships (Active plus Reserve)	313	-12	301	-9	292	-	292

The size of the deployable Battle Force declines from FY 2002 to FY 2005 as more multipurpose capability ships are added to the naval inventory and an increased portion of the combat logistics force mission is performed by the Military Sealift Command, which is funded through the Defense Working Capital Fund.

	<u>FY 2003</u>		<u>FY 2004</u>
<u>Battle Force Ships Inventory by Category</u>	<u>Ending</u>	<u>Gains</u>	<u>Ending</u>
	<u>Inventory</u>		<u>Inventory</u>
Aircraft Carriers	12	+1	12
Strategic (Fleet Ballistic Missile Submarines)	16	-	14
Surface Combatants	106	+5	103
Nuclear Attack Submarines	54	+2	54
Guided Missile Submarines	2	+2	4
Amphibious Warfare Ships	37	-	35
Mine Warfare, Patrol	17	-	17
Support Ships	57	+1	53
Total	301	+10	292

The total number of Battle Force ships decreases by nine between FY 2003 and FY 2004. In FY 2004, the Navy gains two SSN's (1 Virginia & 1 Seawolf Class), four DDGs, and one reserve FFGs, and loses five DDs, two CG's, one FFGs, two LSD's, two SSN's,

SHIP OPERATIONS

and four MSC TAGOS support ships. Also in FY 2004, the Navy transfers a fast combat support ship (AOE) to the Military Sealift Command which is displayed as one loss and one gain in the Support Ships line and the Navy converts two SSBN's to SSGN's displayed as gains and losses in their respective categories. The Navy will continue to maintain a force of 12 aircraft carriers in FY 2004.

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Shipyards							
Conventional (OMN)/1	176	+8	184	-9	175	-15	160
Nuclear (OMN)	80	+1	81	+1	82	-	82
Conventional (OMNR)/2	25	-1	24	-	24	-	24

1/ Operation and Maintenance, Navy

2/ Operation and Maintenance, Navy Reserve

Shipyards data provides a more accurate indicator of the overall force level for that year. A shipyard measures that portion of a fiscal year that a ship serves in the fleet. For example, a ship decommissioning on June 30th would have 0.75 shipyards for that fiscal year (October through June) – whereas the end-of-year ship inventory would be zero.

The changes from FY 2003 to FY 2004 for the Conventional Forces reflect the net loss of ten conventional battle force ships. The Nuclear Forces are reflective of the gain of one CVN late in FY 2003.

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operating Tempo (Underway Days Per Quarter/Ship)							
Deployed Fleet (Readiness Goal)	54	-	54	-	54	-	54
Deployed Fleet (Including Southwest Asia Military)	65	-11	54	-	54	-	54
Nondeployed Fleet	28	-	28	-	28	-	28

Sustaining the ship operating tempo is critical to meeting global forward-deployed missions and overseas presence commitments of the deployed fleet and to maintain a combat ready and rapidly deployable force in the nondeployed fleet. The budget request meets the Navy's peacetime readiness goal of 54 underway days per quarter for the deployed fleet and 28 underway days per quarter for the non-deployed fleet.

SHIP OPERATIONS

	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>
Operating Months (Less Charter Ships)							
Conventional (OMN)	1,830	+110	1,940	-55	1,885	-241	1,644
Nuclear (OMN)	841	-25	816	-32	784	-38	746
Conventional (OMNR)	279	-11	268	+6	274	-17	255

Operating month data is also a good measure of ship operations costs. Operating months reflect the part of the fiscal year that a ship is fully available for missions. The complement of operating months is repair months. For example, a ship not available for missions while undergoing a 3-month repair period would have 9 operating months and 3 repair months (assuming it was not to be commissioned or decommissioned in that particular year).

	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>
Underway Steaming Hours (000s)							
Conventional (OMN)	510	-27	483	-20	463	-38	425
Nuclear (OMN)	25	-1	24	+3	27	-4	23
Conventional (OMNR)	36	+7	43	+1	44	-	44

Underway steaming hours display the estimated total number of hours, ships in the battle force are underway. Total steaming hours is dependent upon operating tempo and operating months. Fuel consumed will generally change directly with steaming hours for conventionally powered ships (although fuel burn rates vary widely between ship classes).

Ship Depot Level Maintenance

Ship Depot Level Maintenance requires skills or facilities beyond the capacity or capability of organizational or intermediate level activities. Public and Private Shipyards, Naval Ship Repair Facilities, and Equipment Depot Maintenance Facilities perform Ship Depot Maintenance. Ships are assigned maintenance availabilities in accordance with the class maintenance plan established for the ship class. Class maintenance plans vary but always include both shorter non-docking availabilities and longer docking availabilities. The primary categories of availabilities follow:

SHIP OPERATIONS

Overhauls are docking availabilities, normally exceeding six months in duration, that involve major repairs and alterations. Phased Maintenance Availabilities (PMA) and Selected Restricted Availabilities (SRA) are relatively short and highly intensive averaging two to three months in duration during which both alterations and repairs are typically performed. They may be docking or non-docking. Phased Incremental Availabilities (PIA) are availabilities specific to USS NIMITZ class Aircraft Carriers during which both alterations and repairs are typically performed. They may be docking or non-docking.

Three categories of depot level maintenance are performed outside of scheduled availabilities. Emergent Restricted Availabilities/Technical Availabilities (RA/TA) is used to repair discrepancies that must be corrected prior to the next scheduled availability. Other RA/TA is maintenance planned for execution between scheduled availabilities meant to maintain ships systems fully operational. Continuous Maintenance allows flexible execution of required Surface Ship depot level work during in port periods.

	<u>FY 2002</u> <u>Actual</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Ship Depot Level Maintenance							
<u>Active Forces</u>							
Overhauls	4	-1	3	+1	4	+1	5
Selected Restricted Availability	67	-10	57	-3	54	+4	58
Phased Maintenance Availability	26	+1	27	-14	13	+2	15
Phased Incremental Availability	3	-	3	-1	2	+1	3
<u>Reserve Forces</u>							
Selected Restricted Availability	25	-	25	+1	26	-13	12
Phased Maintenance Availability	12	+9	21	-8	13	+7	20

SPECIAL OPERATIONS FORCES

	(\$ in Millions)									
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army Special Ops Command	614.9	+20.3	-222.0	413.2	+8.4	+155.3	576.9	+10.5	-4.1	583.3
Joint Special Ops Command	183.3	-0.4	-48.8	134.1	+0.9	+23.0	158.0	+2.8	+5.9	166.7
Naval Special Warfare Center	258.0	+6.1	-36.2	227.9	+2.6	+39.6	270.0	+5.6	-2.7	272.9
Air Force Special Ops Command	550.8	+22.4	-95.6	477.7	+44.4	+22.3	544.4	+29.0	+2.3	575.7
Special Ops Command	186.0	+0.9	-19.2	167.4	+3.0	+46.5	216.9	+4.0	-1.0	220.0
Special Ops Acquisition Center	154.1	+2.5	+24.5	181.1	+3.3	+40.1	224.5	+4.0	+8.8	237.2
Theatre Special Ops Command	<u>18.6</u>	<u>+0.3</u>	<u>-5.2</u>	<u>13.7</u>	<u>+0.2</u>	<u>+1.4</u>	<u>15.4</u>	<u>+0.3</u>	<u>+0.5</u>	<u>16.2</u>
Total	1,965.7	+52.1	-402.7	1,615.1	+62.8	+328.2	2,006.1	+56.2	9.7	2,072.0

The United States Special Operations Command (USSOCOM) is a unified command with worldwide responsibilities to train, maintain and provide Special Operations Forces (SOF) in support of the contingency plans developed by the five regionally oriented unified commands (USAJFCOM, USEUCOM, USCENTCOM, USPACOM and USSOUTHCOM). When directed by the President, Commander, United States Special Operations Command (COMUSSOCOM) will assume command of a special operation anywhere in the world. The USSOCOM's Army forces include Special Forces, Rangers, short to medium range infiltration/exfiltration aircraft, Civil Affairs specialists and Psychological Operations specialists. The Navy forces consist of SEAL (Sea, Air, Land) Teams, and Special Boat Units. The Air Force special operation units provide medium to long range air infiltration/exfiltration aircraft, specially equipped gunship and aerial refueling capability. The USSOCOM is the only operational command within DOD directly responsible for determining its own force structure and related material requirements, procuring SOF unique equipment, training and deploying its own units.

The FY 2004/FY 2005 Biennial Budget Estimates display the resource requirements created by the increased focus on the USSOCOM as the lead in the War on Terrorism (WOT), to include being a supported Combatant Commander in certain WOT scenarios. Specifically, the USSOCOM's FY 2004/FY2005 Biennial Budget requests funding to:

- improve existing capabilities of the Theater Special Operation Commands (TSOCs)
- expand force generation/Institutional Training capacity,
- increase Low Density/High Demand (LD/HD) assets,
- bolster Strategic Planning Capability, and
- expand our national mission.

Additional funding is also requested to:

- establish a trans-regional Psychological Operations unit,
- maintain a forward presence in the Central Command (CENTCOM) area of operations,

SPECIAL OPERATION FORCES

- establish two active and four reserve regional Psychological Operations companies,
- modernize the Media Production Center, and
- support other psychological operations activities.

The resources identified directly support SOF units' training, deployments, reaction to contingency requirements and the day-to-day costs involved in operating the USSOCOM's Army, Navy and Air Force Special Operations units. Included are costs associated with mission enhancements, fielding of SOF equipment, depot maintenance of SOF unique equipment, combat development activities, anti-terrorism/force protection initiatives and force structure changes. In addition to training development, the following special operations schools are supported:

- John F. Kennedy Special Warfare Center and School, Fort Bragg, NC;
- Naval Special Warfare Center at Coronado, CA;
- Air Force Special Operations School and the Joint Special Operations University at Hurlburt Field, FL; and
- the Naval Small Craft Instruction and Technical Training school at Stennis, MS.

Also included are operations and maintenance support associated with acquisition of advanced special operations forces equipment and the operation of management headquarters (USSOCOM Headquarters, Naval Special Warfare Command, the U. S. Army Special Operations Command and the Air Force Special Operations Command).

The USSOCOM is ever-evolving to meet future challenges and sustain the relative capability advantage we enjoy today. We continue to aggressively pursue new and innovative methods for assessing and developing people, adjusting our tactics and techniques, and investing through modernization and streamlined acquisition to maintain capabilities against any terrorist strategy. In this time of uncertainty and opportunity, the USSOCOM will continue to provide our nation with the means to protect our interests and promote a peace that benefits America and our democratic ideals.

SPECIAL OPERATION FORCES

(\$ in Millions)

	<u>FY 2002</u> <u>Actuals</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Budget Activity 1 – Operating Forces</u>	<u>1,857.7</u>	<u>+50.0</u>	<u>-415.6</u>	<u>1,492.1</u>	<u>+60.7</u>	<u>+298.7</u>	<u>1,851.5</u>	<u>+53.1</u>	<u>+4.0</u>	<u>1,908.6</u>
<u>Special Operations Operational Forces</u>	<u>1,427.0</u>	<u>+39.6</u>	<u>-369.2</u>	<u>1,097.3</u>	<u>+54.5</u>	<u>+202.4</u>	<u>1,354.2</u>	<u>+43.2</u>	<u>+8.6</u>	<u>1,406.0</u>
Flight Operations	625.3	+24.3	-105.9	543.7	+46.3	+58.1	648.1	+30.2	+8.1	686.4
Ship/Boat Operations	50.1	+0.5	+0.7	51.3	+0.7	+1.2	53.2	+1.0	+0.1	54.4
Combat Development Activities	348.8	+3.3	-45.8	306.3	+4.4	+67.3	378.1	+7.0	+22.5	407.5
Other Operations	402.7	+11.6	-218.3	196.0	+3.1	+75.7	274.8	+5.1	-22.1	257.7
<u>Special Operations Operational Support</u>	<u>430.7</u>	<u>+10.4</u>	<u>-46.4</u>	<u>394.7</u>	<u>+6.2</u>	<u>+96.4</u>	<u>497.3</u>	<u>+9.9</u>	<u>-4.6</u>	<u>502.6</u>
Force Related Training	31.3	+0.7	+3.2	35.2	+0.5	+0.1	35.7	+0.6	+0.1	36.4
Operational Support	49.2	+1.4	-6.2	44.4	+0.8	+4.4	49.5	+1.0	-1.7	48.8
Intelligence & Communications	109.3	+1.5	-6.8	104.0	+1.6	+58.4	164.0	+2.7	-4.3	162.3
Management/Operational Headquarters	97.5	+2.3	-10.2	89.6	+1.7	+13.4	104.7	+2.5	-3.5	103.6
Depot Maintenance	124.2	+4.3	-21.6	106.9	+1.8	+18.9	127.6	+2.8	+5.3	135.7
Base Support	19.2	+0.3	-4.8	14.7	-0.1	+1.3	15.8	+0.3	-0.4	15.8
<u>Budget Activity 3 – Training and Recruiting</u>	<u>65.1</u>	<u>+1.7</u>	<u>-6.9</u>	<u>59.9</u>	<u>+0.9</u>	<u>+31.8</u>	<u>92.6</u>	<u>+1.9</u>	<u>-2.0</u>	<u>92.6</u>
<u>Skill and Advanced Training</u>										
Specialized Skill Training	56.8	+1.5	-5.3	52.9	+9	+32.0	85.8	+1.7	-2.0	85.6
Professional Development Education	6.1	+0.2	-1.6	4.7	+0.1	+0.3	5.1	+0.1	-	5.2
Base Support	2.3	-	-	2.3	-0.1	-0.4	1.8	-	-	1.8
<u>Budget Activity 4 – Administrative and Service-wide Activities</u>	<u>42.9</u>	<u>+0.5</u>	<u>+19.8</u>	<u>63.2</u>	<u>+1.1</u>	<u>-2.3</u>	<u>61.9</u>	<u>+1.3</u>	<u>+7.6</u>	<u>70.8</u>
<u>Logistics Operations</u>										
Acquisition/Program Management	42.9	+0.5	+19.8	63.2	+1.1	-2.3	61.9	+1.3	+7.6	70.8
Total U.S. Special Operations Command	1,965.7	+52.1	-402.7	1,615.1	+62.8	+328.2	2,006.1	+56.2	+9.7	2,072.0

* Numbers may not add due to rounding.

SPECIAL OPERATION FORCES

Explanation of Program Changes

Budget Activity 1: Operating Forces (\$298.7 million)

Special Operations Operational Forces (\$202.3 million)

Flight Operations: (\$58.1 million) - Increases include funding for 7 additional workyears (\$0.6 million); incremental funding to mitigate the pressing problems regarding Low Density/High Demand assets for 160th Special Operations Aviation Regiment (\$42.1 million); funding to forward base AFSOC assets to Central Command Crisis Response Element (CSE) (\$33.9 million); and forward basing costs for EUCOM detachment (\$5.0 million). Total growth is offset by a \$23.5 million program decrease in the Flying Hour Program.

Ship/Boat Operations: (\$1.2 million) - Increases include funding for 4 additional workyears (\$0.3 million); support for the Surface Support Craft and increases for the air deployment capability of the Special Operations Maritime Craft (MCADS) (\$0.9 million).

Combat Development Activities: (\$67.3 million) - See Classified Submission provided under separate cover.

Other Operations: (\$75.7 million) - Increases include but are not limited to: funding for 61 additional workyears (\$4.2 million); funding for modification and sustainment of Ground Mobility Vehicles for NSWC's Ground Mobility Detachment and for USASOC (\$34.6 million); establishment of National Psychological Operations (PSYOPS) Unit and sustainment costs for this unit as well as for six additional PSYOPS units (2 active and 4 reserve) (\$10.7 million); costs associated with the forward basing of assets to CENTCOM for Naval Special Warfare Command (NSWC), and United States Army Special Operations Command (USASOC) (\$10.2 million); funding crosswalked from Army for sustainment and one-time supplies and equipment purchases (\$7.5 million); sustainment for items purchased in FY 2002 using Defense Emergency Relief Funding (DERF) (\$3.6 million); increase in equipment maintenance contingency operations (\$2.6 million); and pre-design costs for Military Construction projects (\$1.0 million).

Special Operations Operational Support (\$96.4 million)

Operational Support: (\$4.4 million) - Growth includes an increase for additional supplies and equipment required for 2 additional Special Operations Forces Companies under the 528th Support Battalion (\$3.6 million) and sustainment for purchases made in FY 2002 with Defense Emergency Response Funding (DERF) (\$0.8 million).

Intelligence and Communications: (\$58.4 million) - Increase includes sustainment for purchases made in FY 2002 with Defense Emergency Response Funding (DERF) (\$13.6 million). Normal growth and incremental funding received for

SPECIAL OPERATION FORCES

sustainment of additional military and civilian personnel includes the following programs: Special Operations Forces Command, Control, Communications (C4IAS) and SOFC4IIN (Infrastructure) (\$19.6 million); Special Operations Command Research and Threat Evaluation System (SOCRATES) (\$14.0 million); Tactical Local Area Network (TACLAN) sustainment (\$5.2 million); establishment of the Special Operations Joint Intelligence Center (SOCJIC) (\$2.7 million); Command Enterprise Information Technology Contract (\$1.7 million); and SCAMPI command-wide router maintenance (\$1.6 million).

Management/Operational Headquarters: (\$13.4 million) - Increase include funding for 78 additional workyears (\$6.1 million); sustainment for Campaign Support Group (\$3.0); and support for Headquarters USSOCOM planners and Theater Special Operations Commands (TSOCs) (\$4.3 million).

Depot Maintenance: (\$18.9 million) - Increase includes sustainment received for items purchased in FY 2002 with Defense Emergency Relief Funding (DERF) (\$9.2 million) for Body Armor Ballistic Protect Plates; Joint Operational Stocks; Laser targeting Device Designators, M-4 Modifications, modular integrated Communication Helmet (MICH) and Small UAV Batteries. The other primary growth is associated with the United States Air Force Special Operations Command (AFSOC) sustaining engineering program (\$9.3 million).

Base Support: (\$1.3 million) - Program growth is primarily due to maintenance of facilities and base operating support associated with completed Navy Military Construction (MILCON) projects.

Budget Activiv 3: Training and Recruiting (\$31.8 million)

Programs in BA-3 increased by \$31.8 million over the FY 2003 level. This provides a top-line increase and an additional 20 workyears for Institutional Training costs for the United States Army John F. Kennedy Special Warfare Center School (USAJFKSWCS) and 23 work-years and sustainment funding for the Naval Special Warfare Command's Credentialed Training Plan.

Budget Activity 4: Administration and Service Wide Activities (-\$2.3 million)

Program decreases include reductions in the Special Operations Forces (SOF) Training Systems (STS) High Level Architecture, a studies and analysis contract for the CV-22 Tactics Simulation, the Towed Decoy program, the Joint Base Station program management support, the Psychological Operations Programs, and the Special Operations Command Research Analysis and Threat Evaluation System (SOCRATES).

SPECIAL OPERATION FORCES

MFP-3 NIGHT FIST:

Funding (\$16.0 million) was specifically appropriated in FY 2003 for the Night Fist, which is designed to improve the DoD ability to detect and track high value targets. For FY 2004, \$4.0 million was realigned to the Strategic Air Command (STRATCOM) for execution.

USSOCOM Flying Operations

The USSOCOM Flight Operations includes SOF dedicated aviation assets of the Active Army, and the Air Force Active, Reserve, and National Guard units that operate and maintain over 250 uniquely equipped fixed and rotary wing aircraft. Funding satisfies operations and maintenance requirements necessary to provide highly trained aircrews and mission capable aircraft to accomplish SOF aviation missions including insertion, extraction, re-supply, aerial fire support, air-to-air refueling, combat search and rescue, psychological operations, aerial security, medical evacuation, electronic warfare, mine dispersal, and command and control.

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Aircraft Inventory</u>							
<u>Air Force Special Operations Command</u>							
Tactical/Mobility	89	1	90	-	90	-	90
Training	<u>23</u>	<u>-2</u>	<u>21</u>	=	<u>21</u>	<u>+3</u>	<u>24</u>
Total	112	-1	111	-	111	+3	114
<u>Army Special Operations Command</u>							
Tactical/Mobility	112	+2	114	+4	118	+13	131
Training	<u>23</u>	<u>+2</u>	<u>25</u>	<u>-3</u>	<u>22</u>	<u>-1</u>	<u>21</u>
Total	135	+4	139	+1	140	+12	152

TRAINING AND EDUCATION

The Training and Education program provides funds (including the costs of staff, curricula, equipment, and services) for the training and educational requirements primarily for military personnel. The principal effort is to acquire and maintain a trained force of personnel able to effectively man and support DoD's military units, ships, aircraft, and installed weapon systems. To accomplish this goal, resources are required to finance the operation of a wide range of training centers, Service schools and colleges, DoD and joint-Service schools, Reserve Officer Training Corps (ROTC) units, Service academies, and the Uniformed Services University of Health Services (USUHS), and to finance the Health Professional Scholarship Program (HPSP). Also included are resources to finance base support activities. The FY 2004 budget request reflects a total funding increase of \$346.1 million. Of this amount, \$145.6 million is for price growth and \$200.4 million (2.5 percent) is for net program growth.

