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JUSTIFICATION OF ESTIMATES
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DODIG for Audit ATTN: ASP 1300 Wilson Blvd Arlington, Va 22209	1	Program Manager, LHX ATTN: AMCPEO-LHX 4300 Goodfellow Blvd St Louis, MO 63120-1798	5	PEO, Communications Sys ATTN: AMCPEO-COMM Ft. Monmouth, NJ 07703-5000	5
HQDA (DAAA-PRP) 3101 Park Center Dr Rm 1301 Alexandria, VA 22302-1596	1	PEO, Cmbt Support Sys ATTN: AMCPEO-CS Warren, MI 48397-5000	5	PEO, Health Care Sys ATTN:DASG-ZA 5111 Leesburg Pike Falls Church, Va 22041-3258	5
PEO, Close Cmbt Armamnts ATTN: AMCPEO-CCA Picatinny Arsenal, NJ 07806-5000	5	PEO, IEW ATTN: AMCPEO-IEW Building 209, VHFS Warrenton, VA 22186-5115	5	PEO, High/Medium Air Def ATTN: AMCPEO-HI Redstone Arsenal, AL 35898-8020	5
PEO, Fire Support ATTN: AMCPEO-FS Redstone Arsenal, AL 35898-8000	5	PEO, Troop Support ATTN: AMCPEO-TRP 4300 Goodfellow Blvd St Louis, MO 63120-1798	5	PEO, Forward Air Defense ATTN: AMCPEO-FA Redstone Arsenal, AL 35898-5750	5
PEO, Combat Aviation ATTN: AMCPEO-CA 4300 Goodfellow Blvd St Louis, MO 63120-1798	5	PEO, Networks ATTN: AMCPEO-PEN Ft. Monmouth, NJ 07703-5000	5	PEO, Ammunition ATTN: AMCPEO-AMMO 5001 Eisenhower Blvd Alexandria, VA 22333-0001	5
Chief of Engineers ATTN: CECCG 20 Massachusetts Ave Washington, D.C. 20314-1000	1	Program Manager, RCAS ATTN: AS-RCAS STOP C-13, Bldg 1469 Ft. Belvoir, VA 22060-5436	1	PEO, Close Combat Vehicle ATTN: AMCPEO-CCV Warren, MI 48090-5000	5

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PEO, Command & Control ATTN: AMCPEO-CCS FT Monmouth, NJ 07703-5000	5	PEO, Close Cmbt Msls ATTN: AMCPEO-CM Redstone Arsenal, AL 35898-8040	5	PEO, Close Combat Aviation ATTN: AMCPEO-CSA 4300 Goodfellow Blvd St Louis, MO 63120-1798	5
PEO, STAMMIS ATTN: AS-PES STOP C5 Ft Belvoir, VA 22060-5456	2	PEO, Strategic Defense ATTN: DASG-ZA Crystal Mall Arlington, VA 22215-0150	5	PEO, Financial Systems ATTN: SAFM-FAZ-A Ft Benjamin Harrison Indianapolis, IN 46249-0100	1

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DEPARTMENT OF THE ARMY

JUSTIFICATION OF ESTIMATES FOR AMENDED FY 1988/1989 BIENNIAL BUDGET

SUBMITTED TO CONGRESS

FEBRUARY 1988

APPROPRIATION LANGUAGE

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefore; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefore, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes: \$2,586,600 of which \$20,700,000 shall be available only for the Army National Guard and Army Reserve; to remain available for obligation until September 30, 1991.

Missile Procurement, Army
Program and Financing (in Thousands of dollars) SUMMARY

Identification code	21-2032-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct program:							
00.0101	Other missiles	1,840,000	1,904,497	2,136,267	1,836,789	1,861,371	2,109,214
00.0201	Modification of missiles	93,701	134,977	162,772	128,623	160,562	151,592
00.0301	Spares and repair parts	150,326	246,600	254,302	228,485	215,326	238,308
00.0401	Support equipment and facilities	40,873	34,677	33,259	45,053	40,766	33,568
00.9101	Total direct program	2,124,900	2,320,751	2,586,600	2,238,950	2,278,025	2,532,682
01.0101	Reimbursable program	476,715	444,700	444,700	430,076	534,955	444,700
10.0001	Total	2,601,615	2,765,451	3,031,300	2,669,026	2,812,980	2,977,382
Financing:							
Offsetting collections from:							
11.0001	Federal funds(-)	-342,585	-386,600	-386,600	-319,412	-386,600	-386,600
13.0001	Trust funds(-)	-133,656	-57,500	-57,500	-122,209	-57,500	-57,500
14.0001	Non-Federal sources(-)	-474	-600	-600	-474	-600	-600
17.0001	Recovery of prior year obligations				-179,019		
21.4002	Unobligated balance available, start of year:				-615,187		-624,671
21.4003	Available to finance new budget plans	-120,700	-94,900		-120,700	-94,900	
21.4007	Reprogramming from/to prior year budget plan	-19,975					
22.4001	Unobligated balance transferred to other accounts	-11,610	35,700		-11,610	35,700	
24.4002	Unobligated balance available, end of year:				672,200		678,589
24.4003	Available to finance subsequent year budget plans	94,900			94,900		
25.0001	Unobligated balance lapsing	16,485			16,485		
39.0001	Budget authority	2,084,000	2,261,551	2,586,600	2,084,000	2,261,551	2,586,600
Budget authority:							
40.0001	Appropriation	2,206,800	2,332,237	2,586,600	2,206,800	2,332,237	2,586,600
40.0017	Appropriation rescinded	-99,600	-59,200		-99,600	-59,200	
41.0001	Transferred to other accounts(-)	-23,200	-11,486		-23,200	-11,486	
43.0001	Appropriation (adjusted)	2,084,000	2,261,551	2,586,600	2,084,000	2,261,551	2,586,600
Relation of obligations to outlays:							
71.0001	Obligations incurred, net				2,226,931		2,532,682
72.4001	Obligated balance, start of year				4,584,453		4,380,853
74.4001	Obligated balance, end of year				-4,345,673		-4,622,735
77.0001	Adjustments in expired accounts				26,896		
78.0001	Adjustments in unexpired accounts				-179,019		

