



ACQUISITION,
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THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

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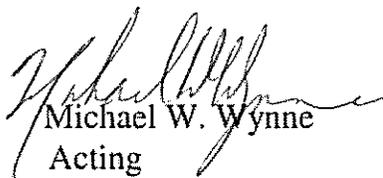
The Honorable J. Dennis Hastert
Speaker of the House
U.S. House of Representatives
Washington, DC 20515-6501

Dear Mr. Speaker:

Section 2466(d)(2) of title 10, United States Code, requires the submission to Congress of a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of funds that are projected to be expended during each of the next five fiscal years for performance of depot-level maintenance and repair workloads by the public and private sectors.

Pursuant to the requirement, I submit the enclosed report. A copy of this report has been provided to the President of the Senate and the congressional defense committees.

Sincerely,


Michael W. Wynne
Acting

Enclosure:
As stated

U.S. HOUSE OF REPS.
SPEAKER'S ROOMS

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OFFICE OF THE SECRETARY OF DEFENSE

DISTRIBUTION OF DoD
DEPOT MAINTENANCE WORKLOADS

FISCAL YEARS 2004 THROUGH 2008



APRIL 2004

Prepared by the
Deputy Under Secretary of Defense (Logistics & Materiel Readiness)

INTRODUCTION

Section 2466(d)(2) of title 10, United States Code, requires that the Secretary of Defense submit, by April 1 of each year, a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of funds referred to in section 2466(a) of title 10, United States Code, that are projected to be expended during each of the next five fiscal years for performance of depot-level maintenance and repair by the public and private sectors.

The following conventions were used in the preparation of this report:

- Limited to military materiel.
- Applies to all depot maintenance support requirements, regardless of the source or sponsor of the program.
- Applies to all funding sources and all customers budgeted or managed by the Military Department or Defense Agency.
- Funds made available are projections for depot maintenance and repair obligations for fiscal year 2004 through 2008.
- Reporting is made from the Principal's perspective (i.e., the component that manages the funding for, or owns the equipment, that is being repaired or maintained).
- Includes all locations performing depot-level maintenance and repair (i.e., all maintenance and repair tasks designated or coded as depot-level that are performed in field or other non-depot locations).
- Includes interim contractor support (ICS) and contractor logistics support (CLS) (or any similar contractor support) to the extent that such support is for performance of depot-level maintenance and repair.
- Depot-level maintenance and repair work performed by employees of the Department of Defense is reported regardless of the location where the work is performed.
- Depot-level maintenance and repair work contracted for performance by non-Federal Government personnel is reported regardless of the location where the work is performed.
- *Acquisition* of modifications and upgrades is excluded; however, *installation* of excluded modifications and upgrades is included when the installation is considered a depot-level service.

Additionally, section 2474(f)(2) of title 10, United States Code, requires the reporting of amounts excluded from the section 2466(a) of title 10, United States Code, 50 percent limitation on the funds made available to a military department or defense agency that can be used to contract for performance by non-Federal Government personnel. The exclusion applies to the performance of depot-level maintenance and repair workload by non-Federal Government personnel at a Center of Industrial and Technical Excellence pursuant to a public-private partnership.

The following applies to determination of the exclusion:

- The depot maintenance activity on which the workload is performed must have been designated a Center of Industrial and Technical Excellence.
- The workload must be pursuant to a public-private partnership for depot maintenance.
- The workload must be performed by private industry or other entities outside the Department of Defense at a Center of Industrial and Technical Excellence.
- The exclusion applies to contracts entered into during fiscal years 2003 through 2006 for depot-level maintenance and repair workloads.

REPORT

The information on distribution of depot-level maintenance and repair workloads by the public and private sectors for the Military Departments and Defense Agencies is provided at attached table.

The first portrayal entitled "Military Department/Defense Agency" is the portrayal applicable to compliance with the section 2466(a) of title 10, United States Code, 50 percent limitation on the funds made available to a Military Department or Defense Agency that can be used to contract for performance by non-Federal Government personnel.

The second portrayal entitled "Armed Forces" is applicable to the section 2466(d)(2) of title 10, United States Code, requirement for reporting for each of the armed forces (other than the Coast Guard) in that it provides the required breakout for the Department of the Navy.

The third portrayal entitled "Other Defense Organizations" provides information for organizations not meeting the sections 101(a)(4), (8), and (11) of title 10, United States Code, definitions of armed forces, military department, or defense agency and, therefore, not subject to the 50 percent limitation.