	(\$ 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>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	3,354.7	+63.5	-183.8	3,234.4	+22.8	+127.5	3,384.7	+66.9	+185.0	3,636.6	
Navy	1,752.3	+41.6	+164.1	1,958.0	+42.5	+9.9	2,010.4	+43.3	-55.0	1,998.7	
Marine Corps	357.3	+13.0	-6.6	363.7	+4.7	+44.9	413.3	+8.1	+9.8	431.2	
Air Force	1,904.3	+24.5	+20.5	1,949.3	+60.4	-7.9	2,001.8	+50.6	+27.6	2,080.0	
American Forces Information Services	11.0	+0.2	-0.6	10.6	+0.2	+3.2	14.0	+0.3	-0.2	14.1	
Classified Programs	-	-	+2.8	2.8	-	+0.3	3.1	-	-	3.1	
Defense Acquisition University	98.1	+2.4	+1.4	101.9	+2.0	-2.2	101.7	+2.2	-0.1	103.8	
Defense Contract Audit Agency	4.4	+0.1	+0.9	5.4	+0.1	--	5.5	+0.1	-	5.6	
Defense Finance and Accounting Svc.	8.5	+0.1	-1.3	7.3	+0.1	-7.4	-	-	-	-	
Defense Human Resources Activity	19.6	-0.1	-0.2	19.3	+0.3	+7.2	26.8	+0.4	+8.9	36.1	
Defense Security Service	7.5	+0.2	-0.7	7.0	+0.2	-	7.2	+0.1	-	7.3	
Defense Threat Reduction Agency	1.4	-	-0.2	1.2	-	+3.6	4.8	+0.1	+1.1	6.0	
USSOCOM	65.1	+1.7	-6.9	59.9	+0.9	+31.8	92.6	+1.9	-1.9	92.6	
Defense Health Program	<u>384.8</u>	<u>+11.3</u>	<u>-11.8</u>	<u>384.3</u>	<u>+11.4</u>	<u>-10.4</u>	<u>385.3</u>	<u>+13.0</u>	<u>-2.8</u>	<u>395.4</u>	
Total	7,969.0	158.5	-22.4	8,105.1	145.6	200.4	8,451.2	187.0	172.4	8,810.5	

TRAINING AND EDUCATION

Explanation of Program Changes

Funding for the Training and Education activity increases by \$346.1 million, from \$8,105.1 million in FY 2003 to \$8,451.2 million in FY 2004. This net increase reflects price growth of \$145.6 million, net functional transfers out of the training account of approximately \$27.4 million primarily because of realignments for the Army's Transformation of Installation Management initiative that establishes a new organizational structure (\$-16.1 million); transfer of the Army's Physical Fitness Research Institute from the Army War College to the U.S. Army Medical Command (\$-0.4 million); transfer out of the Army's Professional Development Education subactivity group to Washington Headquarters Service representing a realignment of National Defense University's Office of Net Assessment Support (\$-0.1 million); transfer out because three companies in U.S. Army Criminal Investigation Command changed from a Table of Distribution and Allowances (TDA) organization to a Table of Organization and Equipment (TOE) organization (\$-0.7 million); transfer in for the Army's share of the International Military Education Training (IMET) program representing increased indirect costs (\$+1.2 million); transfer out of the Army's Base Operations Support subactivity group to the Army's Recruiting and Advertising subactivity group representing a consolidation of advertising and marketing resources through the Army Marketing Program (\$-5.9 million); transfer from the Military Personnel, Air Force appropriation to outsource non-military essential functions (\$+1.0 million); transfer to Operations and Maintenance, Air Force (Budget Activity 4) to sustain projected Defense Accounting and Finance Services (DFAS) payment and to fund Information Assurance initiatives associated with Base Communications (\$-6.4 million); and program increases of approximately \$569.4 million partially offset by decreases of \$341.5 million. These adjustments are further described as follows:

	<u>(\$ in Millions)</u>
<u>Program Increases</u>	<u>+569.4</u>
<ul style="list-style-type: none">Funds recruit training for an increase in the Army's recruit workload requirement of 131 recruits (\$4.2 million) and One Station Unit Training student throughput, OPTEMPO costs, clothing and equipment. (\$18.4 million); as well as additional recommended Naval Fleet training (AT/FP training, basic computer familiarization, Fire Fighting/Damage control) (\$2.2 million).	+24.8
<ul style="list-style-type: none">Funds specialized skills training to provide additional resources for the Navy's security and force protection requirements (\$4.7 million); support the Navy's Revolution in Training homeport training initiative with contract instruction equipment maintenance, and consumables (\$11.2 million), purchase supporting material (\$7.6 million), and PC-based simulation equipment (\$11.0 million); restructures the Navy's Surface Warfare Officers School (\$5.2 million); provides the Marine Corps with 782 type gear as well as newly fielded equipment (\$4.6 million); realigns programmed funding for Air Force sponsored international training requirements (\$10.4 million); supports the International Military Education and Training program that educates and trains foreign military and civilians	

TRAINING AND EDUCATION

(\$ in Millions)

- (\$5.5 million); compensates for increased Air Force student travel costs supporting the reengineering of Security Forces training (\$2.4 million); and supports the expanding student capacity for Air Force firefighting training (\$1.2 million). +63.8
- Funds an increase in professional development resources to initiate the development of the Functional Area 59, Strategist, Qualification Course and other unique information technology infrastructure at the Army War College as well as various technological improvements and upgrades at the National Defense University (\$12.8 million); the development of a standardized Naval Information Operation Training Curriculum (New Start) (\$2.0 million); an expansion of Air Force graduate education opportunities (\$14.1 million); and compensates cost growth in Air Force student training travel costs (\$1.5 million). +30.4
 - Funds 1,010 additional Senior Reserve Officers Training Corps scholarships and support material for the Army, Navy, and Air Force (\$22.1 million). Additionally, the funds support the Army's cadre training, curriculum development, and information technology infrastructure. +22.1
 - Funds flight training to support the Army's implementation of a new aviation strategy – Flight School XXI (\$97.9 million); maintenance contracts for the Navy's T-45 and T-6A, as well as 13,860 additional programmed flight hours (\$10.8 million); completion of Army helicopter training for Air Force pilots and the beddown of Air Force Specialized Undergraduate Helicopter Pilot Training (\$11.9 million); modifications, renovations, and construction of Air Force T-6 beddown facilities/ramps; contract instruction, equipment, and auxiliary fields (\$7.5 million); and repairs on the United States' share of the Euro-NATO Joint Jet Pilot Training Facility (\$1.3 million). +129.4
 - Funds training support for increases in Army's schoolhouse repair part projections (\$11.2 million); Navy resources required to reengineer the curricula resulting in a reduction in time to train and web-based format course conversions (\$47.8 million); full NMCI seat implementation and interface connectivity for e-Learning (\$21.7 million); training of Human Performance Professionals to translate Fleet job tasks into level requirements (\$19.1 million); and Marine Corps increases for newly fielded equipment, Range and Training Area Management Data Base, and support to the Joint National Training Capability (\$14.0 million). +113.8
 - Funds schoolhouse training attached to the US Special Operations Command for increases in personnel support, equipment, supplies, and materials. +31.8

TRAINING AND EDUCATION

(\$ in Millions)

- Funds base operations support and real property maintenance projects for the Army (\$97.0 million) and Marine Corps (\$30.4 million) to reduce the backlog of maintenance and repair at Service Schools and Professional Military Institutions. +127.4
- Funds an increase in revised Air Force civilian pay funding requirements based on updated assessment of actual work year costs to reflect the impact of changes such as locality pay, in Federal Employee Health Benefit rates, and newly approved special salary rates (\$2.0 million). In addition, the increase funds salaries for 115 additional Air Force civilian positions for graduate education programs (\$5.4 million), and the reinstatement of 449 civilian manpower positions at Randolph AFB Base in Operating Support and Aircraft Maintenance functions (\$17.0 million). +24.4
- Funds various other miscellaneous Service and Defense Agency requirements, including classified programs. +1.5

Program Decreases

-341.5

- One-time requirements as a result of congressional action for medical training programs administered at the Uniformed Services University of the Health Sciences (\$-10.5 million); and for various Navy programs to include, Facility, Sustainment, Restoration and Modernization (FSRM) site improvements (\$-48.0 million), Center for Civil-Military Relations at Naval Postgraduate School, prototypes and models for embedded training and performance support, distance learning, and the Navy Learning Network Program (\$-8.1 million). -66.6
- One-time costs for various Army programs to include, Military Police MCFTF Joint Training (\$-1.7 million), various language programs (\$-20.5 million), Training and Doctrine Command Transformation (\$-41.7 million), the Hunter Unmanned Aerial Vehicle (\$-5.0 million), the Military Training Specific Allotment (MTSA) Pilot Program (\$-19.0 million), DLA Language Net (\$-1.0 million), and Fort Know Distance Learning (\$-2.1 million); and one-time furnishing and equipment purchases at the Air Force Officer Training School and Enlisted Recruit Training Units (\$-1.9 million). -92.9
- Decreases in the Navy's professional development elements, including a reduction in the cost of Anti-Terrorism Force Protection projects at the Naval War College (\$-4.0 million) and Joint/Integrated Training Systems curriculum requirements (\$-2.2 million); and in the Navy's officer acquisition programs such as the completion of life-cycle maintenance on laboratory equipment (\$-3.4 million). -9.6

TRAINING AND EDUCATION

(\$ in Millions)

- Decreases reflect the Army's anticipated reduction in consumable repair part orders for flight training (\$-7.9 million); and the Air Force's adjustments to flying hour rates (\$-21.9 million) as well as realignments of force structure resulting in a decrease of 9,880 flying hours (\$-8.9 million). -38.7
- Decreases reflect the Navy's projected savings in Base Support and Maintenance of Real Property (\$-22.3 million); and an Air Force reduction to supplies and materials due to severely constrained Base Operating Support requirements (\$-10.0 million). -32.3
- Reductions associated with changes in the Air Force (\$-18.2 million) and Navy's (\$-10.4 million) civilian manpower, such as Management Headquarters action, civilian pay repricing, manpower efficiencies, and no longer needed civilian separation incentives. -28.6
- Decreases based upon Air Force's revised economic assumptions for inflation (price change) that exceed the published rates for inflation. -13.2
- Projected savings from the Navy's consolidation of installation claimants (\$-31.2 million) and consolidation of contract awards creating efficiencies related to revolution in training (\$-10.3 million). -41.5
- Corrects alignment of funding within the Air Force Competitive Sourcing and Privatization program to ensure all resources are properly programmed for the activities/functions currently under study. -18.1

TRAINING AND EDUCATION

The following table summarizes the financial data displayed above by various training categories.

Individual Training by Category by Service										
(\$ in Millions)										
	FY 2002	Price	Program	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	Actual	Growth	Growth	Estimate	Growth	Growth	Estimate	Growth	Growth	Estimate
<u>Recruit Training</u>										
Army 1/	40.3	+1.5	-3.3	38.5	+0.9	+22.7	62.1	+1.3	-2.9	60.5
Navy	5.7	+0.1	+0.8	6.6	-0.1	+2.1	8.6	+0.2	+2.5	11.3
Marine Corps	10.4	+0.4	+0.6	11.4	--	-1.2	10.2	+0.2	--	10.4
Air Force	<u>9.5</u>	<u>+0.1</u>	<u>-2.8</u>	<u>6.8</u>	<u>+0.1</u>	<u>-0.8</u>	<u>6.1</u>	<u>+0.1</u>	<u>-0.1</u>	<u>6.1</u>
Total	65.9	+2.1	-4.7	63.3	+0.9	+22.8	87.0	+1.8	-0.5	88.3
<u>Specialized Skills Training</u>										
Army	316.5	+8.7	+41.8	367.0	+7.6	-68.3	306.3	+6.9	+24.7	337.9
Navy	326.2	+5.7	+6.9	338.8	+4.5	+19.7	363.0	+6.6	+17.7	387.3
Marine Corps	36.5	+1.8	-0.2	38.1	-0.3	+3.7	41.5	+1.0	+3.1	45.6
Air Force	314.1	+7.2	-20.2	301.1	+6.2	+16.8	324.1	+7.2	-10.3	321.0
Defense Health Program	158.0	+3.3	-15.5	146.0	+2.8	+0.3	149.0	+3.6	-0.5	152.1
USSOCOM	56.8	+1.4	-5.3	52.9	+0.9	+32.0	85.8	+1.7	-1.9	85.6
AFIS	8.9	+0.2	-0.6	8.5	+0.2	+3.1	11.8	+0.1	--	11.9
DTRA	<u>1.4</u>	<u>--</u>	<u>-0.2</u>	<u>1.2</u>	<u>--</u>	<u>+3.6</u>	<u>4.8</u>	<u>+0.1</u>	<u>+1.1</u>	<u>6.0</u>
Total	1,218.4	+28.3	+6.7	1,253.6	+21.9	+10.9	1,286.3	+27.2	+33.9	1,347.4
<u>Officer Acquisition</u>										
Army	81.5	+2.1	+3.4	87.0	+1.8	+1.1	89.9	+1.9	+0.2	92.0
Navy	99.4	+5.0	+6.7	111.1	+7.0	-2.1	116.0	+3.0	-3.3	115.7
Marine Corps	0.4	--	-0.1	0.3	--	--	0.3	--	--	0.3
Air Force	69.6	+2.3	-5.5	66.4	+1.6	-0.2	67.8	+1.9	-0.2	69.5
Defense Health Program	<u>208.9</u>	<u>+7.6</u>	<u>+5.2</u>	<u>221.7</u>	<u>+8.3</u>	<u>-11.8</u>	<u>218.3</u>	<u>+8.8</u>	<u>-3.0</u>	<u>224.1</u>
Total	459.8	17.0	+9.7	486.5	+18.7	-13.0	492.3	+15.6	-6.3	501.6

1/ Includes Army One Station Unit Training (OSUT).

TRAINING AND EDUCATION

	(\$ 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>Professional Development</u>	<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	117.1	+2.6	+7.4	127.1	+2.5	+12.5	142.0	+2.8	+19.3	164.1
Navy	119.5	+6.0	-11.8	113.7	+5.3	-5.9	113.1	+4.4	-4.1	113.4
Marine Corps	9.0	+0.1	-0.5	8.6	+0.2	+0.1	8.9	+0.1	--	9.0
Air Force	120.8	+2.6	+10.9	134.3	+2.6	+18.1	155.0	+3.6	+7.1	165.7
Classified Programs	--	--	+2.8	2.8	--	+0.2	3.1	--	--	3.1
DAU	98.1	+2.4	+1.3	101.9	+2.0	-2.2	101.7	+2.2	-0.1	103.8
DCAA	4.4	+0.1	+0.8	5.4	+0.1	--	5.5	+0.1	--	5.6
DFAS	8.5	+0.1	-1.3	7.3	+0.1	-7.4	--	--	--	--
DHRA	19.6	-0.1	-0.2	19.3	+0.3	+7.2	26.8	+0.4	+8.9	36.1
DSS	7.5	+0.2	-0.7	7.0	+0.2	--	7.2	+0.1	--	7.3
DTRA	--	--	--	--	--	--	--	--	--	--
USSOCOM	6.1	+0.2	-1.6	4.7	+0.1	+0.3	5.1	+0.1	--	5.2
Defense Health Program	<u>17.9</u>	<u>+0.4</u>	<u>-1.5</u>	<u>16.8</u>	<u>+0.3</u>	<u>+1.0</u>	<u>18.1</u>	<u>+0.5</u>	<u>+0.7</u>	<u>19.3</u>
Total	528.5	14.6	+5.6	548.9	+13.7	+23.9	586.5	+14.3	+31.8	632.6
<u>Senior ROTC</u>										
Army	187.6	+3.0	+15.8	206.3	+3.5	+4.4	214.3	+3.8	+27.8	245.9
Navy	80.4	+4.9	--	85.3	+4.6	+1.8	91.7	+5.0	-0.3	96.4
Air Force	<u>72.8</u>	<u>+0.8</u>	<u>-5.0</u>	<u>68.6</u>	<u>+1.1</u>	<u>+12.9</u>	<u>82.6</u>	<u>+1.4</u>	<u>+4.4</u>	<u>88.4</u>
Total	340.8	8.7	+10.8	360.2	+9.2	+19.1	388.6	+10.2	+31.9	430.7
<u>Flight Training</u>										
Army	440.9	+11.8	-44.3	408.4	+11.1	+79.5	499.0	+8.5	-50.6	457.0
Navy	389.5	+0.1	+33.3	422.9	+8.2	+10.8	441.9	+8.5	-6.9	443.5
Marine Corps	0.1	--	+0.1	0.2	--	--	0.2	--	--	0.2
Air Force	<u>634.0</u>	<u>-2.8</u>	<u>+31.0</u>	<u>662.2</u>	<u>+29.2</u>	<u>-16.2</u>	<u>675.2</u>	<u>+18.7</u>	<u>+9.7</u>	<u>703.6</u>
Total	1,464.5	+9.1	+20.1	1,493.7	+48.5	+74.1	1,616.3	+35.7	-47.8	1,604.3

TRAINING AND EDUCATION

(\$ in Millions)

<u>Training Support</u>	<u>FY 2002</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
Army	517.9	+11.4	-118.9	410.5	+11.4	+57.0	478.9	+11.0	+83.8	573.7
Navy	188.1	+3.8	+21.3	213.2	+2.6	+85.0	300.8	+4.9	-13.8	291.9
Marine Corps	97.0	+1.5	+10.9	109.4	+1.7	+11.9	123.0	+2.1	+10.2	135.3
Air Force	83.5	+2.8	+0.2	86.5	+2.0	+4.2	92.7	+2.6	+6.5	101.8
Total	886.5	+19.5	-86.5	819.6	+17.7	+158.1	995.4	+20.6	+86.7	1,102.7

Base Support/Facilities Sustainment Restoration and Modernization

Army <u>2/</u>	1,652.9	+22.4	-85.8	1,589.6	-16.0	+18.8	1,592.4	+30.7	+82.7	1,705.7
Navy	543.5	+16.0	+106.9	666.4	+10.4	-101.5	575.3	+10.7	-46.8	539.2
Marine Corps	203.9	+9.2	-17.4	195.7	+3.1	+30.4	229.2	+4.7	-3.5	230.4
Air Force	600.0	+11.5	+11.9	623.4	+17.6	-42.7	598.3	+15.1	+10.5	623.9
AFIS	0.9	--	--	0.9	--	+0.1	1.0	--	--	1.0
USSOCOM	2.3	--	--	2.3	-0.1	-0.4	1.8	--	--	1.8
Total	3,003.5	+59.1	+15.6	3,078.3	+15.0	-95.3	2,998.0	+61.2	+42.9	3,102.0

2/ Includes Base Operations Support and Facilities Sustainment, Restoration and Maintenance in support of training.

PROGRAM DATA

(Hours in Thousands)

<u>Flying Hours</u>	<u>FY 2002</u> <u>Actual</u>	<u>Change</u>	<u>FY 2003</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Army	262.2	+14.9	277.1	-24.6	252.5	-57.9	194.6
Navy	324.8	+10.4	335.2	-6.7	328.5	-6.7	321.8
Air Force	614.3	-44.3	570.0	-7.1	562.9	-119.0	443.9
Total	1,201.3	-19.0	1,182.3	-38.4	1,143.9	-183.6	960.3

TRAINING AND EDUCATION

WORKLOAD INDICATORS

(Student/Trainee Workyears)

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<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>66,637</u>	<u>+449</u>	<u>67,086</u>	<u>+826</u>	<u>67,912</u>	<u>-603</u>	<u>67,309</u>
Recruit Training	13,656	+569	14,225	+131	14,356	-1446	12,910
One Station Unit Training	10,667	+86	10,753	+784	11,537	+611	12,148
Specialized Skill <u>3/</u>	34,646	+135	34,781	+150	34,931	+247	35,178
Officer Acquisition	4,559	+15	4,574	+68	4,642	-5	4,637
Flight Training	1,366	-94	1,272	-173	1,099	-24	1,075
Professional Development	1,743	-262	1,481	-134	1,347	+14	1,361
<u>Navy</u>	<u>50,622</u>	<u>-2,348</u>	<u>48,274</u>	<u>+1,128</u>	<u>49,402</u>	<u>+537</u>	<u>49,939</u>
Recruit Training	8,227	-1,081	7,146	+222	7,368	+392	7,760
One Station Unit Training	--	--	--	--	--	--	--
Specialized Skill <u>3/</u>	27,279	-1,548	25,731	+266	25,997	-235	25,762
Officer Acquisition	5,264	+436	5,700	+326	6,026	+219	6,245
Senior ROTC	5,796	+249	6,045	+60	6,105	+120	6,225
Flight Training	1,697	-393	1,304	-50	1,254	+41	1,295
Professional Development	2,359	-11	2,348	+304	2,652	--	2,652
<u>Marine Corps</u>	<u>18,395</u>	<u>+2,103</u>	<u>20,498</u>	<u>-1,030</u>	<u>19,468</u>	<u>-255</u>	<u>19,213</u>
Recruit Training	8,436	+640	9,076	-808	8,268	--	8,268
One Station Unit Training	--	--	--	--	--	--	--
Specialized Skill <u>3/</u>	7,395	+1,062	8,457	-236	8,221	-28	8,193
Officer Acquisition	325	-22	303	--	303	--	303
Flight Training	1,098	+172	1,270	-11	1,259	+5	1,264
Professional Development	1,141	+251	1,392	+25	1,417	-232	1,185

3/ Specialized skill includes initial skill, skill progression, and functional training for both officer and enlisted.

TRAINING AND EDUCATION

(Student/Trainee Workyears)

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force</u>	<u>23,174</u>	<u>-165</u>	<u>23,009</u>	<u>+758</u>	<u>23,767</u>	<u>-402</u>	<u>23,365</u>
Recruit Training	3,980	+1	3,981	-1	3,980	-	3,980
One Station Unit Training	-	-	-	-	-	-	-
Specialized Skill ^{3/}	10,980	-63	10,917	+434	11,351	-201	11,150
Officer Acquisition	4,944	-113	4,831	-184	4,647	+1	4,648
Flight Training	1,692	+6	1,698	--	1,698	-	1,698
Professional Development	1,578	+4	1,582	+509	2,091	-202	1,889
<u>Defense Health Program</u>	<u>80,221</u>	<u>-3,059</u>	<u>77,162</u>	<u>-2,487</u>	<u>74,675</u>	<u>-2,297</u>	<u>72,378</u>
Recruit Training	--	--	--	--	--	--	--
One Station Unit Training	--	--	--	--	--	--	--
Specialized Skill	67,079	-2,979	64,100	-2,744	61,356	-2,290	59,066
Officer Acquisition	5,561	+133	5,694	+157	5,851	-7	5,844
Flight Training	-	-	-	-	-	-	-
Professional Development	7,581	-213	7,368	+100	7,468	-	7,468
<u>USSOCOM</u>	<u>3,025</u>	<u>+952</u>	<u>3,977</u>	<u>+565</u>	<u>4,542</u>	<u>+358</u>	<u>4,900</u>
Recruit Training	-	-	-	--	--	-	-
One Station Unit Training	-	-	-	--	--	-	-
Specialized Skill	2,942	+943	3,885	+565	4,450	+358	4,808
Officer Acquisition	-	-	-	-	-	-	-
Flight Training	-	-	-	-	-	-	-
Professional Development	83	+9	92	-	92	-	92

^{3/} Specialized skill includes initial skill, skill progression, and functional training for both officer and enlisted.

Note: Training workload and dollars includes Guard and Reserve Forces when training is the mission responsibility of the Activity Component.