Army

Missile Procurement, Army
Program and Financing (in Thousands of dollars) SUMMARY

Identification code	21-2032-0-1-051	1987 actual	1988 est.	1989 est.
90.0001	Outlays	2,313,588	2,333,100	2,290,800

Army

Missile Procurement, Army
Object Classification (in Thousands of dollars) SUMMARY

Identification code	21-2032-0-1-051	1987 actual	1988 est.	1989 est.
Direct obligations:				
Other services:				
125.004		452,648	540,140	528,408
126.001	Supplies and materials	815,272	657,604	985,791
131.001	Equipment	971,030	1,080,281	1,018,483
199.001	Total Direct obligations	2,238,950	2,278,025	2,532,682
Reimbursable obligations:				
Other services:				
225.004		86,860	93,387	93,387
226.001	Supplies and materials	156,446	254,794	164,539
231.001	Equipment	186,770	186,774	186,774
299.001	Total Reimbursable obligations	430,076	534,955	444,700
999.901	Total obligations	2,669,026	2,812,980	2,977,382

Army

Missile Procurement, Army
Program and Financing (in Thousands of Dollars) FISCAL YEAR 1983

Identification code	Budget Plan (amounts for PROCUREMENT actions programed)			Obligations
	1987 actual	1988 est.	1989 est.	
21-2032-0-1-051	1987 actual	1988 est.	1989 est.	1987 actual 1988 est. 1989 est.
Financing:				
17.0001	Recovery of prior year obligations			-21,349
21.4007	Unobligated balance available, start of year:			
	Reprogramming from/to prior year budget plan	-21,349		
22.4001	Unobligated balance transferred to other acc	21,349		21,349
39.0001	Budget authority			

Missile Procurement, Army
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1985

Identification code	21-2032-0-1-051		Budget Plan (amounts for PROCUREMENT actions programed)		Obligations	
	1987 actual	1988 est.	1987 actual	1988 est.	1988 est.	1989 est.
Program by activities:						
Direct program:						
00.0101			47,796			
00.0201			37,262			
00.0301			12,899			
00.0401			7,732			
00.9101			205,689			
01.0101			7,127			
10.0001			212,816			
Financing:						
Offsetting collections from:						
11.0001			765			
13.0001			4,083			
17.0001			-120,689			
Recovery of prior year obligations						
21.4002			-156,366			
21.4003			-32,800			
21.4007			-32,800			
22.4001			-59,391			
25.0001			42,906			
			16,485			
40.0017			-32,800			

Missile Procurement, Army
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1986

Identification code	21-2032-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations	
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.
Program by activities:						
Direct program:						
00.0101	Other missiles		173,032		183,508	
00.0201	Modification of missiles		22,822		24,734	
00.0301	Spares and repair parts		71,785		4,157	
00.0401	Support equipment and facilities		4,938		5,330	
00.9101	Total direct program		272,577		217,729	
01.0101	Reimbursable program		28,541		7,948	
10.0001	Total		301,118		225,677	
Financing:						
Offsetting collections from:						
11.0001	Federal funds(-)			22,408		
13.0001	Trust funds(-)			7,364		
17.0001	Recovery of prior year obligations			-36,981		
21.4002	Unobligated balance available, start of year:					
21.4003	For completion of prior year budget plans			-458,821		-225,677
21.4007	Available to finance new budget plans			-87,900		-36,200
22.4001	Reprogramming from/to prior year budget plan	-87,900	-36,200			
24.4002	Unobligated balance transferred to other acc	60,765				
24.4003	Unobligated balance available, end of year:					
	For completion of prior year budget plans	-75,865	11,100			
	Available to finance subsequent year budget	36,200				
40.0017	Budget authority (Appropriation rescinded)		-66,800		-66,800	-25,100