Non-Federal work that is not excluded by section 2474(f)(1) of title 10, United States Code, from the 50 percent limitation on the funds made available to a military department or defense agency that can be used to contract for performance by non-Federal Government personnel is identified on the attached Table as "Non-exempt." Non-Federal work that is excluded by section 2474(f)(1) from the 50 percent limitation is identified on the attached Table as "Exempt." Since U.S. Special Operations Command is neither a military department nor a defense agency, the section 2474(f)(1) exclusion does not apply.

Distribution Of DoD Depot Maintenance Workloads for Fiscal Years 2004 Through 2008

Military Department/ Defense Agency	Workload Distribution	2004	2005	2006	2007	2008
Dept of Navy	Total Funds	9,028.2	9,436.8	9,109.4	9,572.3	8,513.5
	Federal Work	4,560.2	4,844.6	4,841.8	5,470.5	4,812.5
	Non-Federal Work Non-exempt	4,433.5	4,559.9	4,234.5	4,066.8	3,663.8
	Non-Federal Work Exempt	34.4	32.4	33.1	34.9	37.2
	Public Portion	50.5%	51.3%	53.2%	57.1%	56.5%
	Private Portion Non-exempt	49.1%	48.3%	46.5%	42.5%	43.0%
	Private Portion Exempt	0.4%	0.3%	0.4%	0.4%	0.4%
Dept of Army	Total Funds	4,390.2	4,216.8	4,492.8	4,410.4	3,861.2
	Federal Work	2,354.4	2,401.6	2,466.9	2,495.4	2,196.4
	Non-Federal Work Non-exempt	1,919.0	1,691.2	1,911.5	1,802.9	1,573.8
	Non-Federal Work Exempt	116.8	123.9	114.4	112.0	91.0
	Public Portion	53.6%	57.0%	54.9%	56.6%	56.9%
	Private Portion Non-exempt	43.7%	40.1%	42.5%	40.9%	40.8%
	Private Portion Exempt	2.7%	2.9%	2.5%	2.5%	2.4%
Dept of Air Force	Total Funds	10,213.2	10,222.1	10,438.0	10,925.1	11,319.8
	Federal Work	5,606.7	5,743.7	5,905.6	6,040.3	6,164.3
	Non-Federal Work Non-exempt	4,592.5	4,458.3	4,508.7	4,859.6	5,130.8
	Non-Federal Work Exempt	14.0	20.1	23.7	25.1	24.6
	Public Portion	54.9%	56.2%	56.6%	55.3%	54.5%
	Private Portion Non-exempt	45.0%	43.6%	43.2%	44.5%	45.3%
	Private Portion Exempt	0.1%	0.2%	0.2%	0.2%	0.2%
Armed Forces						
Navy	Total Funds	8,779.1	9,247.1	8,913.1	9,334.9	8,287.9
	Federal Work	4,390.0	4,736.7	4,730.6	5,321.7	4,678.9
	Non-Federal Work Non-exempt	4,379.7	4,505.2	4,177.6	4,007.6	3,602.2
	Non-Federal Work Exempt	9.4	5.2	4.9	5.6	6.8
	Public Portion	50.0%	51.2%	53.1%	57.0%	56.5%
	Private Portion Non-exempt	49.9%	48.7%	46.9%	42.9%	43.5%
	Private Portion Exempt	0.1%	0.1%	0.1%	0.1%	0.1%
USMC	Total Funds	249.0	189.8	196.3	237.3	225.6
	Federal Work	170.2	107.9	111.2	148.8	133.6
	Non-Federal Work Non-exempt	53.8	54.7	56.9	59.2	61.6
	Non-Federal Work Exempt	25.0	27.2	28.2	29.3	30.4
	Public Portion	68.4%	56.8%	56.6%	62.7%	59.2%
	Private Portion Non-exempt	21.6%	28.8%	29.0%	24.9%	27.3%
	Private Portion Exempt	10.0%	14.3%	14.4%	12.3%	13.5%
Other Defense Organizations						
SOCOM	Total Funds	250.0	248.4	269.8	277.1	284.1
	Federal Work	42.8	42.4	46.8	50.5	51.6
	Non-Federal Work	207.2	206.0	223.0	226.6	232.4
	Public Portion	17.1%	17.1%	17.3%	18.2%	18.2%
	Private Portion	82.9%	82.9%	82.7%	81.8%	81.8%

Dollars in millions

USMC = U.S. Marine Corps

SOCOM = U.S. Special Operations Command

Numbers may not add due to rounding