

Department of the Navy
Operation and Maintenance, Navy
4B1N Servicewide Transportation
FY 2005 President's Budget Submission
Exhibit OP-5

I. Description of Operations Financed:

The Service-wide Transportation (SWT) program provides funding for the majority of the Navy's worldwide cargo shipments. This includes First Destination Transportation (FDT), Second Destination Transportation (SDT), and continental United States terminal services in conjunction with cargo movements. FDT costs are associated with the movement of material, after purchase, on a Free-On-Board basis, from the contractor's facilities to the first point of use or storage. The SWT program also provides financing for the worldwide Second Destination shipment of regular and emergency readiness material including ammunition, chemicals, medicine, subsistence, mail, repair parts, and high value repairable items. The SWT program finances the purchase of transportation services predominantly from DOD working capital fund transportation activities: the Air Mobility Command (AMC) and the Military Traffic Management Command (MTMC). In addition, SWT purchases transportation services from private sector firms. These include aircraft, truck, rail, barge, and bus. The program's volume is driven by a variety of factors, the most significant being the operating tempo and readiness requirements of the fleet, and the quality of life support requirements for overseas units, Naval personnel, and their dependents.

II. Force Structure Summary:

This program provides funding for the majority of the Navy's worldwide cargo shipments. This includes financing for the worldwide First and Second Destination movement of regular and emergency readiness material including ammunition, chemicals, medicine, subsistence, mail, repair parts, and high value repairable items. This is a Navy-wide program.

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III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group Total

		FY 2004			
	FY 2003	Budget		Current	FY 2005
	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
	269,821	193,045	183,815	183,815	189,634

B. Reconciliation Summary

	<u>Change</u>	<u>Change</u>
	<u>FY 2004/2004</u>	<u>FY 2004/2005</u>
Baseline Funding	193,045	183,815
Congressional Adjustments - Distributed	0	0
Congressional Adjustments - Undistributed	-7,736	0
Adjustments to Meet Congressional Intent	0	0
Congressional Adjustments - General Provisions	-1,494	0
Subtotal Appropriation Amount	183,815	0
Emergency Supplemental Carryover	0	0
FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)	126,200	0
Program Changes (Current Year to Current Year)	0	0
Subtotal Baseline Funding	310,015	0
Reprogrammings	0	0
Price Change	0	221
Functional Transfers	0	0
Program Changes	0	5,598
Less: Emergency Supplemental Funding	-126,200	0
Normalized Current Estimate	183,815	0
Current Estimate	0	189,634

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C. Reconciliation of Increases and Decreases

1. FY 2004 President Budget Request.		193,045
2. Congressional Adjustment (Undistributed).		-7,736
a) Administration and Service-wide Activities	-2,337	
b) SWA CONOPS	-5,399	
3. Congressional Adjustment (General Provision).		-1,494
a) Sec. 8094: Management Improvements	-576	
b) Sec. 8126: Economic Assumptions	-918	
4. FY 2004 Appropriated Amount.		183,815
5. FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106).		192,200
a) For GWOT supplemental increase, please see supplemental OP-5 exhibit for details.	126,200	
6. Baseline Funding (subtotal).		310,015
7. Revised FY 2004 Current Estimate.		310,015
8. Less: Emergency Supplemental Funding.		-192,200
a) For GWOT supplemental decrease, please see supplemental OP-5 exhibit for details.	-126,200	
9. Normalized Current Estimate for FY 2004.		183,815
10. FY 2005 Price Change.		221
11. Program Growth in FY 2005.		5,598
a) c) Increase for FPO Mail shipments overseas where Department of Transportation rates exceed the Inflation Category Code (ICC) rate for the Department of Defense (DoD).	2,424	
b) b) Increase reflects additional transportation costs generated by an increase in Navy Exchange Service Command (NEXCOM) sales overseas, including Exchange enhancements in Hawaii (Pearl Harbor), Guantanamo Bay and Sigonella.	1,760	
c) a) Increase in tonnage in support of transporting aircraft engines, conventional ammunition and small arms weapons.	1,414	
12. FY 2005 Budget Request.		189,634

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IV. Performance Criteria and Evaluation Summary :