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

TRANSPORTATION

\$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

TRANSPORTATION

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

CIVILIAN PERSONNEL

(Full-Time Equivalents)

	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>By Service/Defense-Wide</u>								
Army	224,381	-4,649	219,732	-700	219,032	-553	218,479	
Navy	194,998	-1,840	193,158	-5,029	188,129	+432	188,561	
Air Force	156,789	+196	156,985	+1,396	158,381	+699	159,080	
Defense-Wide	<u>111,232</u>	<u>-996</u>	<u>110,236</u>	<u>-2,670</u>	<u>107,566</u>	<u>-1,950</u>	<u>105,616</u>	
DoD Total	687,400	-7,289	680,111	-7,003	673,108	-1,372	671,736	
<u>By Type of Hire</u>								
U.S. Direct Hire	634,195	-6,132	628,063	-6,962	621,101	-1,188	619,913	
Foreign National Direct Hire	15,680	-984	14,696	-16	14,680	-89	14,591	
Total – Direct Hire	649,875	-7,116	642,759	-6,978	635,781	-1,277	634,504	
Foreign National Indirect Hire	<u>37,525</u>	<u>-173</u>	<u>37,352</u>	<u>-25</u>	<u>37,327</u>	<u>-95</u>	<u>37,232</u>	
DoD Total	687,400	-7,289	680,111	-7,003	673,108	-1,372	671,736	
<u>By Appropriation</u>								
Operation and Maint, Active & Defense-Wide	375,187	-8,933	366,254	+7,169	373,423	-535	372,888	
Operation and Maintenance, Reserve	25,820	+1,217	27,037	-128	26,909	+200	27,109	
Operation and Maintenance, National Guard	47,120	+2,737	49,857	+456	50,313	+758	51,071	
Research, Development, Test, and Evaluation	26,603	+102	26,705	-134	26,571	+9	26,580	
Military Construction	8,416	-247	8,169	-1	8,168	-25	8,143	
Family Housing	1,140	+1,314	2,454	-81	2,373	-122	2,251	
Defense Working Capital Funds	200,191	-3,648	196,543	-14,419	182,124	-1,769	180,355	
Pentagon Reservation Maintenance Fund	729	+143	872	+221	1,093	+130	1,223	
Defense Stockpile	218	+19	237	-35	202	-20	182	
Building Maintenance Fund	59	+6	65	-65	-	-	-	
Foreign Military Assistance	360	-2	358	+1	359	+2	361	
Defense Health Program	288	+9	297	-	297	-	297	

CIVILIAN PERSONNEL

<u>By Appropriation</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>	
Office of the Inspector General	1,217	-13	1,204	+13	1,217	-	1,217	
U.S. Court of Appeals for the Armed Forces	<u>52</u>	<u>+7</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	
DoD Total	687,400	-7,289	680,111	-7,003	673,108	-1,372	671,736	

ARMY

(Full-Time Equivalent)

<u>Direct Hires by Appropriation</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>Operation and Maintenance, Army</u>								
U. S. Direct Hire	115,628	-2,540	113,088	-424	112,664	-918	111,746	
Foreign National Direct Hire	<u>8,373</u>	<u>-768</u>	<u>7,605</u>	<u>+5</u>	<u>7,610</u>	<u>-87</u>	<u>7,523</u>	
Total Direct Hire	124,001	-3,308	120,693	-419	120,274	-1,005	119,269	
<u>Operation and Maintenance, Army Reserve</u>								
U. S. Direct Hire	11,149	-16	11,133	-1	11,132	+111	11,243	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	11,149	-16	11,133	-1	11,132	+111	11,243	
<u>Operation and Maintenance, Army National Guard</u>								
U. S. Direct Hire	25,580	+118	25,698	+240	25,938	+467	26,405	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	25,580	+118	25,698	+240	25,938	+467	26,405	
<u>Research, Development, Test & Evaluation, Army</u>								
U. S. Direct Hire	16,872	+172	17,044	-74	16,970	+48	17,018	
Foreign National Direct Hire	<u>109</u>	<u>+30</u>	<u>139</u>	<u>-</u>	<u>139</u>	<u>-</u>	<u>139</u>	
Total Direct Hire	16,981	+202	17,183	-74	17,109	+48	17,157	

CIVILIAN PERSONNEL

ARMY

(Full-Time Equivalents)

<u>Direct Hires by Appropriation</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>Military Construction, Army</u>								
U. S. Direct Hire	5,759	-335	5,424	-21	5,403	-34	5,369	
Foreign National Direct Hire	<u>242</u>	<u>-44</u>	<u>198</u>	<u>+33</u>	<u>231</u>	<u>+12</u>	<u>243</u>	
Total Direct Hire	6,001	-379	5,622	+12	5,634	-22	5,612	
<u>Family Housing, Army</u>								
U. S. Direct Hire	718	-12	706	-49	657	-	645	
Foreign National Direct Hire	<u>49</u>	<u>-6</u>	<u>43</u>	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>	
Total Direct Hire	767	-18	749	-49	700	-	688	
<u>Working Capital Fund, Army</u>								
U. S. Direct Hire	22,619	-1,273	21,346	-359	20,987	-62	20,925	
Foreign National Direct Hire	<u>73</u>	<u>-5</u>	<u>68</u>	<u>+5</u>	<u>73</u>	<u>-</u>	<u>73</u>	
Total Direct Hire	22,692	-1,278	21,414	-354	21,060	-62	20,998	
<u>Foreign Military Assistance, Army</u>								
U. S. Direct Hire	10	+2	12	-	12	-	12	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	10	+2	12	-	12	-	12	
<u>Army Total</u>								
U. S. Direct Hire	198,335	-3,884	194,451	-688	193,763	-400	193,363	
Foreign National Direct Hire	<u>8,846</u>	<u>-793</u>	<u>8,053</u>	<u>+43</u>	<u>8,096</u>	<u>-75</u>	<u>8,021</u>	
Total Direct Hire	207,181	-4,677	202,504	-645	201,859	-475	201,384	

CIVILIAN PERSONNEL

ARMY

(Full-Time Equivalents)

Summary of Changes

Direct Hires

	FY 03-04
	<u>Change</u>
Working Capital Fund	
Depot Maintenance	-76
Information Services	-266
Ordnance	+18
Supply Maintenance	+68
Transportation	-100
Research and Development	-72
Medical Structure	+8
Force Structure Adjustments	<u>-225</u>
Total Direct Hire	-645

ARMY

(Full-Time Equivalents)

	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>Indirect Hires by Appropriation</u>								
Operation and Maintenance, Army	16,598	-153	16,445	-53	16,392	-78	16,314	
Military Construction, Army	-	+187	187	-	187	-	187	
Family Housing, Army	373	+22	395	-	395	-	395	
Working Capital Fund, Army	<u>229</u>	<u>-28</u>	<u>201</u>	<u>-2</u>	<u>199</u>	<u>-</u>	<u>199</u>	
Total Indirect Hire	17,200	+28	17,228	-55	17,173	-78	17,095	
 <u>Army Total</u>								
Total Direct Hire	207,181	-4,677	202,504	-645	201,859	-475	201,384	
Total Indirect Hire	<u>17,200</u>	<u>+28</u>	<u>17,228</u>	<u>-55</u>	<u>17,173</u>	<u>-78</u>	<u>17,095</u>	
Total Army Civilians	224,381	-4,649	219,732	-700	219,032	-553	218,479	

CIVILIAN PERSONNEL

NAVY

(Full-Time Equivalents)

<u>Direct Hires by Appropriation</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Navy</u>							
U. S. Direct Hire	74,662	-2,986	71,676	+5,848	77,524	+39	77,563
Foreign National Direct Hire	<u>3,029</u>	<u>-172</u>	<u>2,857</u>	<u>-20</u>	<u>2,837</u>	<u>-1</u>	<u>2,836</u>
Total Direct Hire	77,691	-3,158	74,533	+5,828	80,361	+38	80,399
<u>Operation and Maintenance, Marine Corps</u>							
U. S. Direct Hire	12,054	-291	11,763	-288	11,475	-1	11,474
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	12,054	-291	11,763	-288	11,475	-1	11,474
<u>Operation and Maintenance, Navy Reserve</u>							
U. S. Direct Hire	1,524	-344	1,588	-344	1,510	-344	1,509
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,524	-344	1,588	-344	1,510	-344	1,509
<u>Operation and Maintenance, Marine Corps Reserve</u>							
U. S. Direct Hire	152	-2	156	-2	155	-2	155
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	152	-2	156	-2	155	-2	155
<u>Research, Development, Test and Evaluation, Navy</u>							
U. S. Direct Hire	1,085	+80	1,165	-28	1,137	-6	1,131
Foreign National Direct Hire	<u>252</u>	<u>-13</u>	<u>239</u>	<u>-</u>	<u>239</u>	<u>-</u>	<u>239</u>
Total Direct Hire	1,337	+67	1,404	-28	1,376	-6	1,370

CIVILIAN PERSONNEL

NAVY

(Full-Time Equivalents)

<u>Direct Hires by Appropriation</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>Military Construction, Navy</u>								
U. S. Direct Hire	2,273	-46	2,227	-13	2,214	-3	2,211	
Foreign National Direct Hire	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>61</u>	
Total Direct Hire	2,334	-46	2,288	-13	2,275	-3	2,272	
<u>Family Housing, Navy</u>								
U. S. Direct Hire	-	+1,029	1,029	-32	997	-110	887	
Foreign National Direct Hire	<u>-</u>	<u>+160</u>	<u>160</u>	<u>-</u>	<u>160</u>	<u>-</u>	<u>160</u>	
Total Direct Hire	-	+1,189	1,189	-32	1,157	-110	1,047	
<u>Working Capital Fund, Navy</u>								
U. S. Direct Hire	88,894	+367	89,261	-10,443	78,818	+514	79,332	
Foreign National Direct Hire	<u>22</u>	<u>-2</u>	<u>20</u>	<u>-1</u>	<u>19</u>	<u>-</u>	<u>19</u>	
Total Direct Hire	88,916	+365	89,281	-10,444	78,837	+514	79,351	
<u>Foreign Military Assistance, Navy</u>								
U. S. Direct Hire	6	-	6	-	6	-	6	
Foreign National Direct Hire	<u>54</u>	<u>-5</u>	<u>49</u>	<u>-</u>	<u>49</u>	<u>+1</u>	<u>50</u>	
Total Direct Hire	60	-5	55	-	55	+1	56	
<u>Total Navy</u>								
U. S. Direct Hire	168,444	-1,492	166,952	-4,746	162,206	+433	162,639	
Foreign National Direct Hire	<u>3,418</u>	<u>-32</u>	<u>3,386</u>	<u>-21</u>	<u>3,365</u>	<u>-</u>	<u>3,365</u>	
Total Direct Hire	171,862	-1,524	170,338	-4,767	165,571	+433	166,004	

CIVILIAN PERSONNEL

NAVY

(Full-Time Equivalents)

	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>Direct Hires by Appropriation</u>							
<u>Total – Marine Corps</u>							
U. S. Direct Hire	12,206	-287	11,919	-289	11,630	-1	11,629
Foreign National Direct Hire	-	-	-	-	-	-	-
Total Direct Hire	12,206	-287	11,919	-289	11,630	-1	11,629
<u>Total Department of Navy (DON)</u>							
U. S. Direct Hire	180,650	-1,779	178,871	-5,035	173,836	+432	174,268
Foreign National Direct Hire	<u>3,418</u>	<u>-32</u>	<u>3,386</u>	<u>-21</u>	<u>3,365</u>	<u>-</u>	<u>3,365</u>
Total Direct Hire	184,068	-1,811	182,257	-5,056	177,201	+432	177,633

Summary of Changes

Direct Hires

**FY 03-04
Change**

Changes to Working Capital Fund Workload	
Depot Maintenance	-8,595
Transportation	+255
Supply	-811
Research and Development	-1,295
Other Workload Changes	-17
Changes to Non-Working Capital Fund Workload	
Base Support	-1,024
Medical	-88
Military Construction	-13
Research and Development, Test & Evaluation	-28
Family Housing Operations, Navy	-32
Other – Puget Shipyard Pilot	<u>+6,592</u>
Total Direct Hires	-5,056

CIVILIAN PERSONNEL

NAVY

	(Full-Time Equivalents)						
	FY 2002		FY 2003		FY 2004		FY 2005
<u>Indirect Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Navy	6,192	-120	6,072	+1	6,073	-	6,073
Operation and Maintenance, Marine Corps	2,954	-36	2,918	+45	2,963	-	2,963
Research, Development, Test, and Eval, Navy	3	+1	4	-	4	-	4
Military Construction, Navy	81	-9	72	-	72	-	72
Family Housing, Navy	-	+121	121	-	121	-	121
Working Capital Fund, Navy	1,693	+14	1,707	-19	1,688	-	1,688
Foreign Military Assistance, Navy	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Total Indirect Hire	10,930	-29	10,901	+27	10,928	-	10,928
<u>DON Direct Hire</u>							
Navy	171,862	-1,524	170,338	-4,767	165,571	+433	166,004
Marine Corps	<u>12,206</u>	<u>-287</u>	<u>11,919</u>	<u>-289</u>	<u>11,630</u>	<u>-1</u>	<u>11,629</u>
Total – Direct Hire	184,068	-1,811	182,257	-5,056	177,201	+432	177,633
<u>DON Indirect Hire</u>							
Navy	7,976	+7	7,983	-18	7,965	-	7,965
Marine Corps	<u>2,954</u>	<u>-36</u>	<u>2,918</u>	<u>+45</u>	<u>2,963</u>	<u>-</u>	<u>2,963</u>
Total – Indirect Hire	10,930	-29	10,901	+27	10,928	-	10,928
<u>Total Department of the Navy</u>							
Navy	179,838	-1,517	178,321	-4,785	173,536	+433	173,969
Marine Corps	<u>15,160</u>	<u>-323</u>	<u>14,837</u>	<u>-244</u>	<u>14,593</u>	<u>-1</u>	<u>14,592</u>
Total Civilians	194,998	-1,840	193,158	-5,029	188,129	+432	188,561

CIVILIAN PERSONNEL

AIR FORCE

(Full-Time Equivalents)

<u>Direct Hires by Appropriation</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>Operation and Maintenance, Air Force</u>								
U. S. Direct Hire	79,898	-1,857	78,041	+482	78,523	+340	78,863	
Foreign National Direct Hire	<u>2,141</u>	<u>-145</u>	<u>1,996</u>	<u>-28</u>	<u>1,968</u>	<u>-1</u>	<u>1,967</u>	
Total Direct Hire	82,039	-2,002	80,037	+454	80,491	+339	80,830	
<u>Operation and Maintenance, Air Force Reserve</u>								
U. S. Direct	12,995	+1,165	14,160	-48	14,112	+90	14,202	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	12,995	+1,165	14,160	-48	14,112	+90	14,202	
<u>Operation and Maintenance, Air National Guard</u>								
U. S. Direct	21,540	+2,619	24,159	+216	24,375	+291	24,666	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	21,540	+242	24,159	+242	24,375	+242	24,666	
<u>Research, Development, Test, and Evaluation, Air Force</u>								
U. S. Direct Hire	7,082	-230	6,852	-4	6,848	-43	6,805	
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Direct Hire	7,082	-230	6,852	-4	6,848	-43	6,805	
<u>Working Capital Fund, Air Force</u>								
U. S. Direct Hire	26,642	-1,099	25,543	+725	26,268	+37	26,305	
Foreign National Direct Hire	<u>138</u>	<u>-16</u>	<u>122</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>122</u>	
Total Direct Hire	26,780	-1,115	25,665	+725	26,390	+37	26,427	

CIVILIAN PERSONNEL

AIR FORCE

(Full-Time Equivalents)

	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>Air Force Total</u>							
U. S. Direct Hire	148,157	+598	148,755	+1,371	150,126	+715	150,841
Foreign National Direct Hire	<u>2,279</u>	<u>-161</u>	<u>2,118</u>	<u>-28</u>	<u>2,090</u>	<u>-1</u>	<u>2,089</u>
Total Direct Hire	150,436	+437	150,873	+1,343	152,216	+714	152,930

FY 03-04

Change

Summary of Changes

Direct Hires

Strategic Force	-885
General Purpose Forces	+1,018
Intelligence and Communications	+68
General Research and Development	-3
Other Defense Wide Missions	+26
Logistics Support	-85
Personnel Support	+1,349
Other Centralized Support	<u>-145</u>
Total Direct Hires	+1,343

AIR FORCE

(Full-Time Equivalents)

	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>Indirect Hires by Appropriation</u>							
Operation and Maintenance, Air Force	6,139	-258	5,881	+53	5,934	-15	5,919
Working Capital Fund, Air Force	<u>214</u>	<u>+17</u>	<u>231</u>	<u>-</u>	<u>231</u>	<u>-</u>	<u>231</u>
Total Indirect Hire	6,353	-241	6,112	+53	6,165	-15	6,150

CIVILIAN PERSONNEL

AIR FORCE

(Full-Time Equivalents)

	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>Air Force Total</u>							
Total Direct Hire	150,436	+437	150,873	+1,343	152,216	+714	152,930
Total Indirect Hire	<u>6,353</u>	<u>-241</u>	<u>6,112</u>	<u>+53</u>	<u>6,165</u>	<u>-15</u>	<u>6,150</u>
Total Air Force Civilians	156,789	+196	156,985	+1,396	158,381	+699	159,080

DEFENSE-WIDE ACTIVITIES

(Full-Time Equivalents)

	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>Direct Hires by Appropriation</u>							
<u>Operation and Maintenance, Defense-Wide</u>							
U. S. Direct Hire	46,769	+403	47,172	+1,539	48,711	+187	48,898
Foreign National Direct Hire	<u>463</u>	<u>-8</u>	<u>455</u>	<u>+9</u>	<u>464</u>	<u>-</u>	<u>464</u>
Total Direct Hire	47,232	+395	47,627	+1,548	49,175	+187	49,362
<u>Research, Development, Test, & Evaluation, Defense-Wide</u>							
U. S. Direct Hire	1,200	+62	1,262	-28	1,234	+10	1,244
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,200	+1,200	1,262	+1,262	1,234	+1,234	1,244
<u>Working Capital Fund</u>							
U. S. Direct Hire	56,239	-1,704	54,535	-4,256	50,279	-2,243	48,036
Foreign National Direct Hire	<u>674</u>	<u>+10</u>	<u>684</u>	<u>-19</u>	<u>665</u>	<u>-13</u>	<u>652</u>
Total Direct Hire	56,913	-1,694	55,219	-4,275	50,944	-2,256	48,688

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

(Full-Time Equivalents)

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Direct Hires by Appropriation</u>							
<u>Pentagon Reservation Fund</u>							
U. S. Direct Hire	729	+143	872	+221	1,093	+130	1,223
 <u>National Defense Stockpile</u>							
U. S. Direct Hire	218	+19	237	-35	202	-20	182
 <u>Building Maintenance Fund</u>							
U. S. Direct Hire	59	+6	65	-65	-	-	-
 <u>Defense Health Program</u>							
U. S. Direct Hire	288	+9	297	-	297	-	297
 <u>U. S. Court of Appeals for the Armed Forces</u>							
U. S. Direct Hire	52	+7	59	-	59	-	59
 <u>Office of the Inspector General</u>							
U. S. Direct Hire	1,216	-13	1,203	+13	1,216	-	1,216
 <u>Foreign Military Sales, Defense-Wide</u>							
U. S. Direct Hire	283	+1	284	+1	285	+1	286
 <u>Total Defense-Wide Activities</u>							
U. S. Direct Hire	107,053	-1,067	105,986	-2,610	103,376	-1,935	101,441
Foreign National Direct Hire	<u>1,137</u>	<u>+2</u>	<u>1,139</u>	<u>-10</u>	<u>1,129</u>	<u>-13</u>	<u>1,116</u>
Total Direct Hire	108,190	-1,065	107,125	-2,620	104,505	-1,948	102,557

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

(Full-Time Equivalents)

Summary of Changes

Direct Hires

FY 03-04

Change

Defense Contract Audit Agency	+5
Classified Activities	+502
Defense Finance and Accounting Services	-508
Defense Commissary Agency	-79
Defense Contract Management Agency	+277
Defense Logistics Agency	-1,105
Defense Security Service	-2,027
Defense Threat Reduction Agency	+67
Office of the Secretary of Defense	-73
National Defense Stockpile	-35
DoD Dependents Education Agency	+318
Ballistic Missile Defense Organization	+96
Pentagon Reservation Maintenance Fund	+221
Buildings Maintenance Fund	-65
Other	-214
Total Direct Hires	-2,620

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

	<u>(Full-Time Equivalents)</u>							
	FY 2002		FY 2003		FY 2004		FY 2005	
<u>Indirect Hires by Appropriation</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	
Operation and Maintenance, Defense-Wide	287	-2	285	-	285	-	285	
Office of the Inspector General	1	-	1	-	1	-	1	
Working Capital Fund, Defense-Wide	<u>2,754</u>	<u>+71</u>	<u>2,825</u>	<u>-50</u>	<u>2,775</u>	<u>-2</u>	<u>2,773</u>	
Total Indirect Hire	3,042	+69	3,111	-50	3,061	-2	3,059	
Total Direct Hire	108,190	-1,065	107,125	-2,620	104,505	-1,948	102,557	
Total Indirect Hire	<u>3,042</u>	<u>+69</u>	<u>3,111</u>	<u>-50</u>	<u>3,061</u>	<u>-2</u>	<u>3,059</u>	
Total Defense-Wide Civilians	111,232	-996	110,236	-2,670	107,566	-1,950	105,616	

MILITARY PERSONNEL

ACTIVE FORCE PERSONNEL

(End Strength)

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>DoD Total by Type</u>	<u>1,411,634</u>	<u>-21,934</u>	<u>1,389,700</u>	<u>-1,600</u>	<u>1,388,100</u>	<u>-1,800</u>	<u>1,386,300</u>
Officer	222,954	-5,004	217,950	-30	217,920	+167	218,087
Enlisted	1,176,161	-16,511	1,159,650	-1,570	1,158,080	-1,967	1,156,113
Cadets	12,519	-419	12,100	-	12,100	-	12,100
<u>DoD Total by Service</u>	<u>1,411,634</u>	<u>-21,934</u>	<u>1,389,700</u>	<u>-1,600</u>	<u>1,388,100</u>	<u>-1,800</u>	<u>1,386,300</u>
Army	486,542	-6,542	480,000	-	480,000	-	480,000
Navy	383,108	-7,408	375,700	-1,900	373,800	-2,200	371,600
Marine Corps	173,733	+1,267	175,000	-	175,000	-	175,000
Air Force	368,251	-9,251	359,000	+300	359,300	+400	359,700

MILITARY PERSONNEL/ACTIVE FORCES

(End Strength)

<u>End Strength by Service</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<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>486,542</u>	<u>-6,542</u>	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>-</u>	<u>480,000</u>
Officer	78,158	-1,662	76,496	+228	76,724	+251	76,975
Enlisted	404,304	-4,900	399,404	-228	399,176	-251	398,925
Cadets	4,080	+20	4,100	-	4,100	-	4,100
<u>Navy</u>	<u>383,108</u>	<u>-7,408</u>	<u>375,700</u>	<u>-1,900</u>	<u>373,800</u>	<u>-2,200</u>	<u>371,600</u>
Officer	54,476	-610	53,866	-258	53,608	-184	53,424
Enlisted	324,351	-6,517	317,834	-1,642	316,192	-2,016	314,176
Cadets	4,281	-281	4,000	-	4,000	-	4,000
<u>Marine Corps</u>	<u>173,733</u>	<u>+1,267</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Officer	18,288	-200	18,088	-	18,088	-	18,088
Enlisted	155,445	+1,467	156,912	-	156,912	-	156,912
<u>Air Force</u>	<u>368,251</u>	<u>-9,251</u>	<u>359,000</u>	<u>+300</u>	<u>359,300</u>	<u>+400</u>	<u>359,700</u>
Officer	72,032	-2,532	69,500	-	69,500	+100	69,600
Enlisted	292,061	-6,561	285,500	+300	285,800	+300	286,100
Cadets	4,158	-158	4,000	-	4,000	-	4,000
<u>DoD Total</u>	<u>1,411,634</u>	<u>-21,934</u>	<u>1,389,700</u>	<u>-1,600</u>	<u>1,388,100</u>	<u>-1,800</u>	<u>1,386,300</u>
Officer	222,954	-5,004	217,950	-30	217,920	+167	218,087
Enlisted	1,176,161	-16,511	1,159,650	-1,570	1,158,080	-1,967	1,156,113
Cadets	12,519	-419	12,100	-	12,100	-	12,100

MILITARY PERSONNEL/ACTIVE FORCES

(Average Strength)

<u>Average Strength by Service</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<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>508,928</u>	<u>-16,715</u>	<u>492,213</u>	<u>-6,664</u>	<u>485,549</u>	<u>-41</u>	<u>485,508</u>
Officer	81,068	-1,179	79,889	-528	79,361	-400	78,961
Enlisted	423,856	-15,532	408,324	-6,136	402,188	+359	402,547
Cadets	4,004	-4	4,000	-	4,000	-	4,000
<u>Navy</u>	<u>385,523</u>	<u>-12,236</u>	<u>373,287</u>	<u>+1,898</u>	<u>375,185</u>	<u>-2,974</u>	<u>372,211</u>
Officer	55,683	-1,973	53,710	+703	54,413	-337	54,076
Enlisted	325,579	-10,159	315,420	+1,193	316,613	-2,637	313,976
Cadets	4,261	-104	4,157	+2	4,159	-	4,159
<u>Marine Corps</u>	<u>173,530</u>	<u>-500</u>	<u>173,030</u>	<u>+2,023</u>	<u>175,053</u>	<u>+28</u>	<u>175,081</u>
Officer	18,388	+37	18,425	-152	18,273	+1	18,274
Enlisted	155,142	-537	154,605	+2,175	156,780	+27	156,807
<u>Air Force</u>	<u>401,077</u>	<u>-33,634</u>	<u>367,443</u>	<u>-4,819</u>	<u>362,624</u>	<u>+518</u>	<u>363,142</u>
Officer	76,013	-4,292	71,721	-811	70,910	+550	71,460
Enlisted	320,902	-29,232	291,670	-3,985	287,685	-24	287,661
Cadets	4,162	-110	4,052	-23	4,029	-8	4,021
<u>DoD Total</u>	<u>1,469,058</u>	<u>-63,085</u>	<u>1,405,973</u>	<u>-7,562</u>	<u>1,398,411</u>	<u>-2,469</u>	<u>1,395,942</u>
Officer	231,152	-7,407	223,745	-788	222,957	-186	222,771
Enlisted	1,225,479	-55,460	1,170,019	-6,753	1,163,266	-2,275	1,160,991
Cadets	12,427	-218	12,209	-21	12,188	-8	12,180

MILITARY PERSONNEL/ACTIVE FORCES

U.S. SPECIAL OPERATIONS COMMAND (USSOCOM) SUPPORT

Included within the Services' estimates are the following active military end strength that provide direct support to USSOCOM.