Missile Procurement, Army
Program and Financing (in Thousands of dollars) FISCAL YEAR 1987

Identification code	21-2032-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)			Obligations		
		1987 actual	1988 est.	1989 est.	1987 actual	1988 est.	1989 est.
Program by activities:							
Direct Program:							
00.0101	Other missiles	1,840,000			1,515,961	150,040	173,999
00.0201	Modification of missiles	93,701			68,539	21,393	3,769
00.0301	Spares and repair parts	150,326			143,801	4,025	2,500
00.0401	Support equipment and facilities	40,873			32,383	6,559	1,531
00.9101	Total direct program	2,124,900			1,760,684	182,017	182,199
01.0101	Reimbursable program	476,715			394,408	82,307	
10.0001	Total	2,601,615			2,155,092	264,324	182,199
Financing:							
Offsetting collections from:							
11.0001	Federal funds(-)	-342,585			-342,585		
13.0001	Trust funds(-)	-133,656			-133,656		
14.0001	Non-Federal sources(-)	-474			-474		
21.4002	Unobligated balance available, start of year:						
21.4003	For completion of prior year budget plans						
22.4001	Available to finance new budget plans						
24.4002	Unobligated balance transferred to other acc						
24.4003	Unobligated balance available, end of year:						
	For completion of prior year budget plans	58,700			446,523	182,199	
	Available to finance subsequent year budget				58,700		
39.0001	Budget authority	2,183,600			2,183,600	-34,100	
Budget authority:							
40.0001	Appropriation	2,206,800			2,206,800		
41.0001	Appropriation rescinded						
	Transferred to other accounts(-)	-23,200			-23,200	-34,100	
43.0001	Appropriation (adjusted)	2,183,600			2,183,600	-34,100	

Army

Missile Procurement, Army
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1988

Identification code	21-2032-0-1-051	Budget Plan (amounts for PROCUREMENT actions programmed)		Obligations		
		1987 actual	1988 est.	1987 actual	1988 est.	1989 est.
Program by activities:						
Direct program:						
00.0101	Other missiles	1,904,497		1,527,823	211,903	
00.0201	Modification of missiles	134,977		114,435	11,095	
00.0301	Spares and repair parts	246,600		207,144	22,194	
00.0401	Support equipment and facilities	34,677		28,677	3,699	
00.9101	Total direct program	2,320,751		1,878,279	248,891	
01.0101	Reimbursable program	444,700		444,700		
10.0001	Total	2,765,451		2,322,979	248,891	
Financing:						
Offsetting collections from:						
11.0001	Federal funds(-)		-386,600		-386,600	
13.0001	Trust funds(-)		-57,500		-57,500	
14.0001	Non-Federal sources(-)		-600		-600	
21.4002	Unobligated balance available, start of year: For completion of prior year budget plans					-442,472
24.4002	Unobligated balance available, end of year: For completion of prior year budget plans			442,472		193,581
39.0001	Budget authority	2,320,751		2,320,751		
Budget authority:						
40.0001	Appropriation	2,332,237		2,332,237		
41.0001	Transferred to other accounts(-)	-11,486		-11,486		
43.0001	Appropriation (adjusted)	2,320,751		2,320,751		

Army

Missile Procurement, Army
 Program and Financing (in Thousands of dollars) FISCAL YEAR 1989

Identification code	21-2032-0-1-051	Budget Plan (amounts for PROCUREMENT actions programed)		Obligations	
		1987 actual	1988 est.	1987 actual	1988 est.
Program by activities:					
Direct program:					
00.0101	Other missiles		2,136,267		1,723,312
00.0201	Modification of missiles		162,772		136,728
00.0301	Spares and repair parts		254,302		213,614
00.0401	Support equipment and facilities		33,259		27,938
00.9101	Total direct program		2,586,600		2,101,592
01.0101	Reimbursable program		444,700		444,700
10.0001	Total		3,031,300		2,546,292
Financing:					
Offsetting collections from:					
11.0001	Federal funds(-)		-386,600		-386,600
13.0001	Trust funds(-)		-57,500		-57,500
14.0001	Non-Federal sources(-)		-600		-600
24.4002	Unobligated balance available, end of year: For completion of prior year budget plans				485,008
40.0001	Budget authority (Appropriation)		2,586,600		2,586,600

DEPARTMENT OF THE ARMY
MISSILE PROCUREMENT, ARMY
JUSTIFICATION OF ESTIMATES FOR AMENDED FISCAL YEARS 1988/1989 BIENNIAL BUDGET

<u>TABLE OF CONTENTS</u>	<u>Page No.</u>
Section 1 - Budget Appendix Extract.....	2-1
Section 2 - Budget Activity Justification.....	2-13
Section 3 - Comparison of Program Requirements and Financing.....	2-26

