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**THE ARMY BUDGET
FISCAL YEAR 2002**

Today, the Army announced details of its budget for Fiscal Year 2002, which runs from October 1, 2001 through September 30, 2002. The FY02 budget requests \$80.2 billion in Total Obligation Authority from the U.S. Congress – over \$6 billion more than appropriated for this fiscal year.

FY01 vs. FY02 TOTAL OBLIGATION AUTHORITY
(\$ billions)

| <u>APPROPRIATION</u> | <u>FY01</u> | <u>FY02</u> |
|--|--------------------|--------------------|
| Military Personnel | \$28.4 | \$30.2 |
| Operation and Maintenance | 23.9 | 26.7 |
| Procurement | 11.0 | 11.2 |
| Research, Development, Test and Evaluation | 6.3 | 6.7 |
| Military Construction | 1.3 | 2.1 |
| Army Family Housing | 1.2 | 1.4 |
| Chemical Demilitarization | 1.0 | 1.2 |
| Base Realignment and Closure | .3 | .2 |
| Environmental Restoration | .4 | .4 |
| Total * | \$73.7 | \$80.2 |

The Army's budget request for Fiscal Year 2002 supports the elements of the Army Vision – People, Readiness, and Transformation – and the strategic guidance to transform into a full spectrum force while ensuring warfighting readiness. It reflects a balanced base program that will allow the Army to remain trained and ready throughout FY02 without the need for supplemental appropriations, reversing a decade-long trend and allowing us to continue critical missions without losing momentum or diverting funds to support essential and unavoidable costs. This budget ensures the Army will remain a key instrument of national policy, serving our country well in peace and war – as it has for 226 years.

* Totals may not add due to rounding

PEOPLE

The FY02 budget continues to emphasize quality personnel as the core of the best force possible. It mans the force – end strength of 480,000 Active Component, 350,000 Army National Guard, and 205,000 Army Reserve soldiers – with better pay and incentives. It funds both the congressionally authorized pay raise of 4.6 percent and additional pay raises targeted by grade and years of service, a key component of the President’s initiatives to improve quality of life for military personnel.

The FY02 budget increases housing allowances, implementing revised rates and reducing out-of-pocket expenses for military personnel from 15 percent in FY01 to 11.3 percent, on the way to eliminating average out-of-pocket costs entirely by FY05.

The increases for enlistment and retention bonuses will enable the Army to sustain its recent recruiting and retention successes, although some shortfalls remain. Funding for change-of-station moves helps to ensure we can place soldiers when and where they are needed to man units at desired grade and skill levels, and further advance the Army’s Transformation.

The Army’s FY02 civilian workforce is funded at 215,600 endstrength.

READINESS

The FY02 budget request supports our most critical readiness requirements, although we’ve accepted some risk in the level of funding for Active Component air and ground Operating Tempo (OPTEMPO) to stabilize the deterioration of our facilities and augment training enablers. It expands our existing training base to develop quality leaders and soldiers. In addition, funding is provided to enhance unit deployability, supporting installations, logistics support systems, and quality of life for soldiers, their families, and our civilian workforce. Resources have been maximized to ensure our forces are trained, equipped and ready to fight – a positive impact on overall readiness.

Operating Tempo: The budget supports 730 of 800 required ground OPTEMPO miles per year for the M1 Abrams Tank and a corresponding level of training support. The Flying Hour Programs are funded for an average of 14 of 14.5 required live flying hours per aircrew per month for the Active Component, and 9 live air crew flying hours for Reserve Components. Although we are assuming risk in the Combat Training Center program, we currently have scheduled 10 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. Additionally, the Battle Command Training Program will train five division command & staff groups and conduct two corps Warfighter exercises.

Recruiting and Institutional Training: This budget supports three priorities -- man the force, train the force (institutional training), and grow leaders for the 21st century.

- To set the conditions for success in manning and readiness, the Army must recruit quality soldiers now and in the future. We will continue to emphasize recruiting and advertising so that today's youth are aware of career opportunities in the Army. To ensure we can compete for the best young people, we have increased funding for the US Military Academy and Senior Reserve Officers Training Program.
- To train the force and develop future leaders, we've increased funding in Institutional Training and the Army Continuing Education System. Institutional training funds the Training and Doctrine Command transformation and strengthens the institutional training base. We expect a substantial increase in the number of soldiers who will seize the opportunity to continue their education through the tuition assistance program. To develop the civilian leaders of the future, the budget also includes an increase for the Army's Civilian Training and Education System (ACTEDS) and training for civilian interns.