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<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>14,953</u>	<u>+460</u>	<u>15,413</u>	<u>+1,501</u>	<u>16,914</u>	<u>+613</u>	<u>17,527</u>
Officer	2,627	+285	2,912	+371	3,283	+84	3,367
Enlisted	12,326	+175	12,501	+1,130	13,631	+529	14,160
<u>Navy</u>	<u>5,321</u>	<u>-399</u>	<u>4,922</u>	<u>+331</u>	<u>5,253</u>	<u>-</u>	<u>5,253</u>
Officer	846	-76	770	+86	856	-	856
Enlisted	4,475	-323	4,152	+245	4,397	-	4,397
<u>Marine Corps</u>	<u>54</u>	<u>+2</u>	<u>56</u>	<u>+26</u>	<u>82</u>	<u>-</u>	<u>82</u>
Officer	25	-	25	+14	39	-	39
Enlisted	29	+2	31	+12	43	-	43
<u>Air Force</u>	<u>8,451</u>	<u>+512</u>	<u>8,963</u>	<u>+346</u>	<u>9,309</u>	<u>+403</u>	<u>9,712</u>
Officer	1,440	+235	1,675	+116	1,791	+59	1,850
Enlisted	7,011	+277	7,288	+230	7,518	+344	7,862
<u>DoD Total</u>	<u>28,779</u>	<u>+575</u>	<u>29,354</u>	<u>+2,204</u>	<u>31,558</u>	<u>+1,016</u>	<u>32,574</u>
Officer	4,938	+444	5,382	+587	5,969	+143	6,112
Enlisted	23,841	+131	23,972	+1,617	25,589	+873	26,462

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

	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>Total Selected Reserve</u>	<u>874,330</u>	<u>-9,628</u>	<u>864,702</u>	<u>-1,402</u>	<u>863,300</u>	<u>-400</u>	<u>862,900</u>
Trained in Units	731,079	-11,211	719,868	-2,730	717,138	-437	716,701
Individual Mobilization Augmentees (IMAs)	19,872	+2,622	22,494	+55	22,549	-	22,549
Training Pipeline	56,996	-3,616	53,380	+28	53,408	-464	52,944
Full-time Duty	66,383	+2,577	68,960	+1,245	70,205	+501	70,706
Active Military Support to Reserves	9,506	+17	9,523	+114	9,637	+5	9,642
Civilian FTEs For Reserves/National Guard	72,940	+3,954	76,894	+328	77,222	+958	78,180
(Technicians Included Above)	(60,908)	(+3,930)	(64,838)	(+1,151)	(65,989)	(+838)	(66,827)
<u>Selected Reserve By Service</u>	<u>874,330</u>	<u>-9,628</u>	<u>864,702</u>	<u>-1,402</u>	<u>863,300</u>	<u>-400</u>	<u>862,900</u>
Army Reserve	206,682	-1,682	205,000	-	205,000	-	205,000
Navy Reserve	87,958	-14	87,944	-2,044	85,900	+100	86,000
Marine Corps Reserve	39,905	-347	39,558	+42	39,600	-	39,600
Air Force Reserve	76,632	-1,032	75,600	+200	75,800	-200	75,600
Army National Guard	351,078	-1,078	350,000	-	350,000	-	350,000
Air National Guard	112,075	-5,475	106,600	+400	107,000	-300	106,700

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

<u>Army Reserve (AR)</u>	<u>206,682</u>	<u>-1,682</u>	<u>205,000</u>	<u>-</u>	<u>205,000</u>	<u>-</u>	<u>205,000</u>
Trained in Units	172,566	-3,585	168,981	-319	168,662	-11	168,651
Individual Mobilization Augmentees (IMAs)	5,220	+2,780	8,000	-	8,000	-	8,000
Training Pipeline	15,490	-1,541	13,949	+15	13,964	-291	13,673
Full-time Duty	13,406	+664	14,070	+304	14,374	+302	14,676
Active Military Support to AR	260	-	260	-	260	-	260
Civilian FTE for AR	11,149	-16	11,133	-1	11,132	+111	11,243
(Technicians Included Above)	(7,222)	(+222)	(7,444)	(+1)	(7,445)	(+122)	(7,567)
<u>Navy Reserve (NR)</u>	<u>87,958</u>	<u>-14</u>	<u>87,944</u>	<u>-2,044</u>	<u>85,900</u>	<u>+100</u>	<u>86,000</u>
Trained in Units	72,922	+52	72,974	-1,716	71,258	+806	72,064
Individual Mobilization Augmentees (IMAs)	218	-50	168	-	168	-	168
Training Pipeline	2	+58	60	+30	90	-90	-
Full-time Duty	14,816	-74	14,742	-358	14,384	-616	13,768
Active Military Support to NR	3,604	-125	3,479	+69	3,548	-1	3,547
Civilian FTEs for NR	1,524	+64	1,588	-78	1,510	-1	1,509
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<u>Marine Corps Reserve (MCR)</u>	<u>39,905</u>	<u>-347</u>	<u>39,558</u>	<u>+42</u>	<u>39,600</u>	<u>-</u>	<u>39,600</u>
Trained in Units	33,097	-237	32,860	+42	32,902	-	32,902
Individual Mobilization Augmentees (IMAs)	1,427	-7	1,420	-	1,420	-	1,420
Training Pipeline	3,087	-70	3,017	-	3,017	-	3,017
Full-time Duty	2,294	-33	2,261	-	2,261	-	2,261
Active Military Support to MCR	4,258	+104	4,362	+39	4,401	+4	4,405
Civilian FTEs for MCR	152	+4	156	-1	155	-	155
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

<u>Air Force Reserve (AFR)</u>	<u>76,632</u>	<u>-1,032</u>	<u>75,600</u>	<u>+200</u>	<u>75,800</u>	<u>-200</u>	<u>75,600</u>
Trained in Units	59,503	+236	59,739	-27	59,712	-187	59,525
Individual Mobilization Augmentees (IMAs)	13,007	-101	12,906	+55	12,961	-	12,961
Training Pipeline	2,674	-1,217	1,457	+10	1,467	-23	1,444
Full-time Duty	1,448	+50	1,498	+162	1,660	+10	1,670
Active Military Support for AFR	687	+29	716	-16	700	+1	701
Civilian FTEs for AFR	12,995	+1,165	14,160	-48	14,112	+90	14,202
(Technicians Included Above)	(8,288)	(+1,099)	(9,387)	(+581)	(9,968)	(+110)	(10,078)
<u>Army National Guard (ARNG)</u>	<u>351,078</u>	<u>-1,078</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Trained in Units	296,248	-2,514	293,734	-1,089	292,645	-1,039	291,606
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-	-	-
Training Pipeline	31,491	+113	31,604	+365	31,969	+315	32,284
Full-time Duty	23,339	+1,323	24,662	+724	25,386	+724	26,110
Active Military Support to ARNG	184	-	184	-	184	-	184
Civilian FTEs for ARNG	25,580	+118	25,698	+240	25,938	+467	26,405
(Technicians Included Above)	(25,079)	(+118)	(25,197)	(+240)	(25,437)	(+467)	(25,904)
<u>Air National Guard (ANG)</u>	<u>112,075</u>	<u>-5,475</u>	<u>106,600</u>	<u>+400</u>	<u>107,000</u>	<u>-300</u>	<u>106,700</u>
Trained in Units	96,743	-5,163	91,580	+379	91,959	-6	91,953
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-	-	-
Training Pipeline	4,252	-959	3,293	-392	2,901	-375	2,526
Full-time Duty	11,080	+647	11,727	+413	12,140	+81	12,221
Active Military Support for ANG	513	+9	522	+22	544	+1	545
Civilian FTEs for ANG	21,540	+2,619	24,159	+216	24,375	+291	24,666
(Technicians Included Above)	(20,319)	(+2,491)	(22,810)	(+329)	(23,139)	(+139)	(23,278)

DoD CUSTOMER FUEL PRICES

The Department of Defense procures only refined fuel products. The fuel prices identified in the following table include the cost of inventory control, transportation, and storage.

The DoD makes its refined fuel purchases in a two-step process involving both the Defense Logistics Agency (DLA) and the individual Service or Agency customers. The DLA, through its Defense Energy Support Center operating under the Defense Working Capital Fund (DWCF), purchases most of the fuel and subsequently sells it primarily to DoD customers. This operation permits the Department to take advantage of price breaks for large quantity purchases and allows the DoD customer to plan on a stabilized price for all products during that fiscal year.

Based on current economic assumptions, the FY 2004 budget has established the stabilized composite price of \$38.22 per barrel to be charged to DoD customers in FY 2004. This price is anticipated to result in adequate revenue to fully finance the Defense Working Capital Fund's costs of anticipated fuel purchases and the costs of FY 2004 operations. The FY 2004 stabilized composite price increases by 8.3 percent from the FY 2003 stabilized price of \$35.28 per barrel. The increase reflects projected increases in fuel costs.

The following table reflects the composite price and stabilized prices by fuel product that DoD customers are paying and will pay for fuel in each fiscal year.

<u>Product Type</u>	<u>(Rates in Dollars)</u>							
	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
AVGAS OCONUS	4.63	194.46	3.60	151.20	3.85	161.70	3.98	167.16
AVGAS CONUS	1.29	54.18	1.06	44.52	1.10	46.20	1.14	47.88
Motor Gas Leaded	1.17	49.14	.97	40.74	1.15	48.30	1.19	49.98
Motor Gas Unleaded	1.26	52.92	.86	36.12	1.10	46.20	1.14	47.88
Premium	1.41	59.22	.97	40.74	1.12	47.04	1.16	48.72
Midgrade	1.22	51.24	.85	35.70	1.02	42.84	1.05	44.10
Regular	1.07	44.94	.75	31.50	.97	40.74	1.00	42.00
Gasohol	1.20	50.40	.75	31.50	.97	40.74	1.00	42.00
Jet Fuel Widecut	1.09	45.78	1.10	46.20	1.01	42.42	1.04	43.68
Jet Fuel Commercial Grade	1.06	44.52	1.13	47.46	.91	38.22	.94	39.48
JP-5	1.02	42.84	.86	36.12	.93	39.06	.96	40.32
JP-8	1.00	42.00	.84	35.28	.91	38.22	.94	39.48

DOD CUSTOMER FUEL PRICES

(Rates in Dollars)

<u>Product Type</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
Distillates	.96	40.32	.81	34.02	.84	35.28	.86	36.12
Diesel (Generic)	1.15	48.30	.90	37.80	.97	40.74	1.00	42.00
Diesel KSN PC&S	1.10	46.20	.92	38.64	.95	39.90	.98	41.16
Diesel KS1 PC&S	1.14	47.88	.95	39.90	.98	41.16	1.01	42.42
Diesel FS2 PC&S	.88	36.96	.69	28.98	.87	36.54	.90	37.80
Diesel FS1 PC&S	.98	41.16	.73	30.66	.97	40.74	1.00	42.00
Diesel DFA High Sulfur	1.07	44.94	.89	37.38	1.08	45.36	1.12	47.04
Diesel DLA Low Sulfur	1.31	55.02	1.08	45.36	1.15	48.30	1.19	49.98
Diesel DL1 Low Sulfur	1.18	49.56	.98	41.16	1.02	42.84	1.05	44.10
Diesel DF1 High Sulfur	.95	39.90	.84	35.28	1.04	43.68	1.07	44.94
Diesel DF2 High Sulfur	1.02	42.84	.86	36.12	1.03	43.26	1.06	44.52
Diesel DL2 Low Sulfur	1.13	47.46	1.01	42.42	.90	37.80	.93	39.06
Residuals	.70	29.40	.70	29.40	.78	32.76	.81	34.02
Navy Reclaimed	.50	21.00	.58	24.36	.62	26.04	.65	27.30
Into Plane Jet Fuel	1.18	49.56	1.27	53.34	1.10	46.20	1.14	47.88
Into Plane AVGAS	1.37	57.54	1.54	64.68	2.21	92.82	2.28	95.76
Local Purchase Jet Fuel	1.66	69.72	1.66	69.72	1.66	69.72	1.66	69.72
Local Purchase Ground Fuel	1.43	60.06	1.43	60.06	1.43	60.06	1.43	60.06
Local Purchase Bunker	-	-	1.25	52.50	1.25	52.50	1.25	52.50
Bunker-Marine	.89	37.38	.82	34.44	.79	33.18	.82	34.40
Bunker - Intermediate	.56	23.52	.51	21.42	.69	28.98	.71	29.82
Special Fuels 2 (JP-TS)	3.45	144.90	2.40	157.50	1.69	70.98	1.75	73.50
Special Fuels 1 (JP-7)	3.00	126.00	3.00	126.00	3.00	126.00	3.00	126.00
Composite Price	1.00	42.00	.84	35.28	.91	38.22	.94	39.48
Budgeted DWCF Cost	.86	36.03	.84	35.32	.91	38.22	.94	39.48

FOREIGN CURRENCY FLUCTUATION RATES

Foreign Currency Fluctuation, Defense

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 to enable execution of budgeted programs without concern for adverse variations in foreign currency exchange rates. This centralized account is managed by the Under Secretary of Defense (Comptroller). Funds are transferred from this appropriation to selected DoD Components' Operation and Maintenance, Defense Health Program, and Military Personnel appropriations to offset net losses in purchasing power because of unfavorable fluctuations in the foreign currency exchange rates of specified currencies. If a net gain results, the asset is transferred from the gaining appropriation to the FCF,D appropriation to replenish the fund. The specified currencies are shown below as well as the rates used to formulate the budget. It is these rates the Department intends to use to measure foreign currency fluctuation during execution. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar. Effective January 1, 2002, the national currencies of Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, and Spain were consolidated in the European Community (i.e., Euro) currency.

<u>FOREIGN CURRENCY EXCHANGE RATES</u>				
(Units of Foreign Currency Per One U.S. Dollar)				
<u>Country</u>	<u>Monetary Unit</u>	<u>Execution Rates</u>		<u>President's</u>
		<u>FY 2002</u>	<u>FY 2003</u>	<u>Budget Rates</u>
				<u>FY 2004</u>
Belgium	Franc	51.6472*	-	-
Denmark	Krone	9.5300	9.2304	7.7996
European Community	Euro	1.2803*	1.2403	1.0314
France	Franc	8.3982*	-	-
Germany	Deutsche Mark	2.5040*	-	-
Greece	Drachma	436.2620*	-	-
Italy	Lira	2,479.0060*	-	-
Japan	Yen	133.4000	135.4401	125.4900
Netherlands	Guilder	2.8214*	-	-
Norway	Krone	10.2284	9.8383	7.6394
Portugal	Escudo	256.6770*	-	-
Singapore	Dollar	1.9541	2.0027	1.8037
South Korea	Won	1,443.8100	1,378.0404	1,255.0000
Spain	Peseta	213.0240*	-	-
Turkey	Lira	1,342,706.0000	1,626,414.0000	1,694,915.0000
United Kingdom	Pound	0.7643	0.7725	0.6517

* Represents equivalent exchange rates for Euro legacy currencies corresponding to a Euro exchange rate of 1.2803 to the dollar.

KEY ACTIVITY INDICATORS

	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>							
Active Duty Military Personnel (End Strength)	486,542	-6,542	480,000	-	480,000	-	480,000
Civilian Personnel (O&M FTEs)	140,599	-3,461	137,138	-472	136,666	-1,083	135,583
Total Aircraft Inventory (TAI)	2,811	-124	2,687	-110	2,577	-75	2,502
Primary Authorized Aircraft (PAA)	2,588	-102	2,486	-98	2,388	-45	2,343
Flying Hours (000s)	644	-10	634	3	637	-55	582
Training Workloads	66,637	449	67,086	826	67,912	-603	67,309
Major Installations	140	-	140	-	140	-	140
<u>NAVY</u>							
Active Duty Military Personnel (End Strength)	383,108	-7,408	375,700	-1,900	373,800	-2,200	371,600
Civilian Personnel (O&M FTEs)	83,883	-3,278	80,605	5,829	86,434	38	86,472
Total Aircraft Inventory (TAI)	4,355	-153	4,202	-77	4,125	-59	4,066
Primary Authorized Aircraft (PAA) (Active)	2,507	-8	2,499	-65	2,434	-14	2,420
Flying Hours (000's)	1,308	-22	1,286	-29	1,257	-26	1,231
Ship Inventory (Ship Years)	256	9	265	-8	257	-15	242
Steaming Hours (000's) (Conventional)	510	-27	483	-20	463	-38	425
Steaming Hours (000's) (Nuclear)	25	-1	24	3	27	-4	23
Training Workloads	50,622	-2,348	48,274	1,128	49,402	537	49,939
Major Installations	105	-	105	-	105	-	105
<u>MARINE CORPS</u>							
Active Duty Military Personnel (End Strength)	173,733	1,267	175,000	-	175,000	-	175,000
Civilian Personnel (O&M FTEs)	15,008	-327	14,681	-243	14,438	-1	14,437
Training Workloads	18,395	2,103	20,498	-1,030	19,468	-255	19,213
Major Installations	22	-	22	-	22	-	22
Major Supply Depots	2	-	2	-	2	-	2

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KEY ACTIVITY INDICATORS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>AIR FORCE</u>							
Active Duty Military Personnel (End Strength)	368,251	-9,251	359,000	300	359,300	400	359,700
Civilian Personnel (O&M FTEs)	88,178	-2,260	85,918	507	86,425	324	86,749
Total Aircraft Inventory (TAI)	4,219	-281	3,938	17	3,955	29	3,984
Primary Assigned Aircraft (PAA)	3,519	-51	3,468	-146	3,322	42	3,364
Flying Hours (000's)	1,484	-186	1,298	-50	1,248	21	1,269
Training Workloads	23,174	-165	23,009	758	23,767	-402	23,365
Major Installations	78	-	78	-	78	-	78
<u>ARMY RESERVE</u>							
Total Selected Reserve Strength (End Strength)	206,682	-1,682	205,000	-	205,000	-	205,000
Civilian Personnel (O&M FTEs)	11,149	-16	11,133	-1	11,132	111	11,243
(Military Technicians Included Above)	6,993	451	7,444	1	7,445	122	7,567
Flying Hours (000's)	34	10	44	-	44	1	45
Primary Authorized Aircraft (PAA)	101	-5	96	11	107	-	107
Major Installations	6	-	6	-	6	-	6
Training Locations	786	17	803	-	803	-	803
<u>NAVY RESERVE</u>							
Total Selected Reserve Strength (End Strength)	87,958	-14	87,944	-2,044	85,900	100	86,000
Civilian Personnel (O&M FTEs)	1,524	64	1,588	-78	1,510	-1	1,509
Primary Authorized Aircraft (PAA)	409	-	409	-25	384	-8	376
Flying Hours (000's)	157	14	171	-1	170	-1	169
Ship Inventory (Ship Years)	25	-1	24	-	24	-	24
Steaming Hours (000's)	36	7	43	1	44	-	44
Training Centers	176	-1	175	-	175	-1	174
Major Installations	5	-	5	-	5	-	5

KEY ACTIVITY INDICATORS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>MARINE CORPS RESERVE</u>							
Total Reserve Personnel (End Strength)	39,905	-347	39,558	42	39,600	-	39,600
Civilian Personnel (O&M FTEs)	152	4	156	-1	155	-	155
Division/Wing Team	1/1	-	1/1	-	1/1	-	1/1
Training Centers	188	-5	183	-	183	-	183
<u>AIR FORCE RESERVE</u>							
Total Selected Reserve Strength (End Strength)	76,632	-1,032	75,600	200	75,800	-200	75,600
Civilian Personnel (O&M FTEs)	12,995	1,165	14,160	-48	14,112	90	14,202
(Technicians Included Above)	8,288	1,099	9,387	581	9,968	110	10,078
Total Aircraft Inventory (TAI)	446	14	460	-48	412	-18	394
Primary Authorized Aircraft (PAA)	403	8	411	-45	366	-11	355
Flying Hours (000's)	156	-14	142	-10	132	-	132
Major Installations	13	-	13	-	13	-	13
<u>ARMY NATIONAL GUARD</u>							
Total Selected Reserve Strength (End Strength)	351,078	-1,078	350,000	-	350,000	-	350,000
Civilian Personnel (O&M FTEs)	25,580	118	25,698	240	25,938	467	26,405
(Military Technicians Included Above)	25,079	118	25,197	240	25,437	467	25,904
Primary Aircraft Authorized (PAA)	1,676	-170	1,506	-48	1,458	-163	1,295
Flying Hours (000's)	279	-33	246	-	246	12	258
Training Locations	283	-	283	-	283	-	283
<u>AIR NATIONAL GUARD</u>							
Total Selected Reserve Strength (End Strength)	112,075	-5,475	106,600	400	107,000	-300	106,700
Civilian Personnel (O&M FTEs)	21,540	2,619	24,159	216	24,375	291	24,666
(Technicians Included Above)	20,319	2,491	22,810	329	23,139	139	23,278
Total Aircraft Inventory (TAI)	1,350	-71	1,279	-12	1,267	-6	1,261
Primary Authorized Aircraft (PAA)	1,164	-9	1,155	-10	1,145	-24	1,121
Flying Hours (000's)	265	51	316	-	316	-13	303

KEY ACTIVITY INDICATORS

	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Major Installations	2	-	2	-	2	-	2
Other Operating Locations	173	-	173	-	173	-	173

DEFENSE HEALTH PROGRAM

Total Aircraft Inventory (TAI)/(PAA)							
Fixed	2	-	2	-	2	-	2
Rotary	6	4	10	-	10	-6	4
Flying Hours (000's)							
Fixed	1	-	1	-	1	-	1
Rotary	2	-	2	-1	1	-	1
Training Workloads							
HPSP/FAP/HPLRP	4,576	114	4,690	176	4,866	-5	4,861
USUHS	985	19	1,004	-19	985	-2	983
Other Education & Training	74,660	-3,192	71,468	-2,644	68,824	-2,290	66,534
Medical Centers and Hospitals	75	-	75	-	75	-	75
Average Daily Patient Load	2,672	-	2,672	-	2,672	-	2,672

SPECIAL OPERATIONS COMMAND

Total Aircraft Inventory (TAI)	252	4	256	2	258	15	273
USASOC	138	4	142	1	143	12	155
AFSOC	114	-	114	1	115	3	118
Primary Authorized Aircraft (PAA)	247	3	250	1	251	15	266
USASOC	135	4	139	1	140	12	152
AFSOC	112	-1	111	-	111	3	114
Flying Hours (000's)	96	-15	81	-3	78	1	79
USASOC	34	-	34	3	37	1	38
AFSOC	62	-15	47	-6	41	-	41

LEGISLATIVE PROPOSALS

The FY 2004 budget includes funding and legislation for new authorities to enhance retention and improve quality-of-life for military and civilian members of the Department. The following tables provide a summary of the legislative proposals and the applicable funding reflected in the FY 2004 request.

	<u>(\$ in Millions)</u>
	<u>FY 2004</u>
Military Personnel, Navy	+9.3
Reserve Personnel, Army	+2.0
Reserve Personnel, Navy	+0.4
Operation and Maintenance, Army	+6.6
Operation and Maintenance, Marine Corps	+0.1
Operation and Maintenance, Air Force	+0.4
Operation and Maintenance, Air Force Reserve	+0.1
Operation and Maintenance, Air Force National Guard	+0.1
Research, Development, Test and Evaluation, Air-Force	*
Total	<u>+19.0</u>
* Less than \$50,000	

LEGISLATIVE PROPOSALS

Military Personnel Initiatives

Basic Allowance for Housing (BAH) for Military-to-Military Couples on Sea Duty, Pay Grades E-4 and Below – Authorizes two members of the uniformed services in a pay grade of E-4 and below who are married to each other, have no dependents, and are simultaneously assigned to sea duty to both receive a BAH at the “Without Dependent” rate.

	<u>(\$ in Millions)</u>
Military Personnel, Navy	+9.3
Reserve Personnel, Navy	<u>+0.4</u>
Total	+9.7

Officers Overseas Tour Extension Benefits – Authorizes the Services to offer monetary and travel award to officers agreeing to a 12 month extension at overseas duty locations in the same manner currently offered to enlisted members.

	<u>(\$ in Millions)</u>
Military Personnel, Navy	*
Military Personnel, Marine Corps	<u>*</u>
Total	*

*Less than \$50,000

Permit Non-Scholarship Sophomores to Voluntarily Contract and Receive Stipend – Allows voluntarily contracted non-scholarship cadets to receive a subsistence allowance at the level for contracted cadets in their second year of training.