MISSILE PROCUREMENT, ARMY

Section 2

Budget Activity Justification

Activity 2 - Other Missiles

Activity 3 - Modification of Missiles

Activity 4 - Spares and Repair Parts

Activity 5 - Support Equipment and Facilities

Department of the Army
 Annual Budget Estimates
 JUSTIFICATION

Appropriation
 Missile Procurement, Army

Amended FY 1988/1989
 Biennial Budget

Program or Budget Project Account
 (Thousands of Dollars)

	Actual FY 1987	Estimate FY 1988	Estimate FY 1989	Change FY 1989	Amended Estimate FY 1989
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Activity 2 - Other Missiles

Direct Obligation or Direct Budget Plan \$1,840,000 \$1,904,497 \$2,371,767 \$-235,500 \$2,136,267

Section 1 - PURPOSE AND SCOPE

Provides for procurement of surface-to-air, antitank assault, surface-to-surface and air-to-surface missile systems; related ground support equipment; and initial issue and replacement of losses consumed in reliability firings, crew proficiency firings, and other training activities.

Section 2 - JUSTIFICATION OF FUNDS REQUESTED

CHAPARRAL Missile System (P-1 Line Item No. 1)

	(\$ in Thousands)
	FY 1988
	<u>\$30,189</u>
	FY 1989
	<u>\$57,907</u>

\$30.2 million is appropriated in FY 1988 for procurement of 122 Rosette Scan Seeker (RSS) missiles to upgrade CHAPARRAL Missiles with Infrared Counter-Counter Measures capability. \$57.9 million requested in FY89 continues procurement of 368 CHAPARRAL RSS missiles. CHAPARRAL fire units have been aggressively upgraded and will remain in the active component and Army National Guard force structure. The RSS missile provides the state-of-the-art capability to remain effective on the modern battlefield.

Air Defense System Heavy (P-1 Line Item No. 4)

(\$ in Thousands)
FY 1988 FY 1989
\$ - \$85,000

\$85.0 million is requested in FY 1989 for the procurement of 60 missiles and 5 Line of Sight Forward Heavy fire units. Line of Sight Forward Heavy is a component of the Forward Area Air Defense System designed to counter the fixed wing and helicopter threat to forces in Heavy Divisions (Armor and Mechanized Infantry).

Air Defense System Heavy, Advance Procurement (P-1 Line Item No. 5)

(\$ in Thousands)
FY 1988 FY 1989
\$33,500 \$23,750

\$33.5 million was appropriated in FY 1988 and \$23.8 million is requested in FY 1989 to procure long lead items, such as radar assemblies, electro-optical components, missile guidance controls and operation display units, for production of the Air Defense System Heavy.

Other Missile Support (P-1 Line Item No. 7)

(\$ in Thousands)
FY 1988 FY 1989
\$4,505 \$4,540

\$4.5 million in FY 1988 and \$4.5 million in FY 1989 procures replacement HAWK rocket motors and peculiar support equipment.

PATRIOT Missile System (MYP) (P-1 Line Item No. 8)

(\$ in Thousands)
FY 1988 FY 1989
\$832,442 \$781,335

\$832.4 million was appropriated in FY 1988 for 715 PATRIOT missiles and 12 fire units. In FY 1989, \$781.3 million is requested for procurement of 815 missiles and 9 fire units. PATRIOT is an improved air defense system which replaces HAWK batteries and is specifically designed to defeat the advanced air threat of the 1990's and beyond. Procurement began in FY 1980 and will continue into the nineties. Using a multiyear procurement strategy will save \$445 million over a 5-year period.

PATRIOT Advance Procurement (MYP) (P-1 Line Item No. 9)

(\$ in Thousands)	
FY 1988	<u>\$40,100</u>
FY 1989	<u>\$37,400</u>

\$40.1 million was appropriated in FY 1988 and \$37.4 million is requested in FY 1989 to procure advance materials in economic order quantity in support of a multiyear procurement acquisition strategy for the PATRIOT missile system.

STINGER Missile System (MYP) (P-1 Line Item No. 10)

(\$ in Thousands)	
FY 1988	<u>\$137,562</u>
FY 1989	<u>\$242,468</u>

\$137.6 million was appropriated for the procurement of 4,200 Stinger-POST/RMP missiles in FY 1988 and \$242.5 million is requested for 6,750 Stinger-POST/RMP missiles in FY 1989. The Stinger is a man-portable air defense missile system that provides self-defense to forward deployed, company size combat units. In FY 1987, the Army initiated a three year multiyear procurement of the STINGER missile and is developing a second production source.

STINGER Advance Procurement (MYP) (P-1 Line Item No. 11)

(\$ in Thousands)	
FY 1988	<u>\$33,891</u>
FY 1989	<u>\$ 0</u>

\$33.9 million was appropriated in FY 1988 to procure advance materials in economic order quantities in support of the multiyear procurement of the STINGER Missile System.

