

## *Fiscal Trends*

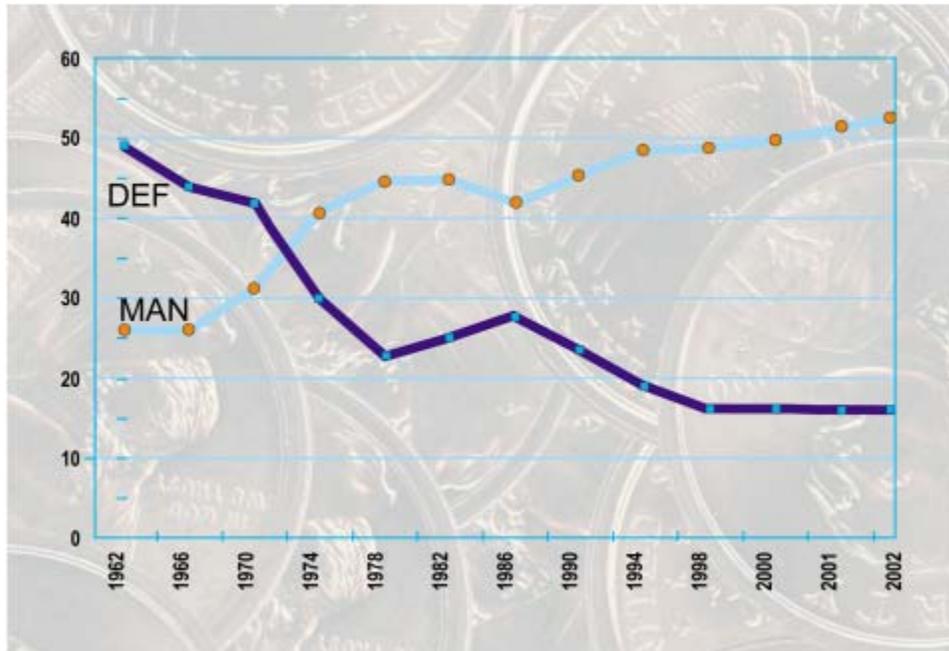
Funds to support the defense strategy are programmed, budgeted, authorized, appropriated, obligated, and finally expended to cover service investment and operational requirements. Total Obligational Authority (TOA) refers to the total financial resources available. Budget Authority (BA) refers to financial resources appropriated by Congress. The DoD Planning, Programming, and Budgeting System establishes procedures for the allocation of DoD TOA. Figure 5–1 displays the BA for all of DoD from FY96 through the FY02 Budget. The FY02 Budget estimate is the currently proposed defense spending level.

**FIGURE 5–1: BUDGET AUTHORITY (FY01 CONSTANT DOLLARS — \$B)**

<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>
285	282	277	293	288	291	303

There is a general perception that defense spending has increased over the past few years. However, figures 5–2 and 5–3 show otherwise. Figure 5–2, which shows the long-term trend in budget authority for the Department of Defense, depicts more than a decade of real decline in defense spending. Defense spending is now 31 percent below the FY85 peak year and on a par with the FY75 post Vietnam level.

**FIGURE 5–2: DOD BUDGET AUTHORITY TRENDS (FY01 CONSTANT DOLLARS — \$B)**



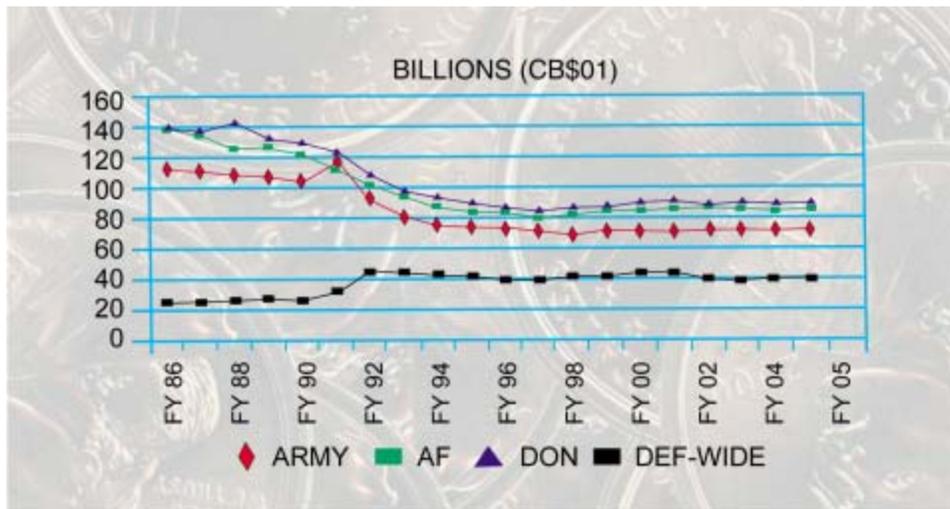
Viewed in terms of the percentage of total Federal spending, figure 5-3 shows how defense spending has been on a downward trend since the early 1960's where it reached a level of over 50 percent of the Federal Budget in FY62. Since then mandatory spending has increased to over 50 percent of total outlays and DoD has dropped to 16 percent. DoD Budget outlays are now significantly lower than non-DoD discretionary funding.