	<u>(\$ in Millions)</u>
Reserve Personnel, Army	<u>+2.0</u>
Total	+2.0

LEGISLATIVE PROPOSALS

Civilian Personnel Initiatives

Amendment of Leave Accrual Legislation on Cases of Death – Allows the accrual of annual leave to be established in accordance with the date of death in cases where employees die in the line of duty.

(\$ in Millions)

Operation and Maintenance, Army	+0.1
Total	+0.1

Modify the Overtime Pay Cap– Authorizes civilian employees to receive at least their hourly basic rate of pay for overtime performed. Currently, the overtime rate is capped at the GS-10, step 1 rate..

(\$ in Millions)

Operation and Maintenance, Army	+6.5
Operation and Maintenance, Marine Corps	+0.1
Operation and Maintenance, Air Force	+0.4
Operation and Maintenance, Air Force Reserve	+0.1
Operation and Maintenance, Air Force National Guard	+0.1
Research, Development, Test and Evaluation, Air Force	*
Total	+7.2

*Less than \$50,000

DISTRIBUTION LIST

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Senate Appropriations Committee	6
House Armed Services Committee	10
Senate Armed Service Committee	10
House Budget Committee	1
Senate Budget Committee	1
Congressional Budget Office	1
General Accounting Office	3
Office of Management and Budget	10
National Security Council	1
Library of Congress, Congressional Research Service	2
Defense Technical Information Center	1
Under Secretary of Defense (Comptroller)	3
Principal Deputy Under Secretary of Defense (Comptroller)	1
Deputy Comptroller, Program/Budget	1
Assistant Deputy Comptroller, Program/Budget	1
Directorate for Investment	2
Directorate for Military Construction	2
Directorate for Operations and Personnel	21
Directorate for Plans and Systems	12
Directorate for Program and Financial Control	2
Directorate for Revolving Funds	4
Deputy Chief Financial Officer	5
Director for Program Analysis and Evaluation	3
Office of the Under Secretary of Defense (Policy)	1
Office of the Assistant Secretary of Defense (Strategy and Threat Reduction)	1
Office of the Assistant Secretary of Defense (SO/LIC)	1
Office of the Assistant Secretary of Defense (International Security Affairs)	1
Office of the Deputy Under Secretary of Defense (Policy Support)	1
Office of the Deputy Under Secretary of Defense (Technology Security Policy)	1
Office of the Under Secretary of Defense (Personnel & Readiness)	1
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Office of the Deputy Under Secretary of Defense (Advanced Systems & Concepts)	1
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Office of the Assistant to the Secretary of Defense (Nuclear, Biological & Chemical Defense Programs)	1
Office of the Under Secretary of Defense (Intelligence)	5
Office of the Assistant Secretary of Defense (Legislative Affairs)	1
Office of the Assistant Secretary of Defense (Public Affairs)	2
Office of the General Counsel, Department of Defense	1
Office of the Assistant to the Secretary of Defense (Civil Support)	1
Office of the Assistant to the Secretary of Defense (Intelligence Oversight)	1
Office of the Director Net Assessment	1
Office of the Director Administration & Management	1
Department of the Army, Office of the Assistant Secretary of the Army (FM&C)	5
Department of the Army, Office of the Army Reserve, Comptroller Division	2
Department of the Army, National Guard Bureau, Comptroller Division	2
Department of the Navy, Office of the Assistant Secretary of the Navy (FM&C)	5
Department of the Navy, Directorate of Naval Reserve, Financial Management	2
Department of the Navy, Headquarters U.S. Marine Corps, Fiscal Directorate	2
Department of the Navy, Headquarters U.S. Marine Corps, Reserve Affairs, Budget	2
Department of the Air Force, Office of the Assistant Secretary of the Air Force (FM&C)	5
Department of the Air Force, Office of Air Force Reserve, Comptroller Division	2
Department of the Air Force, National Guard Bureau, Comptroller Division	2

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Pentagon Force Protection Agency	2

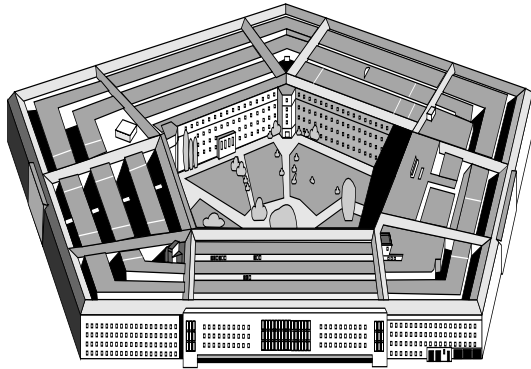
WORLD WIDE WEB ADDRESS

The Operation and Maintenance Overview is available on the

World Wide Web at

<http://www.dod.mil/comptroller/defbudget/fy2004/index.html>

MILITARY PERSONNEL PROGRAMS (M-1)



Department of Defense Budget

Fiscal Years 2004/2005

February 2003

Office of the Under Secretary of Defense (Comptroller)

Table of Contents

<u>Appropriation</u>	<u>Component</u>	<u>Page</u>
Military Personnel, Army	Active Forces	1
Military Personnel, Army	Reserve Forces	4
Military Personnel, Army	National Guard Forces	5
Military Personnel, Army	Total Direct	5
Military Personnel, Navy	Active Forces	6
Military Personnel, Navy	Reserve Forces	9
Military Personnel, Navy	Total Direct	9
Military Personnel, Marine Corps	Active Forces	10
Military Personnel, Marine Corps	Reserve Forces	13
Military Personnel, Marine Corps	Total Direct	13
Military Personnel, Air Force	Active Forces	14
Military Personnel, Air Force	Reserve Forces	17
Military Personnel, Air Force	National Guard Forces	18
Military Personnel, Air Force	Total Direct	18
Grand Total	Active Forces	19
Grand Total	Reserve Forces	22
Grand Total	National Guard Forces	23
Military Personnel Title	Grand Total Direct	23

UNCLASSIFIED

The Military Personnel Program (M-1) is derived from and consistent with the Comptroller Information System database.

The M-1 is provided annually to the DoD oversight committees of the Congress coincident with the transmittal of the President's Budget. This document is available to the public on the Internet at <http://www.dtic.mil/comptroller>

Office of the Under Secretary of Defense
(Comptroller)

UNCLASSIFIED

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY				
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
2010A	5	BASIC PAY	4,131,605	4,268,770	4,412,910	4,546,472
2010A	10	RETIRED PAY ACCRUAL	1,251,876	1,171,925	1,195,923	1,227,547
2010A	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	332,666	361,924	313,054
2010A	25	BASIC ALLOWANCE FOR HOUSING	784,529	690,412	798,537	999,274
2010A	30	BASIC ALLOWANCE FOR SUBSISTENCE	161,439	164,891	168,721	172,925
2010A	35	INCENTIVE PAYS	105,830	76,694	90,382	91,175
2010A	40	SPECIAL PAYS	215,332	218,677	209,965	209,965
2010A	45	ALLOWANCES	79,983	63,542	68,583	70,250
2010A	50	SEPARATION PAY	73,110	86,082	66,865	73,691
2010A	55	SOCIAL SECURITY TAX	315,879	325,530	336,732	346,963
		TOTAL BUDGET ACTIVITY 1:	7,119,583	7,399,189	7,710,542	8,051,316
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
2010A	60	BASIC PAY	9,012,546	9,415,291	9,574,058	9,922,085
2010A	65	RETIRED PAY ACCRUAL	2,730,801	2,579,790	2,594,570	2,678,963
2010A	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	1,723,073	1,856,387	1,878,015
2010A	80	BASIC ALLOWANCE FOR HOUSING	1,808,361	1,646,280	2,041,241	2,376,066
2010A	85	INCENTIVE PAYS	70,608	67,866	71,625	71,625
2010A	90	SPECIAL PAYS	598,730	482,157	497,276	513,573
2010A	95	ALLOWANCES	468,849	379,124	442,517	457,828
2010A	100	SEPARATION PAY	242,226	319,834	282,625	325,993
2010A	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	42,000	151,000	167,000
2010A	105	SOCIAL SECURITY TAX	682,874	712,723	725,954	752,842
		TOTAL BUDGET ACTIVITY 2:	15,614,995	17,368,138	18,237,253	19,143,990

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY				
		ACTIVITY 3: PAY AND ALLOW OF CADETS				
2010A	110	ACADEMY CADETS	42,889	47,352	49,667	51,331
		TOTAL BUDGET ACTIVITY 3:	42,889	47,352	49,667	51,331
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL				
2010A	115	BASIC ALLOWANCE FOR SUBSISTENCE	702,445	833,180	853,758	868,112
2010A	120	SUBSISTENCE-IN-KIND	718,347	614,538	550,205	562,354
2010A	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,587	5,198	1,598	1,598
		TOTAL BUDGET ACTIVITY 4:	1,422,379	1,452,916	1,405,561	1,432,064
		ACTIVITY 5: PERMANENT CHANGE OF STATION				
2010A	125	ACCESSION TRAVEL	229,835	185,746	196,036	203,444
2010A	130	TRAINING TRAVEL	64,084	46,250	56,557	57,920
2010A	135	OPERATIONAL TRAVEL	178,550	179,001	218,847	223,532
2010A	140	ROTATIONAL TRAVEL	533,484	526,094	376,968	400,647
2010A	145	SEPARATION TRAVEL	139,030	155,224	167,205	173,534
2010A	150	TRAVEL OF ORGANIZED UNITS	4,070	1,822	1,946	1,987
2010A	155	NON-TEMPORARY STORAGE	26,896	28,154	26,535	27,567
2010A	160	TEMPORARY LODGING EXPENSE	20,973	20,723	18,996	19,850
2010A	165	OTHER		-		
		TOTAL BUDGET ACTIVITY 5:	1,196,922	1,143,014	1,063,090	1,108,481

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY				
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
2010A	170	APPREHENSION OF MILITARY DESERTERS	1,630	612	615	612
2010A	175	INTEREST ON UNIFORMED SERVICES SAVINGS	256	202	202	202
2010A	180	DEATH GRATUITIES	7,944	3,360	3,366	3,372
2010A	185	UNEMPLOYMENT BENEFITS	118,100	77,941	78,195	81,558
2010A	190	SURVIVOR BENEFITS	7,518	7,201	4,519	4,103
2010A	195	EDUCATION BENEFITS	23,875	19,163	4,268	4,268
2010A	200	ADOPTION EXPENSES	264	252	250	250
2010A	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	25,098	9,200	9,200	9,200
2010A	210	TRANSPORTATION SUBSIDY	2,908	2,092	4,364	4,364
2010A	215	PARTIAL DISLOCATION ALLOWANCE	1,250	-	2,500	2,500
		TOTAL BUDGET ACTIVITY 6:	188,843	120,023	107,479	110,429
2010A	220	LESS REIMBURSABLES	(203,752)	(696,446)	(285,156)	(296,190)
		TOTAL DIRECT - ACTIVE FORCES	25,381,859	26,834,186	28,288,436	29,601,421

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY				
		ACTIVITY 7: RESERVE FORCES /1				
		UNIT AND INDIVIDUAL TRAINING				
2010A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,071,105	1,175,883	1,142,059	1,203,807
2010A	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	19,439	39,373	41,615	44,288
2010A	30	PAY GROUP F TRAINING (RECRUITS)	143,548	170,545	168,541	171,980
2010A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,677	9,493	13,364	13,913
2010A	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	308,670	353,984	375,480
2010A	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	1,240,769	1,703,964	1,719,563	1,809,468
		OTHER TRAINING AND SUPPORT				
2010A	60	MOBILIZATION TRAINING	9,967	18,142	18,548	21,241
2010A	70	SCHOOL TRAINING	100,002	108,110	111,285	114,714
2010A	80	SPECIAL TRAINING	101,938	120,540	157,879	139,603
2010A	90	ADMINISTRATION AND SUPPORT	1,054,963	1,162,159	1,286,251	1,406,503
2010A	100	EDUCATION BENEFITS	53,450	60,633	47,182	50,121
2010A	110	ROTC - SENIOR, JUNIOR	82,128	99,191	116,560	120,509
2010A	120	HEALTH PROFESSION SCHOLARSHIP	23,661	30,196	29,648	32,512
2010A	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	58,241	65,087	70,616
2010A	130	OTHER PROGRAMS	15,513	13,179	34,122	35,401
		TOTAL OTHER TRAINING AND SUPPORT:	1,441,622	1,670,391	1,866,562	1,991,220
		TOTAL DIRECT BUDGET ACTIVITY 7 - RESERVE FORCES	2,682,391	3,374,355	3,586,125	3,800,688

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY				
		BUDGET ACTIVITY 8: NATIONAL GUARD FORCES /2				
		UNIT AND INDIVIDUAL TRAINING				
2010A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,677,885	1,793,587	1,936,855	2,062,841
2010A	30	PAY GROUP F TRAINING (RECRUITS)	259,934	246,397	237,886	247,176
2010A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	26,927	24,894	26,327	26,810
2010A	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	546,584	605,970	640,360
2010A	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	1,964,746	2,611,462	2,807,038	2,977,187
		OTHER TRAINING AND SUPPORT				
2010A	70	SCHOOL TRAINING	187,683	229,609	225,190	221,162
2010A	80	SPECIAL TRAINING	313,683	142,102	198,365	225,867
2010A	90	ADMINISTRATION AND SUPPORT	1,784,261	1,961,200	2,061,781	2,256,557
2010A	100	EDUCATION BENEFITS	50,555	66,158	109,636	108,552
2010A	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	104,057	112,309	124,593
2010A	130	OTHER PROGRAMS	-	-	-	-
		TOTAL OTHER TRAINING AND SUPPORT:	2,336,182	2,503,126	2,707,281	2,936,731
		TOTAL DIRECT BUDGET ACTIVITY 8 - NATIONAL GUARD FORCES	4,300,928	5,114,588	5,514,319	5,913,918
		GRAND TOTAL DIRECT - MILITARY PERSONNEL, ARMY	32,365,178	35,323,129	37,388,880	39,316,027

/1 Beginning in FY 2004, Reserve Personnel, Army - Appropriation 2070A is consolidated into the Military Personnel, Army Appropriation as Budget Activity 7.

/2 Beginning in FY 2004, National Guard Personnel, Army - Appropriation 2060A is consolidated into the Military Personnel, Army Appropriation as Budget Activity 8.

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			FY 2002	FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY				
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
1453N	5	BASIC PAY	2,896,791	2,889,984	3,029,230	3,111,059
1453N	10	RETIRED PAY ACCRUAL	877,728	791,856	820,921	839,986
1453N	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	226,342	247,898	261,773
1453N	25	BASIC ALLOWANCE FOR HOUSING	739,894	742,786	830,513	886,894
1453N	30	BASIC ALLOWANCE FOR SUBSISTENCE	110,791	107,630	111,221	113,294
1453N	35	INCENTIVE PAYS	175,716	178,009	181,696	183,484
1453N	40	SPECIAL PAYS	246,206	240,493	245,318	245,317
1453N	45	ALLOWANCES	67,004	51,941	58,134	57,972
1453N	50	SEPARATION PAY	27,617	36,694	37,085	30,956
1453N	55	SOCIAL SECURITY TAX	220,149	220,074	230,716	236,585
		TOTAL BUDGET ACTIVITY 1:	5,361,896	5,485,809	5,792,732	5,967,320
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
1453N	60	BASIC PAY	7,234,713	7,416,252	7,833,599	8,024,936
1453N	65	RETIRED PAY ACCRUAL	2,192,125	2,032,053	2,122,905	2,166,733
1453N	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	1,352,254	1,465,143	1,543,984
1453N	80	BASIC ALLOWANCE FOR HOUSING	2,009,960	2,087,317	2,355,412	2,511,748
1453N	85	INCENTIVE PAYS	85,401	100,094	101,680	102,260
1453N	90	SPECIAL PAYS	768,196	831,984	885,454	924,479
1453N	95	ALLOWANCES	426,585	371,243	400,381	404,418
1453N	100	SEPARATION PAY	151,415	197,169	180,251	177,075
1453N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	15,000	64,000	71,000
1453N	105	SOCIAL SECURITY TAX	548,490	562,343	594,271	608,908
		TOTAL BUDGET ACTIVITY 2:	13,416,885	14,965,709	16,003,096	16,535,541

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID	MILITARY PERSONNEL, NAVY	(DOLLARS IN THOUSANDS)			
			FY 2002	FY 2003	FY 2004	FY 2005
ACTIVITY 3: PAY AND ALLOW OF CADETS						
1453N	110	MIDSHIPMEN	50,490	51,052	52,851	54,561
TOTAL BUDGET ACTIVITY 3:			50,490	51,052	52,851	54,561
ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL						
1453N	115	BASIC ALLOWANCE FOR SUBSISTENCE	604,765	567,123	577,540	585,110
1453N	120	SUBSISTENCE-IN-KIND	349,342	391,226	398,881	387,559
1453N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	202	500	500	500
TOTAL BUDGET ACTIVITY 4:			954,309	958,849	976,921	973,169
ACTIVITY 5: PERMANENT CHANGE OF STATION						
1453N	125	ACCESSION TRAVEL	53,639	57,515	59,115	61,400
1453N	130	TRAINING TRAVEL	59,244	57,261	54,924	57,164
1453N	135	OPERATIONAL TRAVEL	159,063	175,199	168,055	173,682
1453N	140	ROTATIONAL TRAVEL	266,124	264,329	255,429	263,534
1453N	145	SEPARATION TRAVEL	81,831	104,196	106,978	103,359
1453N	150	TRAVEL OF ORGANIZED UNITS	14,188	24,655	25,000	20,171
1453N	155	NON-TEMPORARY STORAGE	10,830	11,477	11,354	11,189
1453N	160	TEMPORARY LODGING EXPENSE	11,079	13,928	13,446	13,650
1453N	165	OTHER	7,247	7,247	7,424	7,623
TOTAL BUDGET ACTIVITY 5:			663,245	715,807	701,725	711,772

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			FY 2002	FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY				
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
1453N	170	APPREHENSION OF MILITARY DESERTERS	847	825	825	825
1453N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	329	309	209	209
1453N	180	DEATH GRATUITIES	1,440	1,470	1,470	1,470
1453N	185	UNEMPLOYMENT BENEFITS	51,988	34,665	57,794	58,691
1453N	190	SURVIVOR BENEFITS	2,850	943	853	774
1453N	195	EDUCATION BENEFITS	8,009	6,746	1,370	1,370
1453N	200	ADOPTION EXPENSES	216	236	236	236
1453N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	9,852	9,433	5,433	5,433
1453N	210	TRANSPORTATION SUBSIDY	2,899	4,391	4,391	3,950
1453N	215	PARTIAL DISLOCATION ALLOWANCE	200	500	500	500
		TOTAL BUDGET ACTIVITY 6:	78,630	59,518	73,081	73,458
1453N	220	LESS REIMBURSABLES	(244,016)	(332,161)	(336,805)	(345,423)
		TOTAL DIRECT - ACTIVE FORCES	20,281,439	21,904,583	23,263,601	23,970,398

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID	MILITARY PERSONNEL, NAVY	(DOLLARS IN THOUSANDS)			
			FY 2002	FY 2003	FY 2004	FY 2005
		ACTIVITY 7: RESERVE FORCES /1				
		UNIT AND INDIVIDUAL TRAINING				
1453N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	667,161	696,249	722,935	734,371
1453N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	4,698	4,084	4,038	4,174
1453N	30	PAY GROUP F TRAINING (RECRUITS)	145	1,436	2,273	316
1453N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	-	-	-	-
1453N	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	117,082	133,994	142,000
1453N	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	672,004	818,851	863,240	880,861
		OTHER TRAINING AND SUPPORT				
1453N	60	MOBILIZATION TRAINING	6,517	6,343	6,599	6,777
1453N	70	SCHOOL TRAINING	18,285	20,599	23,013	23,107
1453N	80	SPECIAL TRAINING	63,662	49,676	59,797	62,325
1453N	90	ADMINISTRATION AND SUPPORT	840,485	883,070	937,694	949,001
1453N	100	EDUCATION BENEFITS	573	587	504	512
1453N	110	ROTC - SENIOR, JUNIOR	34,324	37,970	39,120	40,712
1453N	120	HEALTH PROFESSION SCHOLARSHIP	25,072	28,988	31,695	34,205
1453N	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	61,468	66,491	67,924
1453N	130	OTHER PROGRAMS	-	-	-	-
		TOTAL OTHER TRAINING AND SUPPORT:	988,918	1,088,701	1,164,913	1,184,563
		TOTAL DIRECT BUDGET ACTIVITY 7 - RESERVE FORCES	1,660,922	1,907,552	2,028,153	2,065,424
		GRAND TOTAL DIRECT - MILITARY PERSONNEL, NAVY	21,942,361	23,812,135	25,291,754	26,035,822

/1 Beginning in FY 2004, Reserve Personnel, Navy - Appropriation 1405N is consolidated into the Military Personnel, Navy Appropriation as Budget Activity 7.