STINGER Pedestal Mount (P1 Line Item No. 12)

(\$ in Thousands)	
FY 1988	<u>\$43,633</u>
FY 1989	<u>\$92,242</u>

\$43.6 million was appropriated in FY 1988 for 39 Pedestal Mounts for the STINGER Missile System and \$92.2 million is requested in FY 1989 for 100 Pedestal Mounts. The Pedestal Mounted STINGER improves the mobility, fire power, reaction time and man-machine interfaces of the man-portable STINGER missile.

LASER HELLFIRE System (P-1 Line Item No. 13)

(\$ in Thousands)	
FY 1988	<u>\$168,358</u>
FY 1989	<u>\$180,502</u>

\$168.4 million was appropriated in FY 1988 to procure 5,000 missiles and associated equipment. \$180.5 million is requested in FY 1989 to procure 5,000 HELLFIRE missiles and associated equipment. The HELLFIRE missile system is designed to defeat the current and future armor threat at stand-off ranges. Mounted on the AH-64 helicopter, it will increase its survivability and lethality.

TOW 2 Missile System (MYP) (P-1 Line Item No. 14)

(\$ in Thousands)	
FY 1988	\$159,739
FY 1989	\$143,682

The FY 1988 appropriation of \$159.7 million will procure 12,000 TOW 2A missiles and ground support equipment. The FY 1989 request of \$143.7 million includes initial production of the improved lethality TOW 2B warhead and procures 12,000 missiles. The TOW-2 system is an upgrade of the basic TOW which was originally fielded in 1970. The TOW-2B is a further upgrade designed to defeat threat armor until the fielding of Advanced Antitank Weapon System-Heavy (AAWS-H).

PERSHING Missile System (P-1 Line Item No. 15)

(\$ in Thousands)	
FY 1988	\$6,710
FY 1989	\$ 0

\$6.7 million is appropriated in FY 1988 to procure telemetry kits for testing of the Pershing missile system. Flight test requirements have been reviewed with respect to INF Treaty requirements and remain valid.

Multiple Launch Rocket System (MLRS) (MYP) (P-1 Line Item No. 16)

(\$ in Thousands)	
FY 1988	\$404,743
FY 1989	\$386,041

\$404.7 million was appropriated to procure 72,000 rockets, 24 launchers and associated ground support equipment in FY 1988. \$386.0 million is requested to procure 48,000 rockets, 44 launchers, and associated ground support equipment in FY 1989. The MLRS is a free-flight, multiple launch rocket system with a dual purpose improved conventional munition warhead. MLRS includes a tracked, self-propelled launcher/loader, disposable launch pod container, and rockets. Its mission is to neutralize or suppress enemy field artillery and air defense systems, and supplement cannon artillery when targets exceed capabilities during surge conditions. The FY 1989 request includes initial production facilitization funding for the Binary Chemical Warhead which will be launched from MLRS rockets.

Multiple Launch Rocket System (MLRS) (MYP) Advance Procurement
(P1 Line Item No. 17)

(\$ in Thousands)	
FY 1988	0
FY 1989	\$20,800

\$20.8 million is requested in FY 1989 to procure advance material in economic order quantities for a follow on five-year multiyear contract.

Army Tactical Missile System (ATACMS) (P1 Line Item No. 18)

(\$ in Thousands)
FY 1988
FY 1989 \$76,300

\$7.3 million was appropriated in FY 1988, and \$76.3 million is requested in FY 1989 to fund low rate initial production of the first 66 Army Tactical Missile Systems. The Army Tactical Missile System is an improved conventional ballistic missile system designed to attack targets at ranges beyond the capabilities of existing conventional ballistic missile systems. ATACMS will be transported and launched from the Multiple Launch Rocket System (MLRS) launcher.

Army Tactical Missile System (ATACMS) Advance Procurement
(P1 Line Item No. 19)

(\$ in Thousands)
FY 1988
FY 1989 \$4,300

\$1.8 million in FY 1988 and \$4.3 million in FY 1989 provides for the procurement of long lead items for the Army Tactical Missile System.

HAWK Modifications (P-1 Line Item No. 22)

(\$ in Thousands)	
FY 1988	
<u>\$35,671</u>	
	FY 1989
	<u>\$27,592</u>

\$35.7 million was appropriated in FY 1988 for the second year production buy of Phase III modification kits to improve the HAWK missile capabilities. The Phase III modification will improve fire power, low altitude target engagement, and training capabilities of each fire unit, as well as reduce operator and maintenance workloads. \$27.6 million is requested in FY 1989 to continue Phase III procurement.

TOW Modifications (P-1 Line Item No. 23)

(\$ in Thousands)	
FY 1988	
<u>\$18,021</u>	
	FY 1989
	<u>\$19,097</u>

\$18.0 million was appropriated in FY 1988, and \$19.1 million is requested in FY 1989 to provide an increased anti-armor capability, increased performance and hardening against obscuration, and electro-optical countermeasures for the TOW missile. This program also upgrades existing basic TOW launchers to the TOW-2 configuration.