**FIGURE 5-3: FEDERAL BUDGET TRENDS (PERCENT)**



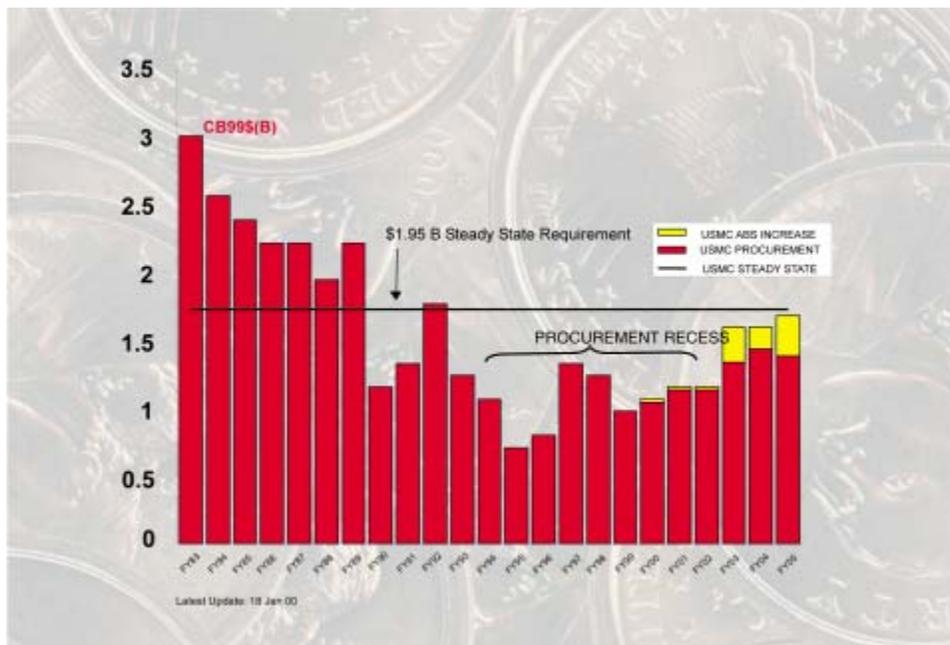
**DOD TOA COMPARISONS.** TOA trends for the major components of DoD are shown in figure 5–4 in FY01 constant dollar terms for the period FY86 to FY05. The FY01 to FY05 estimates of TOA are those submitted in the FY01 Budget request. Service TOAs dropped significantly during the period FY86 to FY94 but have remained fairly stable thereafter. Of particular note is the ramp up in Defense Agency funding during the early 90's and the sustainment of that level thereafter.

**FIGURE 5-4: DOD TOA TRENDS (FY01 CONSTANT DOLLARS — \$B)**



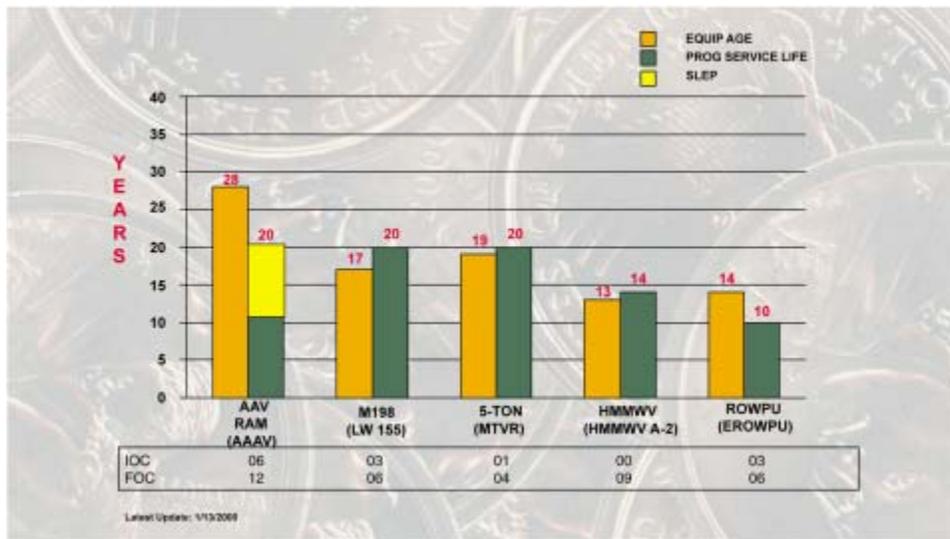
**MARINE CORPS GROUND INVESTMENT.** Marine Corps equipment modernization and research and development trends are shown in Figure 5-5. These accounts show serious deficiencies from FY93 through FY99 totaling \$3.6 billion. This is the result of annual funding being well short of the steady state level of \$1.2 billion needed annually to sustain the Corps. This extended period of underfunding has driven the recovery rate to \$1.8 billion per year. While the FY01 budget returns to the sustainment level it does not enable recovery from the cumulative effect of those years of underfunding.