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, MARINE CORPS				
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
1105N	5	BASIC PAY	960,215	964,517	996,480	1,036,665
1105N	10	RETIRED PAY ACCRUAL	290,946	264,279	270,031	279,885
1105N	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	78,170	83,253	88,493
1105N	25	BASIC ALLOWANCE FOR HOUSING	197,198	198,769	235,530	252,857
1105N	30	BASIC ALLOWANCE FOR SUBSISTENCE	37,750	37,612	38,608	39,961
1105N	35	INCENTIVE PAYS	45,498	46,677	47,559	47,179
1105N	40	SPECIAL PAYS	1,798	2,388	2,598	2,958
1105N	45	ALLOWANCES	22,426	18,827	21,181	21,793
1105N	50	SEPARATION PAY	7,641	10,508	10,393	9,737
1105N	55	SOCIAL SECURITY TAX	73,132	73,477	75,768	78,688
		TOTAL BUDGET ACTIVITY 1:	1,636,604	1,695,224	1,781,401	1,858,216
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
1105N	60	BASIC PAY	3,139,051	3,272,234	3,434,846	3,554,463
1105N	65	RETIRED PAY ACCRUAL	949,053	894,637	929,781	958,742
1105N	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	677,530	715,607	760,340
1105N	80	BASIC ALLOWANCE FOR HOUSING	556,628	608,183	733,024	788,957
1105N	85	INCENTIVE PAYS	8,421	8,356	8,360	8,360
1105N	90	SPECIAL PAYS	117,113	115,882	112,820	115,861
1105N	95	ALLOWANCES	178,608	159,028	162,247	166,568
1105N	100	SEPARATION PAY	53,625	53,605	57,683	67,211
1105N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	3,000	18,000	20,000
1105N	105	SOCIAL SECURITY TAX	239,599	249,780	262,463	271,663
		TOTAL BUDGET ACTIVITY 2:	5,242,098	6,042,235	6,434,831	6,712,165

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, MARINE CORPS				
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL				
1105N	115	BASIC ALLOWANCE FOR SUBSISTENCE	255,269	263,350	268,450	274,879
1105N	120	SUBSISTENCE-IN-KIND	184,364	191,152	185,762	188,928
1105N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	750	750	750	750
		TOTAL BUDGET ACTIVITY 4:	440,383	455,252	454,962	464,557
		ACTIVITY 5: PERMANENT CHANGE OF STATION				
1105N	125	ACCESSION TRAVEL	37,753	45,769	42,555	43,223
1105N	130	TRAINING TRAVEL	8,388	8,111	8,351	8,505
1105N	135	OPERATIONAL TRAVEL	69,443	70,267	72,626	73,950
1105N	140	ROTATIONAL TRAVEL	95,386	99,830	103,070	104,366
1105N	145	SEPARATION TRAVEL	36,201	44,614	41,799	42,360
1105N	150	TRAVEL OF ORGANIZED UNITS	27	2,463	2,513	2,563
1105N	155	NON-TEMPORARY STORAGE	4,491	4,942	4,901	4,991
1105N	160	TEMPORARY LODGING EXPENSE	10,181	11,130	10,167	12,654
1105N	165	OTHER	2,554	2,219	2,268	2,296
		TOTAL BUDGET ACTIVITY 5:	264,424	289,345	288,250	294,908

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, MARINE CORPS				
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
1105N	170	APPREHENSION OF MILITARY DESERTERS	1,526	1,549	1,577	1,606
1105N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	15	15	16	16
1105N	180	DEATH GRATUITIES	864	984	984	984
1105N	185	UNEMPLOYMENT BENEFITS	39,637	32,054	35,054	35,342
1105N	190	SURVIVOR BENEFITS	1,650	1,591	1,539	1,489
1105N	195	EDUCATION BENEFITS	3,051	1,732	2,785	2,797
1105N	200	ADOPTION EXPENSES	78	79	81	82
1105N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	2,733	2,900	900	900
1105N	210	TRANSPORTATION SUBSIDY	715	865	952	1,047
1105N	215	PARTIAL DISLOCATION ALLOWANCE	514	522	615	655
		TOTAL BUDGET ACTIVITY 6:	50,783	42,291	44,503	44,918
1105N	220	LESS REIMBURSABLES	(31,717)	(32,297)	(31,950)	(31,878)
		TOTAL DIRECT - ACTIVE FORCES	7,602,575	8,492,050	8,971,997	9,342,886

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID	MILITARY PERSONNEL, MARINE CORPS	(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		ACTIVITY 7: RESERVE FORCES /1				
		UNIT AND INDIVIDUAL TRAINING				
1105N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	166,892	175,659	180,764	186,333
1105N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	12,558	16,764	17,333	17,828
1105N	30	PAY GROUP F TRAINING (RECRUITS)	70,466	72,756	75,213	77,656
1105N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	135	180	183	187
1105N	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	59,896	69,282	73,602
1105N	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	250,051	325,255	342,775	355,606
		OTHER TRAINING AND SUPPORT				
1105N	60	MOBILIZATION TRAINING	1,428	2,258	2,319	2,384
1105N	70	SCHOOL TRAINING	9,882	10,709	10,990	11,456
1105N	80	SPECIAL TRAINING	38,412	28,342	33,730	37,997
1105N	90	ADMINISTRATION AND SUPPORT	138,794	144,261	151,919	157,576
1105N	100	EDUCATION BENEFITS	14,283	16,198	17,820	17,820
1105N	110	ROTC - SENIOR, JUNIOR	5,048	5,266	5,007	5,213
1105N	120	HEALTH PROFESSION SCHOLARSHIP	-	-	-	-
1105N	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	9,701	10,475	11,130
1105N	130	OTHER PROGRAMS	9,196	11,993	12,409	12,565
		TOTAL OTHER TRAINING AND SUPPORT:	217,043	228,728	244,669	256,141
		TOTAL DIRECT BUDGET ACTIVITY 7 - RESERVE FORCES	467,094	553,983	587,444	611,747
		GRAND TOTAL DIRECT - MILITARY PERSONNEL, MARINE CORPS	8,069,669	9,046,033	9,559,441	9,954,633

/1 Beginning in FY 2004, Reserve Personnel, Marine Corps - Appn 1108N is consolidated into the Military Personnel, Marine Corps Appn as Budget Activity 7.

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE				
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
3500F	5	BASIC PAY	3,989,705	3,848,040	4,015,299	4,218,933
3500F	10	RETIRED PAY ACCRUAL	1,208,881	1,054,363	1,088,146	1,139,112
3500F	15	DEFENSE HEALTH PROGRAM ACCRUAL	-	310,579	324,881	346,119
3500F	25	BASIC ALLOWANCE FOR HOUSING	799,974	788,625	889,301	930,437
3500F	30	BASIC ALLOWANCE FOR SUBSISTENCE	151,418	143,514	144,656	149,852
3500F	35	INCENTIVE PAYS	290,545	300,140	309,672	308,398
3500F	40	SPECIAL PAYS	187,555	215,435	217,363	221,154
3500F	45	ALLOWANCES	67,241	63,726	62,369	62,935
3500F	50	SEPARATION PAY	85,278	84,117	103,486	92,994
3500F	55	SOCIAL SECURITY TAX	304,045	293,853	306,073	321,727
		TOTAL BUDGET ACTIVITY 1:	7,084,642	7,102,392	7,461,246	7,791,661
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
3500F	60	BASIC PAY	7,620,099	7,074,044	7,348,882	7,613,905
3500F	65	RETIRED PAY ACCRUAL	2,308,890	1,938,288	1,991,547	2,055,755
3500F	70	DEFENSE HEALTH PROGRAM ACCRUAL	-	1,262,234	1,317,958	1,402,396
3500F	80	BASIC ALLOWANCE FOR HOUSING	1,703,699	1,557,297	1,898,484	2,058,437
3500F	85	INCENTIVE PAYS	33,691	32,546	33,086	33,581
3500F	90	SPECIAL PAYS	409,226	417,313	382,279	445,723
3500F	95	ALLOWANCES	368,087	363,498	370,087	371,491
3500F	100	SEPARATION PAY	124,108	133,932	99,543	105,369
3500F	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	27,000	122,000	134,000
3500F	105	SOCIAL SECURITY TAX	582,938	541,164	562,190	582,464
		TOTAL BUDGET ACTIVITY 2:	13,150,738	13,347,316	14,126,056	14,803,121

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE				
		ACTIVITY 3: PAY AND ALLOW OF CADETS				
3500F	110	ACADEMY CADETS	48,773	49,821	50,362	51,398
		TOTAL BUDGET ACTIVITY 3:	48,773	49,821	50,362	51,398
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL				
3500F	115	BASIC ALLOWANCE FOR SUBSISTENCE	798,416	699,687	713,180	722,326
3500F	120	SUBSISTENCE-IN-KIND	190,307	146,806	149,061	149,593
3500F	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	167	1,177	1,215	1,254
		TOTAL BUDGET ACTIVITY 4:	988,890	847,670	863,456	873,173
		ACTIVITY 5: PERMANENT CHANGE OF STATION				
3500F	125	ACCESSION TRAVEL	89,507	84,780	82,538	81,175
3500F	130	TRAINING TRAVEL	80,485	81,836	83,524	85,138
3500F	135	OPERATIONAL TRAVEL	154,657	162,346	163,847	141,737
3500F	140	ROTATIONAL TRAVEL	455,576	434,234	463,149	410,845
3500F	145	SEPARATION TRAVEL	82,467	144,776	115,407	112,563
3500F	150	TRAVEL OF ORGANIZED UNITS	6,478	6,672	9,192	7,761
3500F	155	NON-TEMPORARY STORAGE	22,653	26,950	25,076	25,110
3500F	160	TEMPORARY LODGING EXPENSE	34,187	34,957	35,184	35,557
3500F	165	OTHER	-	-	-	-
		TOTAL BUDGET ACTIVITY 5:	926,010	976,551	977,917	899,886

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE				
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
3500F	170	APPREHENSION OF MILITARY DESERTERS	100	100	100	100
3500F	175	INTEREST ON UNIFORMED SERVICES SAVINGS	595	595	595	595
3500F	180	DEATH GRATUITIES	1,506	1,500	1,494	1,482
3500F	185	UNEMPLOYMENT BENEFITS	34,614	32,077	31,069	29,044
3500F	190	SURVIVOR BENEFITS	3,392	3,288	3,178	3,116
3500F	195	EDUCATION BENEFITS	3,636	4,140	4,140	4,140
3500F	200	ADOPTION EXPENSES	800	800	800	800
3500F	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	13,430	9,400	9,400	9,400
3500F	210	TRANSPORTATION SUBSIDY	10,926	11,100	11,030	10,967
3500F	215	PARTIAL DISLOCATION ALLOWANCE	1,972	2,612	2,612	2,612
		TOTAL BUDGET ACTIVITY 6:	70,971	65,612	64,418	62,256
3500F	220	LESS REIMBURSABLES	(190,436)	(443,957)	(382,451)	(392,704)
		TOTAL DIRECT - ACTIVE FORCES	22,079,588	21,945,405	23,161,004	24,088,791

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
		MILITARY PERSONNEL, AIR FORCE	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		ACTIVITY 7: RESERVE FORCES /1				
		UNIT AND INDIVIDUAL TRAINING				
3500F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	437,360	526,856	538,831	569,253
3500F	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	82,318	103,201	108,553	109,623
3500F	30	PAY GROUP F TRAINING (RECRUITS)	21,178	27,521	23,513	24,044
3500F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	80	95	100	105
3500F	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	118,689	136,841	145,806
3500F	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	540,936	776,362	807,838	848,831
		OTHER TRAINING AND SUPPORT				
3500F	60	MOBILIZATION TRAINING	100	1,800	1,800	1,800
3500F	70	SCHOOL TRAINING	78,431	72,164	77,959	78,781
3500F	80	SPECIAL TRAINING	148,508	148,345	157,925	155,091
3500F	90	ADMINISTRATION AND SUPPORT	124,757	143,101	163,163	175,930
3500F	100	EDUCATION BENEFITS	9,000	9,500	10,530	10,940
3500F	110	ROTC - SENIOR, JUNIOR	64,600	53,314	77,104	79,620
3500F	120	HEALTH PROFESSION SCHOLARSHIP	25,672	26,189	28,359	29,247
3500F	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	6,129	7,210	7,962
3500F	130	OTHER PROGRAMS	-	-	-	-
		TOTAL OTHER TRAINING AND SUPPORT:	451,068	460,542	524,050	539,371
		TOTAL DIRECT BUDGET ACTIVITY 7 - RESERVE FORCES	992,004	1,236,904	1,331,888	1,388,202

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE				
		BUDGET ACTIVITY 8: NATIONAL GUARD FORCES /2				
		UNIT AND INDIVIDUAL TRAINING				
3500F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	622,474	757,542	788,738	811,894
3500F	30	PAY GROUP F TRAINING (RECRUITS)	58,187	59,364	64,797	64,667
3500F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	5,009	2,198	1,208	616
3500F	45	DEFENSE HEALTH PROGRAM ACCRUAL	-	148,971	178,118	187,956
3500F	50	OTHER	-	-	-	-
		TOTAL UNIT AND INDIVIDUAL TRAINING:	685,670	968,075	1,032,861	1,065,133
		OTHER TRAINING AND SUPPORT				
3500F	70	SCHOOL TRAINING	119,571	138,124	142,196	154,999
3500F	80	SPECIAL TRAINING	85,186	76,038	76,243	86,914
3500F	90	ADMINISTRATION AND SUPPORT	786,564	840,438	878,399	921,525
3500F	100	EDUCATION BENEFITS	19,849	37,774	40,443	41,133
3500F	125	DEFENSE HEALTH PROGRAM ACCRUAL	-	64,712	52,956	56,087
3500F	130	OTHER PROGRAMS	-	-	-	-
		TOTAL OTHER TRAINING AND SUPPORT:	1,011,170	1,157,086	1,190,237	1,260,658
		TOTAL DIRECT BUDGET ACTIVITY 8 - NATIONAL GUARD FORCES	1,696,840	2,125,161	2,223,098	2,325,791
		GRAND TOTAL DIRECT - MILITARY PERSONNEL, AIR FORCE	24,768,432	25,307,470	26,715,990	27,802,784

/1 Beginning in FY 2004, Reserve Personnel, Air Force - Appropriation 3700F is consolidated into the Military Personnel, Air Force Appropriation as Budget Activity 7.

/2 Beginning in FY 2004, National Guard Personnel, Air Force - Appn 3850F is consolidated into the Military Personnel, Air Force Appn as Budget Activity 8.

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)			
		FY 2002	FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL				
	ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
5	BASIC PAY	11,978,316	11,971,311	12,453,919	12,913,129
10	RETIRED PAY ACCRUAL	3,629,431	3,282,423	3,375,021	3,486,530
15	DEFENSE HEALTH PROGRAM ACCRUAL	-	947,757	1,017,956	1,009,439
25	BASIC ALLOWANCE FOR HOUSING	2,521,595	2,420,592	2,753,881	3,069,462
30	BASIC ALLOWANCE FOR SUBSISTENCE	461,398	453,647	463,206	476,032
35	INCENTIVE PAYS	617,589	601,520	629,309	630,236
40	SPECIAL PAYS	650,891	676,993	675,244	679,394
45	ALLOWANCES	236,654	198,036	210,267	212,950
50	SEPARATION PAY	193,646	217,401	217,829	207,378
55	SOCIAL SECURITY TAX	913,205	912,934	949,289	983,963
	TOTAL BUDGET ACTIVITY 1:	21,202,725	21,682,614	22,745,921	23,668,513
	ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
60	BASIC PAY	27,006,409	27,177,821	28,191,385	29,115,389
65	RETIRED PAY ACCRUAL	8,180,869	7,444,768	7,638,803	7,860,193
70	DEFENSE HEALTH PROGRAM ACCRUAL	-	5,015,091	5,355,095	5,584,735
80	BASIC ALLOWANCE FOR HOUSING	6,078,648	5,899,077	7,028,161	7,735,208
85	INCENTIVE PAYS	198,121	208,862	214,751	215,826
90	SPECIAL PAYS	1,893,265	1,847,336	1,877,829	1,999,636
95	ALLOWANCES	1,442,129	1,272,893	1,375,232	1,400,305
100	SEPARATION PAY	571,374	704,540	620,102	675,648
101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	87,000	355,000	392,000
105	SOCIAL SECURITY TAX	2,053,901	2,066,010	2,144,878	2,215,877
	TOTAL BUDGET ACTIVITY 2:	47,424,716	51,723,398	54,801,236	57,194,817

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)			
		FY 2002	FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL				
	ACTIVITY 3: PAY AND ALLOW OF CADETS				
110	ACADEMY CADETS	142,152	148,225	152,880	157,290
	TOTAL BUDGET ACTIVITY 3:	142,152	148,225	152,880	157,290
	ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL				
115	BASIC ALLOWANCE FOR SUBSISTENCE	2,360,895	2,363,340	2,412,928	2,450,427
120	SUBSISTENCE-IN-KIND	1,442,360	1,343,722	1,283,909	1,288,434
121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	2,706	7,625	4,063	4,102
	TOTAL BUDGET ACTIVITY 4:	3,805,961	3,714,687	3,700,900	3,742,963
	ACTIVITY 5: PERMANENT CHANGE OF STATION				
125	ACCESSION TRAVEL	410,734	373,810	380,244	389,242
130	TRAINING TRAVEL	212,201	193,458	203,356	208,727
135	OPERATIONAL TRAVEL	561,713	586,813	623,375	612,901
140	ROTATIONAL TRAVEL	1,350,570	1,324,487	1,198,616	1,179,392
145	SEPARATION TRAVEL	339,529	448,810	431,389	431,816
150	TRAVEL OF ORGANIZED UNITS	24,763	35,612	38,651	32,482
155	NON-TEMPORARY STORAGE	64,870	71,523	67,866	68,857
160	TEMPORARY LODGING EXPENSE	76,420	80,738	77,793	81,711
165	OTHER	9,801	9,466	9,692	9,919
	TOTAL BUDGET ACTIVITY 5:	3,050,601	3,124,717	3,030,982	3,015,047

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

ID	MILITARY PERSONNEL, GRAND TOTAL	(DOLLARS IN THOUSANDS)			
		FY 2002	FY 2003	FY 2004	FY 2005
	ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
170	APPREHENSION OF MILITARY DESERTERS	4,103	3,086	3,117	3,143
175	INTEREST ON UNIFORMED SERVICES SAVINGS	1,195	1,121	1,022	1,022
180	DEATH GRATUITIES	11,754	7,314	7,314	7,308
185	UNEMPLOYMENT BENEFITS	244,339	176,737	202,112	204,635
190	SURVIVOR BENEFITS	15,410	13,023	10,089	9,482
195	EDUCATION BENEFITS	38,571	31,781	12,563	12,575
200	ADOPTION EXPENSES	1,358	1,367	1,367	1,368
205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	51,113	30,933	24,933	24,933
210	TRANSPORTATION SUBSIDY	17,448	18,448	20,737	20,328
215	PARTIAL DISLOCATION ALLOWANCE	3,936	3,634	6,227	6,267
	TOTAL BUDGET ACTIVITY 6:	389,227	287,444	289,481	291,061
220	LESS REIMBURSABLES	(669,921)	(1,504,861)	(1,036,362)	(1,066,195)
	TOTAL DIRECT - ACTIVE FORCES	75,345,461	79,176,224	83,685,038	87,003,496

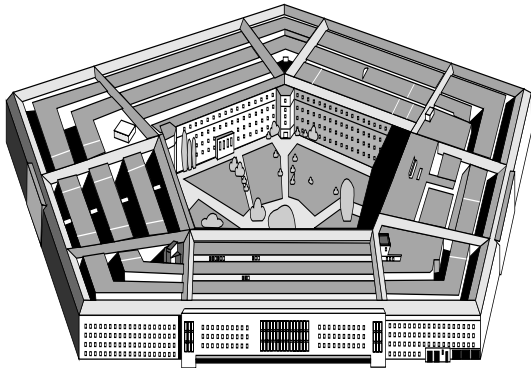
**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

ID	MILITARY PERSONNEL, GRAND TOTAL	(DOLLARS IN THOUSANDS)			
		FY 2002	FY 2003	FY 2004	FY 2005
ACTIVITY 7: RESERVE FORCES					
UNIT AND INDIVIDUAL TRAINING					
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,342,518	2,574,647	2,584,589	2,693,764
20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	119,013	163,422	171,539	175,913
30	PAY GROUP F TRAINING (RECRUITS)	235,337	272,258	269,540	273,996
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,892	9,768	13,647	14,205
45	DEFENSE HEALTH PROGRAM ACCRUAL	-	604,337	694,101	736,888
50	OTHER	-	-	-	-
	TOTAL UNIT AND INDIVIDUAL TRAINING:	2,703,760	3,624,432	3,733,416	3,894,766
OTHER TRAINING AND SUPPORT					
60	MOBILIZATION TRAINING	18,012	28,543	29,266	32,202
70	SCHOOL TRAINING	206,600	211,582	223,247	228,058
80	SPECIAL TRAINING	352,520	346,903	409,331	395,016
90	ADMINISTRATION AND SUPPORT	2,158,999	2,332,591	2,539,027	2,689,010
100	EDUCATION BENEFITS	77,306	86,918	76,036	79,393
110	ROTC - SENIOR, JUNIOR	186,100	195,741	237,791	246,054
120	HEALTH PROFESSION SCHOLARSHIP	74,405	85,373	89,702	95,964
125	DEFENSE HEALTH PROGRAM ACCRUAL	-	135,539	149,263	157,632
130	OTHER PROGRAMS	24,709	25,172	46,531	47,966
	TOTAL OTHER TRAINING AND SUPPORT:	3,098,651	3,448,362	3,800,194	3,971,295
	TOTAL DIRECT BUDGET ACTIVITY 7 - RESERVE FORCES	5,802,411	7,072,794	7,533,610	7,866,061

**EXHIBIT M-1
FY 2004/2005 PRESIDENT'S BUDGET**

ID	MILITARY PERSONNEL, GRAND TOTAL	(DOLLARS IN THOUSANDS)			
		FY 2002	FY 2003	FY 2004	FY 2005
BUDGET ACTIVITY 8: NATIONAL GUARD FORCES					
UNIT AND INDIVIDUAL TRAINING					
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,300,359	2,551,129	2,725,593	2,874,735
30	PAY GROUP F TRAINING (RECRUITS)	318,121	305,761	302,683	311,843
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	31,936	27,092	27,535	27,426
45	DEFENSE HEALTH PROGRAM ACCRUAL	-	695,555	784,088	828,316
50	OTHER	-	-	-	-
	TOTAL UNIT AND INDIVIDUAL TRAINING:	2,650,416	3,579,537	3,839,899	4,042,320
OTHER TRAINING AND SUPPORT					
70	SCHOOL TRAINING	307,254	367,733	367,386	376,161
80	SPECIAL TRAINING	398,869	218,140	274,608	312,781
90	ADMINISTRATION AND SUPPORT	2,570,825	2,801,638	2,940,180	3,178,082
100	EDUCATION BENEFITS	70,404	103,932	150,079	149,685
125	DEFENSE HEALTH PROGRAM ACCRUAL	-	168,769	165,265	180,680
130	OTHER PROGRAMS	-	-	-	-
	TOTAL OTHER TRAINING AND SUPPORT:	3,347,352	3,660,212	3,897,518	4,197,389
	TOTAL DIRECT BUDGET ACTIVITY 8 - NATIONAL GUARD FORCES	5,997,768	7,239,749	7,737,417	8,239,709
	GRAND TOTAL DIRECT - MILITARY PERSONNEL	87,145,640	93,488,767	98,956,065	103,109,266

OPERATION AND MAINTENANCE PROGRAMS (O-1)



*Department of Defense Budget
Fiscal Years 2004/2005
February 2003
Office of the Under Secretary of Defense (Comptroller)*

Revised February 4, 2003

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Office of the Secretary of Defense
(Comptroller)

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

	Total Obligational Authority (Dollars in Thousands)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>APPROPRIATION SUMMARY</u>				
<u>Department of the Army</u>				
OPERATION AND MAINTENANCE, ARMY	25,668,487	23,826,167	24,965,342	25,790,134
OPERATION AND MAINTENANCE, ARMY RESERVE	1,766,582	1,943,537	1,952,009	2,019,341
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD	3,746,892	4,239,560	4,211,331	4,560,501
Total Department of the Army	31,181,961	30,009,264	31,128,682	32,369,976
<u>Department of the Navy</u>				
OPERATION AND MAINTENANCE, NAVY	28,284,565	29,104,570	28,287,690	28,837,305
OPERATION AND MAINTENANCE, MARINE CORPS	2,964,711	3,521,411	3,406,656	3,669,907
OPERATION AND MAINTENANCE, NAVY RESERVE	1,012,603	1,208,289	1,171,921	1,181,147
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE	139,807	178,717	173,952	188,637
PAYMENT TO KAHO'OLAWA ISLAND	75,954	75,000	-	-
Total Department of the Navy	32,477,640	34,087,987	33,040,219	33,876,996
<u>Department of the Air Force</u>				
OPERATION AND MAINTENANCE, AIR FORCE	28,360,117	27,078,110	27,793,931	28,932,518
OPERATION AND MAINTENANCE, AIR FORCE RESERVE	1,998,955	2,149,970	2,179,188	2,234,405
OPERATION AND MAINTENANCE, AIR NATIONAL GUARD	3,935,118	4,091,888	4,402,646	4,400,513
Total Department of the Air Force	34,294,190	33,319,968	34,375,765	35,567,436
<u>Defense-Wide</u>				
OPERATION AND MAINTENANCE, DEFENSE-WIDE	13,540,139	14,816,619	16,570,847	17,081,214

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

	Total Obligational Authority			
	(Dollars in Thousands)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Transfer Accounts and Miscellaneous</u>				
U.S. COURT OF APPEALS FOR THE ARMED FORCES	9,006	9,560	10,333	10,842
SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	15,892	18,893	-	-
ENVIRONMENTAL RESTORATION, ARMY	-	393,679	396,018	401,948
ENVIRONMENTAL RESTORATION, NAVY	-	255,507	256,153	267,820
ENVIRONMENTAL RESTORATION, AIR FORCE	-	387,587	384,307	398,368
ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	-	24,281	24,081	23,684
ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES	-	246,886	212,619	217,516
OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AFFAIRS	49,355	58,072	59,000	59,600
EMERGENCY RESPONSE FUND, DEFENSE	13,232,778	1,411,792	-	-
FORMER SOVIET UNION THREAT REDUCTION	400,199	414,362	450,800	410,200
OVERSEAS CONTINGENCIES	-	37,033	50,000	981,900
Total Miscellaneous	13,707,230	3,257,652	1,843,311	2,771,878
TOTAL OPERATION AND MAINTENANCE TITLE:	125,201,160	115,491,490	116,958,824	121,667,500
TITLE VI APPROPRIATIONS (Formerly in the O&M Title)				
DEFENSE HEALTH PROGRAM	17,623,037	14,793,572	15,270,509	16,382,857
DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES	-	871,907	817,371	833,539
OFFICE OF THE INSPECTOR GENERAL	149,957	160,085	162,449	166,455