DRAGON Modification (P-1 Line Item No. 24)

(\$ in Thousands)	
FY 1988	
<u>\$7,258</u>	
	FY 1989
	<u>\$17,281</u>

\$7.3 million was appropriated in FY 1988, and \$17.3 million is requested in FY 1989 to procure improved DRAGON missile warheads. This modification is designed to improve the lethality of the medium-range DRAGON antitank missile against the evolving threat.

LANCE Modification (P-1 Line Item No. 25)

(\$ in Thousands)	
FY 1988	
<u>0</u>	
	FY 1989
	<u>\$15,359</u>

\$15.4 million is requested in FY 1989 for procurement of timers and guidance and control equipment for the Lance missile system, and for special depot test equipment, part of the service life extension program.

PERSHING Modifications (P-1 Line Item No. 26)

(\$ in Thousands)	
FY 1988	
<u>\$9,293</u>	
	FY 1989
	<u>\$ 980</u>

\$9.3 million is appropriated in FY 1988, and \$1.0 million is requested in FY 1989 for procurement of modification kits necessary for safety improvements of the Pershing missile system through the three year period until the system is removed from the field in accordance with the INF Treaty.

MLRS Modifications (P-1 Line Item No. 27)

(\$ in Thousands)	
FY 1988	FY 1989
<u>\$4,506</u>	<u>\$32,860</u>

\$4.5 million was appropriated in FY 1988 and \$32.9 million is requested in FY 1989 to provide an improved electronic unit and launch pod container hoist to enable MLRS launchers to fire the Army Tactical Missile System, and various other improvements.

AN/TSQ 73 Modifications (P-1 Line Item No. 28)

(\$ in Thousands)	
FY 1988	FY 1989
<u>\$ 0</u>	<u>\$1,289</u>

\$1.3 million is requested in FY 1989 to fund modifications to enable the AN/TSQ-73 Command and Control system to be used with HAWK and PATRIOT Air Defense System in Europe. to provide needed command information, to use host nation telecommunications, and provide a common crypto system with Joint Tactical Air Defense Systems.

Department of the Army		Appropriation		Amended FY 1989		
Annual Budget Estimates		Missile Procurement, Army		Budget		
JUSTIFICATION		(Thousands of Dollars)				
Program or Budget Project Account		Actual	Estimate	Initial	Amended	
		FY 1987	FY 1988	Estimate	Estimate	
				FY 1989	FY 1989	
				Change		
				FY 1989		
Activity 4 - Spares and Repair Parts		\$150,326	\$246,600	\$250,702	\$3,600	\$254,302
Direct Obligation or Direct Budget Plan						

Section 1 - PURPOSE AND SCOPE

Provides for the procurement of initial provisioning, peacetime replenishment, and mobilization reserve of repairable major assemblies and repair parts for surface-to-air, air-to-surface, surface-to-surface, and antitank missile systems and support items.

Section 2 - JUSTIFICATION OF FUNDS REQUESTED

Spares and Repair Parts (P-1 Line Item No. 29)

(\\$ in Thousands)
 FY 1988
 FY 1989 78,279
 172,916

Required to procure Initial Provisioning and replenishment repair parts. Initial Provisioning spares are sent to the field as new missile equipment is deployed and used to establish new depot stockage. Replenishment spares are high dollar value, depot repairable, secondary items such as components and assemblies not furnished through normal stock fund channels.

Initial Provisioning is requested to support the following major item procurements:

System	FY 88	FY 89
Patriot	<u>92.916</u>	<u>39.279</u>
TOW 2 Mods	2.400	4.700
MLRS	27.300	9.600
TOW 2	8.700	5.700
Chaparral	3.800	3.300
Stinger Pedestal Mount	10.300	5.900
Pershing II Mods	1.200	.900
Patriot Mods	8.000	2.800
HAWK Mods	18.300	6.100
TOTAL	<u>172.916</u>	<u>78.279</u>

Spares and Repair Parts (P-1 Line Item No 29)

(\$ in Thousands)	
FY 1988	FY 1989
<u>\$73,684</u>	<u>\$176,023</u>

\$73.7 million is appropriated in FY 1988 and \$176.0 million is requested in FY 1989 for missile system peacetime replenishment repair part support to maintain fielded missile systems.

Department of the Army
 Annual Budget Estimates
 JUSTIFICATION

Appropriation
 Missile Procurement, Army

Amended FY 1989
 Budget

Program or Budget Project Account
 (Thousands of Dollars)

Activity 5 - Support Equipment & Facilities	Initial Estimate		Amended Estimate	
	FY 1987	FY 1988	FY 1989	FY 1989
Direct Obligation or Direct Budget Plan	\$40,873	34,677	50,459	-17,200
				33,259

Section 1 - PURPOSE AND SCOPE

Provides for the procurement of support equipment, miscellaneous items less than \$2.0 million and Production Base Support for Army missile systems.