Mobilization Operations: The FY02 budget supports the Army's Strategic Mobility Program, which remains the cornerstone for improving the Army's deployment capability. The afloat prepositioned fleet at end state will contain 15 ships, including eight new Large, Medium Speed Roll-on/Roll-off ships. We are realigning and upgrading our brigade sets on land consistent with our Global Prepositioning Strategy. In FY02, we will continue deployment-outload enhancements that include infrastructure improvements, unit deployment container acquisition, and strategic deployment training.

Sustainment: Supplying and maintaining equipment for the Army's soldiers are key components of readiness. The FY02 budget holds overall sustainment funding steady for a variety of important programs: Depot Maintenance, Second Destination Transportation, Supply Depot Operations, War Reserve Secondary Items, Army Prepositioned Stocks, Logistics Automation, Conventional Ammunition Management, and Sustainment Systems Technical Support. Recent initiatives in this budget include the transition to a Single Stock Fund and further testing and fielding of Global Combat Support System - Army as the replacement for outdated logistics management systems. The budget also provides for the Patriot Missile Program, which addresses the decline in inventory due to shelf life expirations and the missile reliability problems discovered in the field. Increased funding for spare parts will partially improve readiness, our capability to sustain units as they deploy, and the timely execution of the recapitalization program.

Base Operations: The FY02 budget request funds 96 percent of the base operations support services that are so important for the quality of life of our soldiers, retirees, families, and the civilian workforce. Additional funds have been added to offset the extraordinary utilities cost increases of this year.

Facilities: Sustainment, Restoration and Modernization (SRM) funding has been increased substantially, which should halt deterioration of our aging infrastructure.

TRANSFORMATION

As the Army continues its Transformation, funding an affordable, fully integrated modernization and recapitalization program is essential to provide decisive and comprehensive full-spectrum land component capabilities in support of the National Military Strategy. Our transformation strategy focuses on leap-ahead Science and Technology investments to accelerate development of lighter, faster, and more lethal platforms that are central to achieving the Objective Force.

Science and Technology: The FY02 budget funds the Future Combat Systems (FCS), focusing on enabling technologies for the Objective Force. FCS will provide strategically responsive “full spectrum” networked capabilities – ensuring overwhelming lethality, survivability, and strategic and tactical mobility. The Systems Development and Demonstration (SDD) phase will commence in FY06.

Modernization: The Army is committed to maintaining combat overmatch of selected current and interim systems that provide the capability bridge to the Objective Force. Highlights include:

- **Interim Armored Vehicle (IAV):** The FY02 budget continues funding of IAVs for the second Interim Brigade Combat Team, providing a worldwide deployment capability in combat configuration within 96 hours.
- **Comanche:** The Comanche is a multi-mission aircraft optimized for the critical battlefield mission of tactical armed reconnaissance. The FY02 budget supports testing of two prototype aircraft and development of the advanced T801 engine, composite air vehicle, and Mission Equipment Package.
- **Crusader:** The Crusader is the Army's next generation self-propelled howitzer (SPH). Crusader has significantly increased capabilities in the areas of lethality, mobility, survivability, and sustainability. The FY02 budget continues program definition and risk reduction, and funds a Limited User Test in preparation for Milestone B decision early in FY03.
- **The Shadow Tactical Unmanned Aerial Vehicle (TUAV)** provides the Army maneuver commander with dedicated real time reconnaissance, surveillance, target acquisition, and battle damage assessment. The TUAV carries electro-optical and infrared sensors and can stay on station up to 4 hours. The FY02 budget buys nine TUAV systems. A system includes multiple air vehicles, payloads, and ground control equipment.

Recapitalization: The Army must invest in the maintenance and upgrade of systems currently in the force to sustain capabilities, reduce the cost of ownership, and extend the life of these legacy systems.

The budget funds development of a more fuel efficient engine for the Abrams, as well as continuing funding for the upgrades of the Chinook and Black Hawk helicopters, producing a more reliable, less-expensive-to-maintain aviation capability.

Other funded recapitalization efforts include state-of-the-art automotive technology upgrades for the Family of Tactical Vehicles; modernization of the Bradley Fighting Vehicle, and improvements to current missile systems. The budget also includes funding for multi-year procurement of Javelin and Longbow Hellfire.