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority			
		(Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>LAND FORCES</u>		<u>3,642,956</u>	<u>3,850,866</u>	<u>3,915,023</u>	<u>3,883,910</u>
2020a	010 DIVISIONS	1,430,044	1,426,706	1,506,922	1,461,582
2020a	020 CORPS COMBAT FORCES	371,878	434,233	478,563	486,773
2020a	030 CORPS SUPPORT FORCES	412,677	367,939	383,755	369,828
2020a	040 ECHELON ABOVE CORPS SUPPORT FORCES	551,440	439,303	467,026	470,254
2020a	050 LAND FORCES OPERATIONS SUPPORT	876,917	1,182,685	1,078,757	1,095,473
<u>LAND FORCES READINESS</u>		<u>2,539,842</u>	<u>2,707,583</u>	<u>3,065,299</u>	<u>3,225,066</u>
2020a	060 FORCE READINESS OPERATIONS SUPPORT	1,295,038	1,423,450	1,568,900	1,642,128
2020a	070 LAND FORCES SYSTEMS READINESS	501,388	480,585	488,918	489,833
2020a	080 LAND FORCES DEPOT MAINTENANCE	743,416	803,548	1,007,481	1,093,105
<u>LAND FORCES READINESS SUPPORT</u>		<u>7,035,675</u>	<u>5,660,752</u>	<u>5,636,789</u>	<u>5,926,330</u>
2020a	090 BASE OPERATIONS SUPPORT	2,645,237	2,801,338	2,651,539	2,778,364
2020a	100 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	911,644	1,089,539	1,094,309	1,217,219
2020a	110 MANAGEMENT & OPERATIONAL HEADQUARTERS	245,874	225,918	243,033	248,139
2020a	120 UNIFIED COMMANDS	89,417	107,162	85,115	86,908
2020a	130 MISCELLANEOUS ACTIVITIES	3,143,503	1,436,795	1,562,793	1,595,700
TOTAL, BA 01: OPERATING FORCES		13,218,473	12,219,201	12,617,111	13,035,306
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>MOBILITY OPERATIONS</u>		<u>599,031</u>	<u>500,476</u>	<u>538,846</u>	<u>631,928</u>
2020a	140 STRATEGIC MOBILIZATION	381,237	342,074	378,432	368,031
2020a	150 ARMY PREPOSITIONED STOCKS	142,752	139,254	145,728	252,007
2020a	160 INDUSTRIAL PREPAREDNESS	61,533	8,698	7,753	8,436
2020a	170 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	13,509	10,450	6,933	3,454
TOTAL, BA 02: MOBILIZATION		599,031	500,476	538,846	631,928

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority (Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>							
<u>ACCESSION TRAINING</u>				<u>449,469</u>	<u>471,827</u>	<u>507,406</u>	<u>547,933</u>
2020a	180	OFFICER ACQUISITION		81,450	86,969	89,853	91,952
2020a	190	RECRUIT TRAINING		19,307	18,423	22,977	23,387
2020a	200	ONE STATION UNIT TRAINING		21,009	20,061	39,106	37,077
2020a	210	SENIOR RESERVE OFFICERS' TRAINING CORPS		187,578	206,321	214,264	245,872
2020a	220	BASE OPERATIONS SUPPORT		91,458	83,656	80,110	83,688
2020a	230	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		48,667	56,397	61,096	65,957
<u>BASIC SKILL/ ADVANCE TRAINING</u>				<u>2,652,759</u>	<u>2,515,926</u>	<u>2,638,407</u>	<u>2,838,525</u>
2020a	240	SPECIALIZED SKILL TRAINING		316,517	367,014	306,272	337,921
2020a	250	FLIGHT TRAINING		440,946	408,412	499,040	457,001
2020a	260	PROFESSIONAL DEVELOPMENT EDUCATION		117,115	127,098	142,038	164,113
2020a	270	TRAINING SUPPORT		517,901	410,478	478,903	573,729
2020a	280	BASE OPERATIONS SUPPORT		1,017,537	864,010	819,604	918,600
2020a	290	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		242,743	338,914	392,550	387,161
<u>RECRUITING/OTHER TRAINING</u>				<u>1,133,457</u>	<u>1,168,810</u>	<u>1,238,822</u>	<u>1,363,754</u>
2020a	300	RECRUITING AND ADVERTISING		449,321	451,827	468,035	483,583
2020a	310	EXAMINING		76,313	79,674	83,269	82,809
2020a	320	OFF-DUTY AND VOLUNTARY EDUCATION		182,013	201,635	226,011	309,273
2020a	330	CIVILIAN EDUCATION AND TRAINING		81,240	92,021	92,536	101,119
2020a	340	JUNIOR RESERVE OFFICERS' TRAINING CORPS		92,043	97,061	129,978	136,628
2020a	350	BASE OPERATIONS SUPPORT		252,527	246,592	238,993	250,342
TOTAL, BA 03: TRAINING AND RECRUITING				4,235,685	4,156,563	4,384,635	4,750,212

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority			
				(Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>							
<u>SECURITY PROGRAMS</u>				<u>580,071</u>	<u>649,675</u>	<u>591,622</u>	<u>606,190</u>
2020a	360	SECURITY PROGRAMS		580,071	649,675	591,622	606,190
<u>LOGISTICS OPERATIONS</u>				<u>2,223,389</u>	<u>2,286,342</u>	<u>2,542,275</u>	<u>1,879,542</u>
2020a	370	SERVICEWIDE TRANSPORTATION		692,451	620,576	661,551	634,739
2020a	380	CENTRAL SUPPLY ACTIVITIES		460,259	516,760	491,835	478,758
2020a	390	LOGISTICS SUPPORT ACTIVITIES		678,648	852,920	1,058,760	502,174
2020a	400	AMMUNITION MANAGEMENT		392,031	296,086	330,129	263,871
<u>SERVICEWIDE SUPPORT</u>				<u>4,544,759</u>	<u>3,765,903</u>	<u>4,024,999</u>	<u>4,241,902</u>
2020a	410	ADMINISTRATION		818,767	585,442	664,135	684,097
2020a	420	SERVICEWIDE COMMUNICATIONS		539,284	621,531	623,102	621,129
2020a	430	MANPOWER MANAGEMENT		153,958	196,124	210,202	227,443
2020a	440	OTHER PERSONNEL SUPPORT		234,421	197,787	198,716	214,640
2020a	450	OTHER SERVICE SUPPORT		1,210,301	621,503	707,558	650,803
2020a	460	ARMY CLAIMS		103,553	108,518	116,691	115,042
2020a	470	REAL ESTATE MANAGEMENT		59,319	47,397	50,173	51,313
2020a	480	BASE OPERATIONS SUPPORT		1,171,524	1,150,821	1,194,134	1,364,249
2020a	490	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		253,632	236,780	260,288	313,186
2020a	500	COMMISSARY OPERATIONS		-	-	-	386,966
<u>SUPPORT OF OTHER NATIONS</u>				<u>267,079</u>	<u>248,007</u>	<u>265,854</u>	<u>258,088</u>
2020a	510	INTERNATIONAL MILITARY HEADQUARTERS		215,538	193,850	207,125	198,753
2020a	520	MISC. SUPPORT OF OTHER NATIONS		51,541	54,157	58,729	59,335
2020a	530	EXPANSION OF NATO		-	-	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				7,615,298	6,949,927	7,424,750	7,372,688
Total Operation and Maintenance, Army				25,668,487	23,826,167	24,965,342	25,790,134

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority			
		(Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Navy					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>		<u>5,553,902</u>	<u>5,177,044</u>	<u>5,498,214</u>	<u>5,294,756</u>
1804n	010 MISSION AND OTHER FLIGHT OPERATIONS	3,389,749	3,190,374	3,262,507	3,171,749
1804n	020 FLEET AIR TRAINING	990,642	982,837	1,025,326	931,067
1804n	030 INTERMEDIATE MAINTENANCE	62,974	71,679	73,961	74,616
1804n	040 AIR OPERATIONS AND SAFETY SUPPORT	97,857	107,076	105,559	107,569
1804n	050 AIRCRAFT DEPOT MAINTENANCE	963,619	771,090	980,136	940,231
1804n	060 AIRCRAFT DEPOT OPERATIONS SUPPORT	49,061	53,988	50,725	69,524
<u>SHIP OPERATIONS</u>		<u>7,864,015</u>	<u>8,298,436</u>	<u>7,755,262</u>	<u>8,051,687</u>
1804n	070 MISSION AND OTHER SHIP OPERATIONS	2,500,569	2,449,471	2,485,605	2,512,513
1804n	080 SHIP OPERATIONAL SUPPORT AND TRAINING	493,170	586,130	614,525	669,220
1804n	090 INTERMEDIATE MAINTENANCE /1	391,429	397,026	-	-
1804n	100 SHIP DEPOT MAINTENANCE /1	3,142,685	3,456,066	3,567,545	3,740,454
1804n	110 SHIP DEPOT OPERATIONS SUPPORT	1,336,162	1,409,743	1,087,587	1,129,500
<u>COMBAT OPERATIONS/SUPPORT</u>		<u>2,170,107</u>	<u>2,019,894</u>	<u>2,071,893</u>	<u>2,102,757</u>
1804n	120 COMBAT COMMUNICATIONS	412,859	401,838	377,493	379,726
1804n	130 ELECTRONIC WARFARE	11,760	16,219	15,574	17,571
1804n	140 SPACE SYSTEMS & SURVEILLANCE	232,088	198,505	125,107	141,890
1804n	150 WARFARE TACTICS	168,920	212,390	235,237	226,627
1804n	160 OPERATIONAL METEOROLOGY & OCEANOGRAPHY	257,369	266,009	257,475	258,331
1804n	170 COMBAT SUPPORT FORCES	921,850	755,425	892,241	907,532
1804n	180 EQUIPMENT MAINTENANCE	163,624	167,861	166,033	168,387
1804n	190 DEPOT OPERATIONS SUPPORT	1,637	1,647	2,733	2,693
<u>WEAPONS SUPPORT</u>		<u>1,304,770</u>	<u>1,419,911</u>	<u>1,468,031</u>	<u>1,494,698</u>
1804n	200 CRUISE MISSILE	120,245	159,116	151,456	157,284
1804n	210 FLEET BALLISTIC MISSILE	766,303	792,119	806,058	820,916
1804n	220 IN-SERVICE WEAPONS SYSTEMS SUPPORT	38,263	39,501	44,092	44,430
1804n	230 WEAPONS MAINTENANCE	379,959	429,175	466,425	472,068

1/ Funding for Intermediate Maintenance has been realigned to the Ship Maintenance Subactivity Group (100) to reflect regionalization of ship maintenance activities.

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority (Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>WORKING CAPITAL FUND SUPPORT</u>			<u>1,609</u>	<u>-120,000</u>	<u>-447,755</u>	<u>16,267</u>
1804n	240	NWCF SUPPORT /2	1,609	-120,000	-447,755	16,267
<u>BASE SUPPORT</u>			<u>3,604,720</u>	<u>4,081,472</u>	<u>3,689,057</u>	<u>3,461,028</u>
1804n	250	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,041,539	1,319,020	1,079,723	1,081,139
1804n	260	BASE OPERATIONS SUPPORT	2,563,181	2,762,452	2,609,334	2,379,889
TOTAL, BA 01: OPERATING FORCES			20,499,123	20,876,757	20,034,702	20,421,193
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>						
<u>READY RESERVE AND PREPOSITIONING FORCES</u>			<u>504,703</u>	<u>526,814</u>	<u>506,690</u>	<u>536,909</u>
1804n	270	SHIP PREPOSITIONING AND SURGE	504,703	526,814	506,690	536,909
<u>ACTIVATIONS/INACTIVATIONS</u>			<u>245,413</u>	<u>186,428</u>	<u>175,344</u>	<u>143,197</u>
1804n	280	AIRCRAFT ACTIVATIONS/INACTIVATIONS	5,751	3,416	8,217	7,619
1804n	290	SHIP ACTIVATIONS/INACTIVATIONS	239,662	183,012	167,127	135,578
<u>MOBILIZATION PREPAREDNESS</u>			<u>50,757</u>	<u>46,756</u>	<u>45,200</u>	<u>49,677</u>
1804n	300	FLEET HOSPITAL PROGRAM	33,747	27,207	25,361	29,751
1804n	310	INDUSTRIAL READINESS	1,231	1,186	1,702	1,753
1804n	320	COAST GUARD SUPPORT	15,779	18,363	18,137	18,173
TOTAL, BA 02: MOBILIZATION			800,873	759,998	727,234	729,783

2/ Financing adjustment reflecting credit of accumulated Working Capital Fund cash in lieu of new appropriations to finance a portion of the O&MN budget.

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority (Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>							
<u>ACCESSION TRAINING</u>				<u>185,605</u>	<u>203,201</u>	<u>216,503</u>	<u>223,536</u>
1804n	330	OFFICER ACQUISITION		99,401	111,162	116,022	115,714
1804n	340	RECRUIT TRAINING		5,744	6,646	8,693	11,346
1804n	350	RESERVE OFFICERS TRAINING CORPS		80,460	85,393	91,788	96,476
<u>BASIC SKILLS AND ADVANCED TRAINING</u>				<u>1,023,385</u>	<u>1,088,838</u>	<u>1,218,965</u>	<u>1,236,291</u>
1804n	360	SPECIALIZED SKILL TRAINING		326,179	338,826	363,006	387,365
1804n	370	FLIGHT TRAINING		389,549	422,981	441,982	443,526
1804n	380	PROFESSIONAL DEVELOPMENT EDUCATION		119,483	113,751	113,134	113,470
1804n	390	TRAINING SUPPORT		188,174	213,280	300,843	291,930
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>				<u>420,302</u>	<u>453,122</u>	<u>461,353</u>	<u>474,354</u>
1804n	400	RECRUITING AND ADVERTISING		228,190	246,039	251,507	254,995
1804n	410	OFF-DUTY AND VOLUNTARY EDUCATION		97,547	100,207	98,885	100,627
1804n	420	CIVILIAN EDUCATION AND TRAINING		62,282	70,059	70,628	74,188
1804n	430	JUNIOR ROTC		32,283	36,817	40,333	44,544
<u>BASE SUPPORT</u>				<u>543,571</u>	<u>666,454</u>	<u>575,370</u>	<u>539,234</u>
1804n	440	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		187,145	281,809	201,993	188,462
1804n	450	BASE OPERATIONS SUPPORT		356,426	384,645	373,377	350,772
TOTAL, BA 03: TRAINING AND RECRUITING				2,172,863	2,411,615	2,472,191	2,473,415
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>							
<u>SERVICEWIDE SUPPORT</u>				<u>1,679,092</u>	<u>1,882,566</u>	<u>1,873,323</u>	<u>1,773,088</u>
1804n	460	ADMINISTRATION		697,337	665,403	698,422	631,267
1804n	470	EXTERNAL RELATIONS		4,332	4,454	4,026	3,845
1804n	480	CIVILIAN MANPOWER & PERSONNEL MGT		129,074	113,529	104,963	98,950
1804n	490	MILITARY MANPOWER & PERSONNEL MGT		102,010	104,981	221,170	215,968
1804n	500	OTHER PERSONNEL SUPPORT		205,575	222,663	212,060	208,193
1804n	510	SERVICEWIDE COMMUNICATIONS		522,303	771,536	632,682	614,865
1804n	520	MEDICAL ACTIVITIES		18,461	-	-	-

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority			
				(Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>				<u>2,096,487</u>	<u>1,937,511</u>	<u>2,016,737</u>	<u>2,004,248</u>
1804n	530	SERVICEWIDE TRANSPORTATION		219,001	189,321	193,045	199,284
1804n	540	ENVIRONMENTAL PROGRAMS		248,637	-	-	-
1804n	550	PLANNING, ENGINEERING & DESIGN		303,316	304,067	301,365	289,549
1804n	560	ACQUISITION AND PROGRAM MANAGEMENT		797,386	833,366	905,432	899,246
1804n	570	AIR SYSTEMS SUPPORT		392,446	459,758	447,639	447,757
1804n	580	HULL, MECHANICAL & ELECTRICAL SUPPORT		46,390	53,419	62,927	61,782
1804n	590	COMBAT/WEAPONS SYSTEMS		33,462	38,891	40,093	40,009
1804n	600	SPACE & ELECTRONIC WARFARE SYSTEMS		55,849	58,689	66,236	66,621
1804n	610	COMMISSARY OPERATIONS		-	-	-	289,300
<u>SECURITY PROGRAMS</u>				<u>709,486</u>	<u>843,718</u>	<u>801,509</u>	<u>790,979</u>
1804n	620	SECURITY PROGRAMS		709,486	843,718	801,509	790,979
<u>SUPPORT OF OTHER NATIONS</u>				<u>10,602</u>	<u>10,393</u>	<u>10,542</u>	<u>10,674</u>
1804n	630	INTERNATIONAL HDQTRS & AGENCIES		10,602	10,393	10,542	10,674
<u>BASE SUPPORT</u>				<u>308,021</u>	<u>382,012</u>	<u>351,452</u>	<u>344,625</u>
1804n	640	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		90,059	134,510	98,108	101,307
1804n	650	BASE OPERATIONS SUPPORT		217,962	247,502	253,344	243,318
<u>CANCELLED ACCOUNTS</u>				<u>5,282</u>	=	=	=
1804n	660	CANCELLED ACCOUNT		5,282	-	-	-
<u>PROBLEM DISBURSEMENTS</u>				=	=	=	=
1804n	670	PROBLEM DISBURSEMENTS		-	-	-	-
<u>JUDGEMENT FUND</u>				<u>2,736</u>	=	=	=
1804n	680	JUDGEMENT FUND		2,736	-	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				4,811,706	5,056,200	5,053,563	5,212,914
Total Operation and Maintenance, Navy				28,284,565	29,104,570	28,287,690	28,837,305

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Marine Corps					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>EXPEDITIONARY FORCES</u>		<u>2,110,827</u>	<u>2,622,632</u>	<u>2,421,141</u>	<u>2,540,916</u>
1106n	010 OPERATIONAL FORCES	553,977	578,216	588,653	612,076
1106n	020 FIELD LOGISTICS	279,243	294,638	320,108	362,025
1106n	030 DEPOT MAINTENANCE	102,644	141,154	101,439	121,603
1106n	040 BASE OPERATIONS SUPPORT	833,283	1,188,495	912,934	962,471
1106n	050 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	341,680	420,129	498,007	482,741
<u>USMC PREPOSITIONING</u>		<u>87,413</u>	<u>83,288</u>	<u>81,031</u>	<u>80,836</u>
1106n	060 MARITIME PREPOSITIONING	82,015	79,522	76,996	73,113
1106n	070 NORWAY PREPOSITIONING	5,398	3,766	4,035	7,723
TOTAL, BA 01: OPERATING FORCES		2,198,240	2,705,920	2,502,172	2,621,752
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>		<u>102,566</u>	<u>11,710</u>	<u>10,590</u>	<u>10,737</u>
1106n	080 RECRUIT TRAINING	10,403	11,368	10,242	10,386
1106n	090 OFFICER ACQUISITION	359	342	348	351
1106n	100 BASE OPERATIONS SUPPORT	43,976	-	-	-
1106n	110 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	47,828	-	-	-
<u>BASIC SKILLS AND ADVANCED TRAINING</u>		<u>225,110</u>	<u>156,259</u>	<u>173,555</u>	<u>190,057</u>
1106n	120 SPECIALIZED SKILLS TRAINING	36,528	38,137	41,514	45,595
1106n	130 FLIGHT TRAINING	104	175	171	174
1106n	140 PROFESSIONAL DEVELOPMENT EDUCATION	8,987	8,556	8,863	8,974
1106n	150 TRAINING SUPPORT	97,019	109,391	123,007	135,314
1106n	160 BASE OPERATIONS SUPPORT	50,390	-	-	-
1106n	170 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	32,082	-	-	-

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority			
			(Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>RECRUITING AND OTHER TRAINING EDUCATION</u>			<u>156,461</u>	<u>161,241</u>	<u>163,973</u>	<u>168,817</u>
1106n	180	RECRUITING AND ADVERTISING	110,296	117,613	115,167	116,058
1106n	190	OFF-DUTY AND VOLUNTARY EDUCATION	21,209	30,329	35,606	39,468
1106n	200	JUNIOR ROTC	13,074	13,299	13,200	13,291
1106n	210	BASE OPERATIONS SUPPORT	8,791	-	-	-
1106n	220	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	3,091	-	-	-
<u>BASE SUPPORT</u>			-	<u>195,678</u>	<u>229,144</u>	<u>230,397</u>
1106n	230	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	-	60,070	78,073	70,142
1106n	240	BASE OPERATIONS SUPPORT	-	135,608	151,071	160,255
TOTAL, BA 03: TRAINING AND RECRUITING			484,137	524,888	577,262	600,008
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>SERVICEWIDE SUPPORT</u>			<u>281,126</u>	<u>290,603</u>	<u>327,222</u>	<u>448,147</u>
1106n	250	SPECIAL SUPPORT	205,472	203,236	229,485	241,812
1106n	260	SERVICEWIDE TRANSPORTATION	35,720	34,174	35,733	36,642
1106n	270	ADMINISTRATION	25,786	32,497	39,377	45,163
1106n	280	BASE OPERATIONS SUPPORT	12,081	17,842	18,991	23,702
1106n	290	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	2,067	2,854	3,636	3,228
1106n	300	COMMISSARY OPERATIONS	-	-	-	97,600
<u>CANCELLED ACCOUNT</u>			<u>1,208</u>	-	-	-
1106n	310	CANCELLED ACCOUNT	1,208	-	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			282,334	290,603	327,222	448,147
Total Operation and Maintenance, Marine Corps			2,964,711	3,521,411	3,406,656	3,669,907

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority			
		(Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Air Force					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>		<u>11,502,236</u>	<u>11,305,331</u>	<u>11,769,514</u>	<u>12,158,090</u>
3400f	010 PRIMARY COMBAT FORCES	3,168,978	3,435,549	3,496,496	3,531,617
3400f	020 PRIMARY COMBAT WEAPONS	305,380	334,912	331,972	329,863
3400f	030 COMBAT ENHANCEMENT FORCES	298,817	270,192	332,062	304,193
3400f	040 AIR OPERATIONS TRAINING	981,257	1,150,605	1,243,900	1,253,581
3400f	050 DEPOT MAINTENANCE	1,518,725	1,419,435	1,817,063	1,823,236
3400f	060 COMBAT COMMUNICATIONS	1,651,552	1,489,661	1,350,589	1,573,443
3400f	070 BASE SUPPORT	2,692,922	2,248,282	2,260,913	2,294,845
3400f	080 FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION	884,605	956,695	936,519	1,047,312
<u>COMBAT RELATED OPERATIONS</u>		<u>2,030,643</u>	<u>2,197,743</u>	<u>2,233,718</u>	<u>2,279,418</u>
3400f	090 GLOBAL C3I & EARLY WARNING	859,200	830,984	976,608	1,019,011
3400f	100 NAVIGATION/WEATHER SUPPORT	176,267	187,315	187,202	194,697
3400f	110 OTHER COMBAT OPERATIONS SUPPORT PROGRAMS	488,600	699,370	597,331	583,582
3400f	120 JCS EXERCISES	34,848	39,181	35,543	38,034
3400f	130 MANAGEMENT/OPERATIONAL HEADQUARTERS	242,916	189,693	213,088	220,223
3400f	140 TACTICAL INTELLIGENCE AND SPECIAL ACTIVITIES	228,812	251,200	223,946	223,871
<u>SPACE OPERATIONS</u>		<u>1,428,485</u>	<u>1,505,781</u>	<u>1,647,523</u>	<u>1,673,286</u>
3400f	150 LAUNCH FACILITIES	239,149	258,586	321,829	325,634
3400f	160 LAUNCH VEHICLES	135,339	128,547	67,232	100,762
3400f	170 SPACE CONTROL SYSTEMS	216,100	234,427	242,294	250,882
3400f	180 SATELLITE SYSTEMS	47,459	55,999	57,046	66,518
3400f	190 OTHER SPACE OPERATIONS	190,170	219,292	243,778	232,309
3400f	200 BASE SUPPORT	451,107	458,147	566,936	499,697
3400f	210 FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION	149,161	150,783	148,408	197,484
TOTAL, BA 01: OPERATING FORCES		14,961,364	15,008,855	15,650,755	16,110,794