Section 2 - JUSTIFICATION OF FUNDS REQUESTED

Air Defense Targets (P-1 Line Item No. 30)

	(\$ in Thousands)	FY 1989
	FY 1988	\$22,076
		<u>\$21,363</u>

\$39.3 million is requested in FY 1989 for procurement of air defense targets, towed targets and ground support systems, including MQM-107, Remotely Controlled Miniature Aircraft and ancillary equipment for the training of air defense personnel.

Items Less Than \$2.0 Million (P-1 Line Item No. 31)

	(\$ in Thousands)	FY 1989
	FY 1988	\$2,148
		<u>\$1,740</u>

\$1.7 million is appropriated in FY 1988 and \$2.1 million is requested in FY 1989 for procurement of tools and test sets to support missile system maintenance and repair.

(\$ in Thousands)
FY 1988 FY 1989
\$11,574 \$9,035

Production Base Support

\$11.6 million is appropriated in FY 1988 and \$9.0 million is requested in FY 1989 for Production Base Support for missiles and air defense. This request includes funding for new and replacement equipment at White Sands Missile Range, rehabilitation/replacement of buildings and equipment at Government Owned/Contractor Operated facilities, and the procurement of plant equipment required to support the depot maintenance mission.

MISSILE PROCUREMENT, ARMY

Section 3

Comparison of Program Requirements and Financing

Comparison of FY 1988 program requirements as reflected in FY 1988/1989 budget with FY 1988 program requirements as shown in amended FY 1989 budget.

Comparison of FY 1988 financing as reflected in FY 1988/1989 budget with FY 1988 financing as shown in amended FY 1989 budget.

Comparison of FY 1987 program requirements as reflected in FY 1988/1989 budget with FY 1987 program requirements as shown in amended FY 1989 budget.

Comparison of FY 1987 financing as reflected in FY 1988/1989 budget with FY 1987 financing as shown in amended FY 1989 budget.

COMPARISON OF FY 1988 PROGRAM REQUIREMENTS
AS REFLECTED IN FY 1988/1989 BUDGET WITH
FY 1988 PROGRAM REQUIREMENTS AS SHOWN IN AMENDED FY 1989 BUDGET

SUMMARY OF REQUIREMENTS (In Thousands of Dollars)

Appropriation: Missile Procurement, Army	Total Program Requirements Per FY 1988/1989 Budget	Program Requirements Per FY 1989 Amended Budget	Increase (+) Or Decrease (-)
Activity 2 - Other Missiles	\$2,015,474	\$1,904,497	-\$110,977
Activity 3 - Modification of Missiles	161,315	134,977	-26,338
Activity 4 - Spares and Repair Parts	246,600	246,600	0
Activity 5 - Support Equipment and Facilities	35,077	34,577	-400
TOTAL	\$2,458,466	\$2,320,751	-\$137,715

EXPLANATION OF CHANGES

Activity 2 - Other Missiles (-\$111.0) - Decrease of \$64.5 million due to congressional action, a reprogramming of \$11.5 from MLRS to the Special Operations Command, and a reprogramming of \$35.0 from Hellfire to spares for an increase in OPTEMPO. Congressional decreases are as follows:

Chaparral	-4.0
Air Defense System-Heavy	-59.4
Air Def Sys Hvy (Adv Proc)	+33.5
Patriot	-19.0
Stinger	-28.2
Stinger Pedestal Mount	-12.2
Hellfire	+35.0
TOW 2	-28.5
MLRS	- 8.2
MLRS (Adv Proc)	-22.7
Army Tactical Msl Sys	- 7.8
	<u>- 64.5</u>

Activity 3 - Modification of Missiles (-\$26.3) - Decrease of \$26.3 million due to congressional action as follows:

Patriot Mods	-11.0
LANCE Mods	-15.3
	<u>\$26.3</u>

Activity 4 - Spares and Repair Parts (\$0) - There was a congressional reduction of \$35.0 million and an increase of \$35.0 million from the Hellfire program for an increase to OPTEMPO.

Activity 5 - Support Equipment and Facilities (-\$.4) - Decrease of \$.4 million due to congressional action as follows:

Items less than \$2.0M (Missiles) - \$.4

COMPARISON OF FY 1988 FINANCING AS REFLECTED
IN FY 1988 BUDGET WITH FY 1988 FINANCING
AS SHOWN IN FY 1989 AMENDED BUDGET
(in Thousands of Dollars)

Appropriation:	Financing Per FY 1988 Budget	Financing Per FY 1989 Amended Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$2,903,166	\$2,765,451	-137,715
Program Requirements (Service Account)	2,458,466	2,320,751	-137,715
Program Requirements (Reimbursable)	444,700	444,700	
Less:			
Anticipated reimbursements	444,700	444,700	
Unobligated balance avail, start of year:			
Available to finance new budget plans	-94,900	-94,900	- 94,900
Add:			
Unobligated balance transferred to other accounts		35,700	+ 35,700
BUDGET AUTHORITY	2,458,466	2,261,551	-196,915
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Appropriation:	2,458,466	2,332,237	
Appropriation rescinded		-59,200	
Transferred to other accounts		-11,486	
Appropriation (adjusted)	2,458,466	2,261,551	

EXPLANATION OF CHANGES IN FINANCING

The Fiscal Year 1988 program has decreased by \$137.7 million since submission of the Fiscal Year 1987 budget to Congress. Adjustments to financing categories are explained below:

Program Requirements: Decrease of \$64.5 million due to congressional reductions, a reprogramming of \$11.5 million from MLRS to the Special Operations Command, and \$35.0 million from Hellfire to spares for an increase in OPTEMPO.