A summary of procurement major system quantities follows:

| <u>QUANTITIES</u> | | | | |
|--------------------------|--------------------|--------------------|--------------------|----------------------------------|
| <u>System</u> | <u>FY00</u> | <u>FY01</u> | <u>FY02</u> | <u>Multi-Year Program</u> |
| Apache Longbow | 74 | 52 | 60 | Yes |
| Interim Armored Vehicle | 0 | 418 | 326 | No |
| Abrams Upgrade Program | 120 | 100 | 104 | Yes |
| FMTV | 1916 | 2269 | 2493 | Yes |
| Javelin | 2392 | 2776 | 4139 | Yes |
| Bradley Base Sustainment | 140 | 157 | 142 | Yes |
| Longbow Hellfire | 2200 | 2200 | 2200 | Yes |
| UH-60 Black Hawk | 19 | 18 | 12 | Yes |
| MLRS Launchers | 39 | 66 | 35 | No |

MILITARY CONSTRUCTION AND FAMILY HOUSING

The FY02 budget provides military facilities and soldier housing needed to improve Army readiness, quality of life, and efficiency. The Military Construction projects provide new and renovated facilities that improve strategic mobility, modernize barracks, and support the missions of the Army's Active and Reserve Components. The Family Housing budget includes funding for operation, maintenance, leasing, construction, revitalization and privatization of housing in the U.S. and overseas.

Military Construction: The FY02 budget requests \$2.1 billion in FY02 for the following programs:

- The Whole Barracks Renewal program applies \$524 million for construction to improve the living conditions of single soldiers.
- Strategic Mobility is enhanced by construction projects totaling \$125 million.

- Mission, training, quality of life, and infrastructure facility construction for the Active Army are budgeted at \$1.1 billion.
- Reserve Component construction program totals \$379 million.

Army Family Housing: The FY02 budget provides for the upgrade of approximately 19,000 housing units of the total 111,000 unit inventory world-wide. The construction portion of the budget includes investment funding for privatization, as well as for traditional construction. The operation and maintenance portion also includes funding for major maintenance and repair work in support of the Army goal to upgrade family housing by 2010.

In keeping with the Army goal to eliminate inadequate family housing by 2010, we are privatizing some family housing through the Residential Communities Initiative (RCI). This initiative allows the Army to obtain private sector capital to upgrade over 17,000 military housing units. Nine privatization projects are scheduled to begin in FY02.

CHEMICAL DEMILITARIZATION PROGRAM

The FY02 budget request of \$1.2 billion includes research and development (\$200.4 million), procurement (\$164.2 million), and operations and maintenance (\$789.0 million), plus \$172.5 million in the Army Military Construction budget. Significant program activities funded in the request include the continuing of closure plans at the Johnston Atoll Chemical Agent Disposal System; continuing disposal operations at the Tooele Chemical Agent Disposal Facility; systemization at the Anniston, AL, and Umatilla, OR facilities and equipment installation at the Pine Bluff, AR disposal facilities; continuation of the Chemical Agent Munitions Disposal System support to the Program; and equipment installation at the pilot facilities for testing alternative disposal technologies at the Aberdeen, MD, and Newport, IN.

ARMY ENVIRONMENTAL PROGRAM

Army policy mandates that all current operations comply with federal, state, local, and applicable host-nation environmental standards. The Army's commitment to this policy is reflected in the FY02 budget request for environmental programs. The funds will pay for environmental compliance, conservation of natural and cultural resources, and pollution prevention on Army installations worldwide. The budget also provides support to correct violations, meet existing and new environmental standards, and dispose of hazardous waste.

SUMMARY

The budget for Fiscal Year 2002 ensures the Army is funded at sufficient levels to support the National Security and National Military Strategies. It funds People programs to ensure manning the force and quality of life, ensures continued Army warfighting Readiness, and advances the Army Transformation to a full spectrum 21st century force.

It reflects a balanced base program that allows the Army to meet these objectives without the need for FY02 non-emergency supplemental appropriations. It includes significant increases for installation services and infrastructure, mitigating the need to divert funds programmed for readiness training. It keeps recruiting and advertising programs on track, and funds continued improvements in barracks, housing, and strategic mobility facilities.

The Army Transformation is enabled, although not at the desired velocity. There is some risk in the level of training OPTEMPO, but these risks are considered acceptable to ensure stable base operations levels and improved facility maintenance and repair. Sustainment programs also remain stable, and we are able to begin some modernization of our aging helicopter fleet.

In short, this budget keeps the Army Vision on track – caring for People, ensuring continued Readiness, and enabling Transformation.

For more information, contact the U.S. Army Public Affairs Office at (703) 697-4314 or (703) 697-7591.

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