**FIGURE 5-5: HISTORICAL GROUND PROCUREMENT SUMMARY (FY01 CONSTANT DOLLARS)**



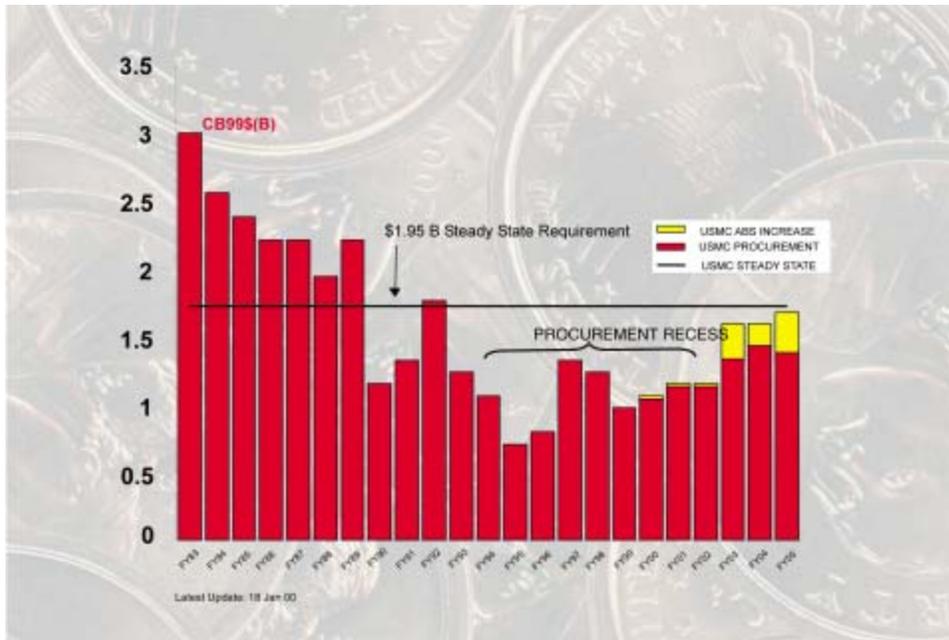
As indicated in Figure 5–6 most of our major ground weapons systems are at or near the end of their planned service lives. When possible, we have taken advantage of remanufacturing and service life extension programs to extend their useful lives and bridge the gap until new equipment will be fielded. However, maintaining old equipment is a serious burden on both the man-hours of our young Marines and our O&M resources. Increasing the pace of modernization is key to meeting this challenge.

**FIGURE 5–6: GROUND EQUIPMENT AGE**

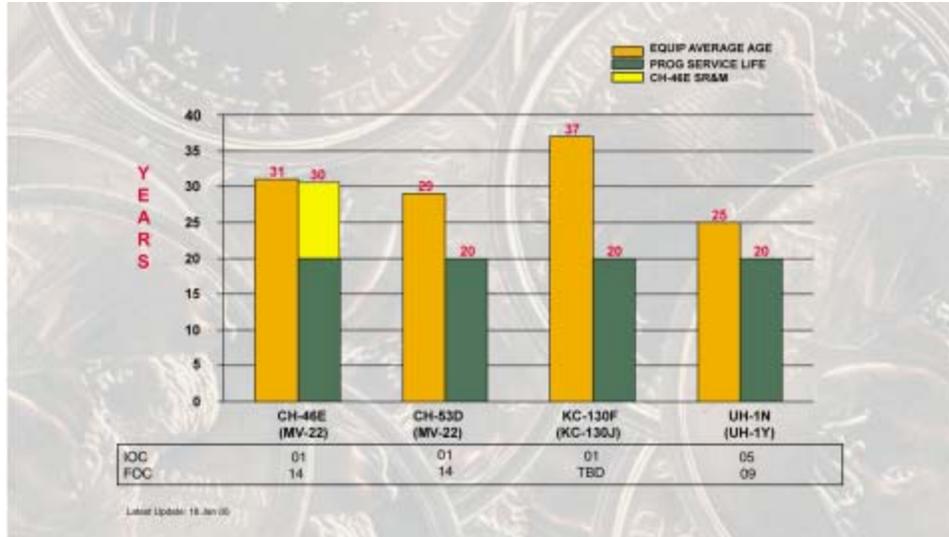


**MARINE AVIATION PROCUREMENT.** Marine Aviation procurement is a component of Aviation Procurement, Navy. In this context Marine Aircraft procurement funding is well below the historical “steady-state” level of \$1.95 billion (See Figure 5–7). This extended period of under funding has resulted in deferred replacement of our fleet of aging aircraft and resulted in increased time and money being spent to maintain aviation readiness. It has also driven our legacy systems to significantly exceed their service lives (See figure 5–8). While significant progress has been made in the current budget to recover from the procurement recess it still falls short of our steady state requirement necessary to sustain a modern capable Marine Corps.

**FIGURE 5–7: HISTORICAL AIRCRAFT PROCUREMENT SUMMARY**



**FIGURE 5-8: AGING AVIATION EQUIPMENT**



***Marine Corps FY02 TOA by Appropriations***

Marine Corps appropriation details will be provided after the completion of the administration’s “Top to Bottom” Strategic Review and the FY02 President’s Budget is submitted to Congress.