Financing changes include reprogrammings of \$11.1 million for Large Scale Computer in OPA, \$22.9 million for Military Pay and \$1.7 million HDTE effort, and FY 1988 congressional rescissions of \$25.1 million against FY 1986 and \$34.1 million against FY 1987.

COMPARISON OF FY 1987 PROGRAM REQUIREMENTS
AS REFLECTED IN FY 1988/1989 BUDGET WITH
FY 1987 PROGRAM REQUIREMENTS AS SHOWN IN AMENDED FY 1989 BUDGET

SUMMARY OF REQUIREMENTS (in Thousands of Dollars)

Appropriation: Missile Procurement, Army	Total Program Requirements Per FY 1988 Budget	Program Requirements Per FY 1989 Budget	Increase (+) or Decrease (-)
Activity 2 - Other Missiles	\$1,881,400	\$1,840,000	-41,400
Activity 3 - Modification of Missiles	129,100	93,701	-35,399
Activity 4 - Spares and Repair Parts	140,400	150,326	+9,926
Activity 5 - Support Equipment and Facilities	42,900	40,873	-2,027
TOTAL	\$2,193,800	\$2,124,900	-68,900

EXPLANATION OF ACTIVITY

Activity 2 - Other Missiles (-\$41.4)- Decrease of \$34.1 million due to a congressional rescission transferred to the Air Force, \$1.7 million was reprogrammed to RDT&E Army and \$.8 million for Military Pay.

Activity 3 - Modification of Missiles (-\$35.4)- \$9.9 million was reduced for a below threshold reprogramming to Budget Activity 4 (Spaces and Repair Parts), \$8.2 million was for an Air Force reprogramming effort, and \$18.1 million for Military Personnel reprogramming.

Activity 4 - Spares and Repair Parts (+\$9.9)- \$9.9 million increase was for a below threshold reprogramming for spares and repair parts.

Activity 5 - Support Equipment and Facilities (-\$2.0)- \$2.0 million decrease was for Military Personnel reprogramming.

COMPARISON OF FY 1987 FINANCING AS REFLECTED
IN FY 1988 BUDGET WITH FY 1987 FINANCING
AS SHOWN IN FY 1989 AMENDED BUDGET

(in Thousands of Dollars)

Appropriation: Missile Procurement, Army	Financing Per FY 1988/1989 Budget	Financing Per FY 1989 Amended Budget	Increase (+) or Decrease (-)
Program Requirements (Total)	\$2,773,600	\$2,601,615	-171,985
Program Requirements (Service Account)	(2,193,800)	(2,124,900)	(- 68,900)
Program Requirements (Reimbursable)	(579,800)	(476,715)	(-103,085)
Less:			
Anticipated reimbursements	579,800	476,715	-103,085
Unobligated balance available, start of year to finance new budget plans	-120,700	-120,700	-
Reprogramming from/to prior year budget plans	86,460	- 19,975	-106,435
Unobligated balance transferred to other accts	- 65,360	- 11,610	+ 53,750
Add:			
Unobligated balance rescinded: Appropriation available to finance subsequent year budget	99,600	-	+ 99,600
Unobligated balance lapsing		94,900	- 94,900
		16,485	- 16,485
BUDGET AUTHORITY	\$2,193,800	\$2,484,000	
Budget Authority			
Appropriation	2,206,800	2,206,800	
Transferred to other accounts	-13,000		
Appropriation rescinded		-99,600	
Transferred to other accounts		-23,200	
Appropriation (adjusted)	2,193,800	2,084,000	

EXPLANATION OF CHANGES IN FINANCING

The reimbursement program (offsetting collections) decreased because projected Foreign Military sales orders were less than anticipated.

The unobligated balance, available at the start of the year decreased because of program changes and changes in the use of Treasury code structure. The structure change now spreads the \$99,600 associated with a FY87 Congressional rescission for FY85 and FY86 to the other subentries. Other differences resulted from FY83 reprogramming for Foreign Currency Fluctuation, new FY85 reprogramming into the Military Pay and Operating Appropriations, and a small reduction in FY86 projected reprogramming.

The unobligated balance available at the end of the year resulted from a FY88 Congressional rescission affecting FY 1986 and FY 1987. At the end of FY 1987, \$16,485 of FY85 appropriated funds lapsed.

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