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Units</u>	<u>(\$000)</u>	<u>Units</u>	<u>(\$000)</u>	<u>Units</u>	<u>(\$000)</u>
First Destination Transportation						
(by Mode of Shipment)						
Air Mobility Command						
Regular Channel (ST)	6,417	12,711	3,379	6,806	3,379	6,929
SAAM (MSN)	0	0	0	0	0	0
Subtotal of Costs	0	12,711	0	6,806	0	6,929
Commercial						
Air (ST)	0	0	0	0	0	0
Surface (ST)	7,750	4,387	3,440	1,966	3,440	1,994
Subtotal of Costs	0	4,387	0	1,966	0	1,994
Military Traffic Management Command						
Port Handling (MT)	0	0	0	0	0	0
Other (WCF)	0	0	0	0	0	0
Liner Ocean Transportation (MT)	13,628	1,172	27,478	2,390	27,478	2,141
Cargo Operations (MT)	2,634	24	13,221	140	13,221	186
Subtotal of Costs		1,196		2,530		2,327
<u>Total First Destination Transportation Costs</u>		18,294		11,302		11,250

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	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Units</u>	<u>(\$000)</u>	<u>Units</u>	<u>(\$000)</u>	<u>Units</u>	<u>(\$000)</u>
Second Destination Transportation						
(by Mode of Shipment)						
Air Mobility Command						
Regular Channel (ST)	24,982	49,491	17,512	35,274	18,198	37,323
SAAM (MSN)		0		0		0
Subtotal of Costs		49,491		35,274		37,323
Commercial						
Air (ST)	184,604	104,486	113,717	65,201	117,885	68,537
Surface (ST)	64,942	38,756	39,954	22,908	39,954	23,229
Subtotal of Costs		143,242		88,109		91,766
Military Traffic Management Command						
Port Handling (MT)		0		0		0
Other (WCF)		25,500		25,500		25,500
Liner Ocean Transportation (MT)	339,671	31,262	259,633	21,655	279,362	21,163
Cargo Operations (MT)	222,101	1,999	182,655	1,975	182,537	2,632
Subtotal of Costs		58,761		49,130		49,295
<u>Total Second Destination Transportation Costs</u>		251,494		172,513		178,384
<u>Total First and Second Destination Transportation Costs</u>		269,821		183,815		189,634

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Overseas Mail

Air/Commercial and AMC (ST)	151,469	96,176	104,985	60,194	104,985	63,511
Liner Ocean Transportation (MT)	163	18	163	18	163	16
Cargo Operations (MT)	10	1	10	1	10	2

Subtotal of Costs		96,195		60,213		63,529
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<u>Total Second Destination Transportation Costs</u>		251,494		172,513		178,384
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<u>Total First and Second Destination Transportation Costs</u>		269,821		183,815		189,634
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MT: Measurement Ton

ST: Short Ton

MSN: Number of Missions Flown

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V. Personnel Summary :

End Strength	FY 2003 ES	FY 2004 ES	Change FY 2004 to FY 2005	FY 2005 ES
TOTAL CIVPERS	0	0	0	0
Active Military				
Officers	5	5	0	5
Enlisted	1	2	0	2
Reservists on Full-Time Active Duty				
Officers	0	0	0	0
Enlisted	0	0	0	0
TOTAL MILPERS	7	7	0	7
Workyears	FY 2003 WY	FY 2004 WY	Change FY 2004 to FY 2005	FY 2005 WY
TOTAL CIVPERS	0	0	0	0
Officers	5	5	0	5
Enlisted	1	2	0	2
TOTAL MILPERS	6	7	0	7

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VI. Summary of Price and Program Growth (OP-32):

	FY-03 Program Total	FY-04 Price Growth	FY-04 Program Growth	FY-04 Program Total	FY-05 Price Growth	FY-05 Program Growth	FY-05 Program Total
4B1N							
07 Transportation							
0705 AMC Channel Cargo	62,202	1,057	-21,179	42,080	757	1,414	44,251
0708 MSC Chartered Cargo	4,082	-1,743	-2,339	0	0	0	0
0718 MTMC Liner Ocean Transportation	30,384	-790	-5,549	24,045	-2,501	1,488	23,032
0719 MTMC Cargo Operations (Port Handling)	2,023	405	-313	2,115	704	0	2,819
0725 MTMC Other (Non-WCF)	25,500	0	0	25,500	0	0	25,500
0771 Commercial Transportation	145,630	1,893	-57,448	90,075	1,261	2,696	94,032
TOTAL 07 Transportation	269,821	822	-86,828	183,815	221	5,598	189,634
Total 4B1N Servicewide Transportation	269,821	822	-86,828	183,815	221	5,598	189,634