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority			
				(Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>							
<u>MOBILITY OPERATIONS</u>				<u>4,499,466</u>	<u>3,806,484</u>	<u>3,453,330</u>	<u>3,511,623</u>
3400f	220	AIRLIFT OPERATIONS		2,561,368	2,217,896	2,167,958	2,161,873
3400f	230	AIRLIFT OPERATIONS C3I		50,936	42,585	36,758	44,590
3400f	240	MOBILIZATION PREPAREDNESS		161,136	215,470	172,134	172,932
3400f	250	DEPOT MAINTENANCE		438,382	313,952	361,521	371,850
3400f	260	PAYMENTS TO TRANSPORTATION BUSINESS AREA		473,138	355,043	-	20,572
3400f	270	BASE SUPPORT		561,577	508,773	514,123	528,772
3400f	280	FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION		252,929	152,765	200,836	211,034
TOTAL, BA 02: MOBILIZATION				4,499,466	3,806,484	3,453,330	3,511,623
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>							
<u>ACCESSION TRAINING</u>				<u>275,973</u>	<u>292,202</u>	<u>300,480</u>	<u>311,841</u>
3400f	290	OFFICER ACQUISITION		69,649	66,354	67,763	69,493
3400f	300	RECRUIT TRAINING		9,507	6,845	6,112	6,061
3400f	310	RESERVE OFFICER TRAINING CORPS (ROTC)		72,782	68,638	82,586	88,387
3400f	320	BASE SUPPORT (ACADEMIES ONLY)		70,195	68,036	68,682	65,686
3400f	330	FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (53,840	82,329	75,337	82,214
<u>BASIC SKILLS AND ADVANCED TRAINING</u>				<u>1,919,479</u>	<u>1,900,357</u>	<u>1,952,044</u>	<u>2,074,686</u>
3400f	340	SPECIALIZED SKILL TRAINING		314,058	301,158	324,067	320,975
3400f	350	FLIGHT TRAINING		634,010	662,278	675,173	703,634
3400f	360	PROFESSIONAL DEVELOPMENT EDUCATION		120,816	134,273	154,978	165,726
3400f	370	TRAINING SUPPORT		83,508	86,455	92,652	101,776
3400f	380	DEPOT MAINTENANCE		46,425	8,242	8,461	8,837
3400f	390	BASE SUPPORT (OTHER TRAINING)		529,828	555,414	529,663	558,195
3400f	400	FACILITIES SUSTAINMENT, RESTORATION, AND MODERNIZATION		190,834	152,537	167,050	215,543

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority			
				(Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>				<u>378,288</u>	<u>391,147</u>	<u>445,206</u>	<u>473,009</u>
3400f	410	RECRUITING AND ADVERTISING		149,208	151,059	150,744	157,357
3400f	420	EXAMINING		2,368	3,042	3,103	2,937
3400f	430	OFF DUTY AND VOLUNTARY EDUCATION		100,867	94,925	114,240	118,422
3400f	440	CIVILIAN EDUCATION AND TRAINING		84,271	98,758	133,706	149,096
3400f	450	JUNIOR ROTC		41,574	43,363	43,413	45,197
TOTAL, BA 03: TRAINING AND RECRUITING				2,573,740	2,583,706	2,697,730	2,859,536
 <u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>							
<u>LOGISTICS OPERATIONS</u>				<u>3,224,858</u>	<u>2,921,804</u>	<u>3,069,280</u>	<u>3,105,388</u>
3400f	460	LOGISTICS OPERATIONS		1,004,050	863,831	965,075	983,862
3400f	470	TECHNICAL SUPPORT ACTIVITIES		371,334	390,437	409,392	415,763
3400f	480	SERVICEWIDE TRANSPORTATION		242,026	230,371	240,064	249,897
3400f	490	DEPOT MAINTENANCE		370,308	78,062	130,930	89,495
3400f	500	BASE SUPPORT		1,015,976	1,119,504	1,082,612	1,095,555
3400f	510	FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION		221,164	239,599	241,207	270,816
<u>SERVICEWIDE ACTIVITIES</u>				<u>2,192,497</u>	<u>1,804,796</u>	<u>1,996,527</u>	<u>2,388,613</u>
3400f	520	ADMINISTRATION		227,356	204,851	234,370	226,513
3400f	530	SERVICEWIDE COMMUNICATIONS		290,188	367,892	347,528	345,016
3400f	540	PERSONNEL PROGRAMS		170,126	176,404	213,901	203,396
3400f	550	RESCUE AND RECOVERY SERVICES		82,093	110,242	121,063	144,991
3400f	560	ARMS CONTROL		35,689	31,025	33,640	34,665
3400f	570	OTHER SERVICEWIDE ACTIVITIES		1,099,725	567,728	679,177	675,123
3400f	580	OTHER PERSONNEL SUPPORT		36,727	41,360	34,655	35,476
3400f	590	CIVIL AIR PATROL CORPORATION		23,619	19,668	21,432	21,888
3400f	600	BASE SUPPORT		206,697	264,154	299,750	345,208
3400f	610	FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION		20,277	21,472	11,011	12,737
3400f	620	COMMISSARY OPERATIONS SUPPORT		-	-	-	343,600

**Department of Defense
 FY 2004/FY 2005 President's Budget
 Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>SECURITY PROGRAMS</u>		<u>890,856</u>	<u>932,594</u>	<u>907,694</u>	<u>937,207</u>
3400f	630 SECURITY PROGRAMS	890,856	932,594	907,694	937,207
<u>SUPPORT TO OTHER NATIONS</u>		<u>17,336</u>	<u>19,871</u>	<u>18,615</u>	<u>19,357</u>
3400f	640 INTERNATIONAL SUPPORT	17,336	19,871	18,615	19,357
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		6,325,547	5,679,065	5,992,116	6,450,565
Total Operation and Maintenance, Air Force		28,360,117	27,078,110	27,793,931	28,932,518

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority (Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Defense-wide							
<u>BUDGET ACTIVITY 1: OPERATING FORCES</u>							
0100d	010	JOINT CHIEFS OF STAFF		516,161	394,313	420,036	407,486
0100d	020	SPECIAL OPERATIONS COMMAND		1,857,692	1,492,051	1,851,533	1,908,629
TOTAL, BUDGET ACTIVITY 1:				2,373,853	1,886,364	2,271,569	2,316,115
<u>BUDGET ACTIVITY 2: MOBILIZATION</u>							
0100d	050	DEFENSE LOGISTICS AGENCY		43,885	40,018	49,991	40,842
TOTAL, BUDGET ACTIVITY 2:				43,885	40,018	49,991	40,842
<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>							
0100d	060	AMERICAN FORCES INFORMATION SERVICE		11,035	10,620	14,005	14,050
0100d	070	CLASSIFIED PROGRAMS		-	2,795	3,058	3,086
0100d	080	DEFENSE ACQUISITION UNIVERSITY		98,199	101,900	101,695	103,794
0100d	090	DEFENSE CONTRACT AUDIT AGENCY		4,446	5,394	5,517	5,642
0100d	100	DEFENSE FINANCE AND ACCOUNTING SERVICE		8,570	7,349	-	-
0100d	110	DEFENSE HUMAN RESOURCES ACTIVITY		34,730	46,381	35,262	44,867
0100d	120	DEFENSE SECURITY SERVICE		7,486	6,991	7,173	7,343
0100d	130	DEFENSE THREAT REDUCTION AGENCY		1,430	1,217	4,796	5,951
0100d	140	SPECIAL OPERATIONS COMMAND		65,135	59,920	92,646	92,560
TOTAL, BUDGET ACTIVITY 3:				231,031	242,567	264,152	277,293

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority			
			(Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES</u>						
0100d	150	AMERICAN FORCES INFORMATION SERVICE	94,980	95,272	105,261	102,613
0100d	160	CIVIL MILITARY PROGRAMS	89,533	107,448	99,030	101,413
0100d	170	CLASSIFIED PROGRAMS	4,770,638	6,143,281	6,788,178	6,907,095
0100d	180	DEFENSE CONTRACT AUDIT AGENCY	330,635	346,692	359,011	367,981
0100d	190	DEFENSE CONTRACT MANAGEMENT AGENCY	931,095	964,608	1,008,908	1,028,314
0100d	200	DEFENSE FINANCE AND ACCOUNTING SERVICE	5,457	6,075	1,659	56,625
0100d	210	DEFENSE HUMAN RESOURCES ACTIVITY	189,641	234,379	276,802	264,496
0100d	220	DEFENSE INFORMATION SYSTEMS AGENCY	1,042,698	818,249	1,129,876	1,049,736
0100d	230	DEFENSE LOGISTICS AGENCY	196,353	211,446	259,713	263,383
0100d	240	DEFENSE LEGAL SERVICES AGENCY	14,044	16,466	17,757	15,544
0100d	250	DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,479,283	1,597,106	1,698,075	1,711,040
0100d	260	DEFENSE POW /MISSING PERSONS OFFICE	14,958	16,575	15,800	16,000
0100d	270	DEFENSE SECURITY COOPERATION AGENCY	412,346	152,726	284,767	86,325
0100d	280	DEFENSE SECURITY SERVICE	114,486	165,328	200,054	197,258
0100d	290	DEFENSE THREAT REDUCTION AGENCY	248,318	275,833	291,246	298,210
0100d	300	OFFICE OF ECONOMIC ADJUSTMENT	36,570	49,489	14,105	44,805
0100d	310	OFFICE OF THE SECRETARY OF DEFENSE	536,133	685,308	712,567	1,194,163
0100d	320	SPECIAL OPERATIONS COMMAND	42,874	63,157	61,932	70,801
0100d	330	SPECIAL ACTIVITIES	16,311	100,359	-	-
0100d	340	JOINT CHIEFS OF STAFF	-	185,588	234,498	270,943
0100d	350	WASHINGTON HEADQUARTERS SERVICES	325,017	392,399	405,500	379,754
0100d	360	DEFENSE TECHNOLOGY SECURITY ADMINISTRATION	-	19,886	20,396	20,465
TOTAL, BUDGET ACTIVITY 4:			10,891,370	12,647,670	13,985,135	14,446,964
Total Operation and Maintenance, Defense-Wide			13,540,139	14,816,619	16,570,847	17,081,214

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

				Total Obligational Authority (Dollars in Thousands)			
				<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army Reserve/3							
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>							
<u>LAND FORCES</u>				<u>737,464</u>	<u>891,801</u>	<u>962,490</u>	<u>979,129</u>
2080a	010	DIVISION FORCES		9,153	16,295	14,791	15,378
2080a	020	CORPS COMBAT FORCES		27,584	33,148	35,798	37,784
2080a	030	CORPS SUPPORT FORCES		237,318	279,691	309,462	303,966
2080a	040	ECHELON ABOVE CORPS FORCES		114,344	118,404	135,342	139,881
2080a	050	LAND FORCES OPERATIONS SUPPORT		349,065	444,263	467,097	482,120
<u>LAND FORCES READINESS</u>				<u>272,249</u>	<u>256,979</u>	<u>244,813</u>	<u>281,410</u>
2080a	060	FORCES READINESS OPERATIONS SUPPORT		153,437	115,711	122,020	142,630
2080a	070	LAND FORCES SYSTEM READINESS		60,193	92,817	59,846	57,816
2080a	080	DEPOT MAINTENANCE		58,619	48,451	62,947	80,964
<u>LAND FORCES READINESS SUPPORT</u>				<u>545,871</u>	<u>579,371</u>	<u>509,343</u>	<u>518,739</u>
2080a	090	BASE OPERATIONS SUPPORT		392,514	397,908	323,592	366,927
2080a	100	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		150,038	178,773	182,079	144,233
2080a	110	ADDITIONAL ACTIVITIES		3,319	2,690	3,672	7,579
TOTAL, BA 01: OPERATING FORCES				1,555,584	1,728,151	1,716,646	1,779,278
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>							
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				<u>210,998</u>	<u>215,386</u>	<u>235,363</u>	<u>240,063</u>
2080a	120	ADMINISTRATION		45,066	41,491	47,714	48,921
2080a	130	SERVICEWIDE COMMUNICATIONS		29,896	37,061	37,862	34,863
2080a	140	PERSONNEL/FINANCIAL ADMINISTRATION		47,166	46,839	47,092	48,705
2080a	150	RECRUITING AND ADVERTISING		88,870	89,995	102,695	107,574
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				210,998	215,386	235,363	240,063
Total Operation and Maintenance, Army Reserve				1,766,582	1,943,537	1,952,009	2,019,341

/3 Budget Activity totals in FY 2004 do not match the FY 2004/2005 Budget of the United States Appendix by \$21.2 million.

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority (Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Navy Reserve						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>RESERVE AIR OPERATIONS</u>			<u>541,947</u>	<u>547,377</u>	<u>574,870</u>	<u>565,590</u>
1806n	010	MISSION AND OTHER FLIGHT OPERATIONS	407,596	395,904	417,743	399,722
1806n	030	INTERMEDIATE MAINTENANCE	16,354	17,652	16,464	16,003
1806n	040	AIR OPERATIONS AND SAFETY SUPPORT	2,146	2,225	2,166	2,162
1806n	050	AIRCRAFT DEPOT MAINTENANCE	115,642	131,232	138,135	147,322
1806n	060	AIRCRAFT DEPOT OPERATIONS SUPPORT	209	364	362	381
<u>RESERVE SHIP OPERATIONS</u>			<u>135,414</u>	<u>163,715</u>	<u>154,765</u>	<u>147,796</u>
1806n	070	MISSION AND OTHER SHIP OPERATIONS	57,105	68,254	67,211	67,852
1806n	080	SHIP OPERATIONAL SUPPORT AND TRAINING	543	555	537	531
1806n	090	INTERMEDIATE MAINTENANCE	10,621	12,160	-	-
1806n	100	SHIP DEPOT MAINTENANCE	65,102	79,786	83,577	75,817
1806n	110	SHIP DEPOT OPERATIONS SUPPORT	2,043	2,960	3,440	3,596
<u>RESERVE COMBAT OPERATIONS SUPPORT</u>			<u>36,445</u>	<u>66,864</u>	<u>65,347</u>	<u>63,607</u>
1806n	120	COMBAT SUPPORT FORCES	36,445	66,864	65,347	63,607
<u>RESERVE WEAPONS SUPPORT</u>			<u>5,531</u>	<u>5,634</u>	<u>5,544</u>	<u>5,678</u>
1806n	130	WEAPONS MAINTENANCE	5,531	5,634	5,544	5,678
<u>BASE SUPPORT</u>			<u>211,406</u>	<u>275,662</u>	<u>193,038</u>	<u>209,029</u>
1806n	140	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	55,892	134,529	61,929	75,749
1806n	150	BASE OPERATIONS SUPPORT	155,514	141,133	131,109	133,280
TOTAL, BA 01: OPERATING FORCES			930,743	1,059,252	993,564	991,700

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>80,952</u>	<u>149,037</u>	<u>178,357</u>	<u>189,447</u>
1806n	160 ADMINISTRATION	11,211	12,270	12,560	13,171
1806n	170 CIVILIAN MANPOWER & PERSONNEL MGT	1,943	2,094	2,269	2,346
1806n	180 MILITARY MANPOWER & PERSONNEL MGT	36,500	31,754	36,276	37,146
1806n	190 SERVICEWIDE COMMUNICATIONS	24,949	96,492	120,733	130,083
1806n	200 COMBAT/WEAPONS SYSTEMS	5,604	5,731	5,665	5,817
1806n	210 OTHER SERVICEWIDE SUPPORT	745	696	854	884
<u>CANCELLED ACCOUNTS</u>		<u>908</u>	-	-	-
1806n	220 CANCELLED ACCOUNTS	908	-	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		81,860	149,037	178,357	189,447
Total Operation and Maintenance, Navy Reserve		1,012,603	1,208,289	1,171,921	1,181,147

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Marine Corps Reserve					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>MISSION FORCES</u>		<u>107,341</u>	<u>143,367</u>	<u>139,836</u>	<u>156,374</u>
1107n	010 OPERATING FORCES	47,972	60,069	61,261	73,817
1107n	020 DEPOT MAINTENANCE	7,784	12,396	10,231	12,108
1107n	030 BASE OPERATIONS SUPPORT	23,092	26,903	33,621	35,633
1107n	040 TRAINING SUPPORT	17,954	20,357	25,953	26,763
1107n	050 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	10,539	23,642	8,770	8,053
TOTAL, BA 01: OPERATING FORCES		107,341	143,367	139,836	156,374
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>32,466</u>	<u>35,350</u>	<u>34,116</u>	<u>32,263</u>
1107n	060 SPECIAL SUPPORT	8,081	8,815	8,956	8,948
1107n	070 SERVICEWIDE TRANSPORTATION	415	500	578	580
1107n	080 ADMINISTRATION	8,499	8,647	9,721	10,267
1107n	090 BASE OPERATIONS SUPPORT	7,339	9,230	6,701	4,155
1107n	100 RECRUITING AND ADVERTISING	8,132	8,158	8,160	8,313
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		32,466	35,350	34,116	32,263
Total Operation and Maintenance, Marine Corps Reserve		139,807	178,717	173,952	188,637

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority (Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Air Force Reserve						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>AIR OPERATIONS</u>			<u>1,890,668</u>	<u>2,042,529</u>	<u>2,074,372</u>	<u>2,127,442</u>
3740f	010	PRIMARY COMBAT FORCES	1,064,630	1,299,603	1,351,819	1,381,212
3740f	020	MISSION SUPPORT OPERATIONS	81,579	66,435	69,058	70,570
3740f	030	DEPOT MAINTENANCE	340,136	339,613	319,109	352,588
3740f	040	BASE OPERATIONS SUPPORT	90,623	47,914	61,783	62,169
3740f	050	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	313,700	288,964	272,603	260,903
TOTAL, BA 01: OPERATING FORCES			1,890,668	2,042,529	2,074,372	2,127,442
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>			<u>108,287</u>	<u>107,441</u>	<u>104,816</u>	<u>106,963</u>
3740f	060	ADMINISTRATION	59,753	58,411	59,138	60,067
3740f	070	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	21,810	23,230	24,253	24,979
3740f	080	RECRUITING AND ADVERTISING	18,437	18,552	14,162	14,567
3740f	090	OTHER PERSONNEL SUPPORT	7,214	6,593	6,642	6,707
3740f	100	AUDIOVISUAL	1,073	655	621	643
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			108,287	107,441	104,816	106,963
Total Operation and Maintenance, Air Force Reserve			1,998,955	2,149,970	2,179,188	2,234,405

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army National Guard					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>LAND FORCES</u>		<u>1,547,638</u>	<u>2,061,112</u>	<u>2,249,313</u>	<u>2,401,387</u>
2065a	010 DIVISIONS	379,979	580,427	669,748	726,411
2065a	020 CORPS COMBAT FORCES	517,832	633,103	651,273	690,298
2065a	030 CORPS SUPPORT FORCES	228,647	303,254	343,180	367,883
2065a	040 ECHELON ABOVE CORPS FORCES	380,135	493,250	563,199	595,747
2065a	050 LAND FORCES OPERATIONS SUPPORT	41,045	51,078	21,913	21,048
<u>LAND FORCES READINESS</u>		<u>457,714</u>	<u>492,500</u>	<u>428,945</u>	<u>545,773</u>
2065a	060 FORCE READINESS OPERATIONS SUPPORT	119,726	91,087	128,036	161,645
2065a	070 LAND FORCES SYSTEMS READINESS	151,497	224,641	106,760	124,137
2065a	080 LAND FORCES DEPOT MAINTENANCE	186,491	176,772	194,149	259,991
<u>LAND FORCES READINESS SUPPORT</u>		<u>1,495,012</u>	<u>1,417,744</u>	<u>1,268,585</u>	<u>1,344,657</u>
2065a	090 BASE OPERATIONS SUPPORT	586,531	620,176	448,167	558,808
2065a	100 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	256,828	364,782	380,226	308,330
2065a	110 MANAGEMENT & OPERATIONAL HEADQUARTERS	607,870	385,730	398,017	425,802
2065a	120 MISCELLANEOUS ACTIVITIES	43,783	47,056	42,175	51,717
TOTAL, BA 01: OPERATING FORCES		3,500,364	3,971,356	3,946,843	4,291,817
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>246,528</u>	<u>268,204</u>	<u>264,488</u>	<u>268,684</u>
2065a	130 STAFF MANAGEMENT	105,193	107,938	102,752	106,902
2065a	140 INFORMATION MANAGEMENT	14,642	21,081	13,529	21,216
2065a	150 PERSONNEL ADMINISTRATION	41,951	51,659	51,667	54,264
2065a	160 RECRUITING AND ADVERTISING	84,742	87,526	96,540	86,302
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		246,528	268,204	264,488	268,684
Total Operation and Maintenance, Army National Guard		3,746,892	4,239,560	4,211,331	4,560,501

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Air National Guard					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>		<u>3,917,365</u>	<u>4,058,472</u>	<u>4,366,395</u>	<u>4,363,596</u>
3840f	010 AIRCRAFT OPERATIONS	2,076,876	2,558,281	2,842,931	2,718,035
3840f	020 MISSION SUPPORT OPERATIONS	505,735	334,807	336,979	347,264
3840f	030 BASE OPERATIONS SUPPORT	437,556	437,243	410,627	417,468
3840f	040 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	186,942	163,664	154,798	215,641
3840f	050 DEPOT MAINTENANCE	710,256	564,477	621,060	665,188
TOTAL, BA 01: OPERATING FORCES		3,917,365	4,058,472	4,366,395	4,363,596
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE ACTIVITIES</u>		<u>17,753</u>	<u>33,416</u>	<u>36,251</u>	<u>36,917</u>
3840f	060 ADMINISTRATION	2,300	23,667	26,547	27,215
3840f	070 RECRUITING AND ADVERTISING	15,453	9,749	9,704	9,702
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		17,753	33,416	36,251	36,917
Total Operation and Maintenance, Air National Guard		3,935,118	4,091,888	4,402,646	4,400,513

**Department of Defense
FY 2004/FY 2005 President's Budget
Exhibit O-1**

			Total Obligational Authority			
			(Dollars in Thousands)			
			<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>TRANSFER ACCOUNTS</u>						
0810a	010	ENVIRONMENTAL RESTORATION, ARMY	-	393,679	396,018	401,948
0810n	020	ENVIRONMENTAL RESTORATION, NAVY	-	255,507	256,153	267,820
0810f	030	ENVIRONMENTAL RESTORATION, AIR FORCE	-	387,587	384,307	398,368
0810d	040	ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	-	24,281	24,081	23,684
0811d	050	ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITE	-	246,886	212,619	217,516
0118d	070	OVERSEAS CONTINGENCIES	-	37,033	50,000	981,900
TOTAL, O&M, TRANSFER ACCOUNTS			-	1,344,973	1,323,178	2,291,236
<u>MISCELLANEOUS APPROPRIATIONS</u>						
0104d	080	U.S. COURT OF APPEALS FOR THE ARMED FORCES	9,006	9,560	10,333	10,842
0838d	090	SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	15,892	18,893	-	-
0819d	100	OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AFFAIRS	49,355	58,072	59,000	59,600
1236n	110	PAYMENT TO KAHO'OLAWA ISLAND	75,954	75,000	-	-
0833d	120	EMERGENCY RESPONSE FUND, DEFENSE	13,232,778	1,411,792	-	-
0134d	130	FORMER SOVIET UNION THREAT REDUCTION	400,199	414,362	450,800	410,200
TOTAL, MISCELLANEOUS			13,783,184	1,987,679	520,133	480,642
TOTAL OPERATION AND MAINTENANCE TITLE:			125,201,160	115,491,490	116,958,824	121,667,500