



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AS
ET
TOTAL

FEB 17 2004

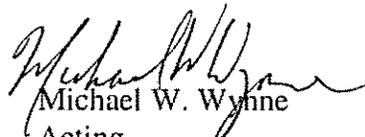
The Honorable J. Dennis Hastert
Speaker of the House
Washington, DC 20515-6501

Dear Mr. Speaker:

Section 2466(d)(1) 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 were expended during the preceding two 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

RECEIVED
04 APR - 1 PM 1:45
SPEAKER'S ROOMS
U.S. HOUSE OF REPS.



OFFICE OF THE SECRETARY OF DEFENSE

DISTRIBUTION OF DoD
DEPOT MAINTENANCE WORKLOADS

FISCAL YEARS 2002 AND 2003



FEBRUARY 2004

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

INTRODUCTION

Section 2466(d)(1) of title 10, United States Code, requires that the Secretary of Defense submit, by February 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 were expended during the preceding two 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 depot maintenance and repair actual obligations for fiscal year 2002 and fiscal year 2003.
- 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.

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.

Variation between fiscal year 2002 data reported last year and fiscal year 2002 data in this report is based on several factors. De-obligations have subsequently taken place. Corrections have been made based on review and comment by the General Accounting Office and the Service audit agencies. Also, the additional time afforded in the interim has allowed a more careful accounting by the submitting armed forces and defense organizations.

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 if the personnel are provided by private industry or other entities outside the Department of Defense 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 DoD at a Center of Industrial and Technical Excellence.
- The exclusion applies only to funds available to the military departments and defense agencies for depot-level maintenance and repair workloads for fiscal years 2002 and for contracts for depot-level maintenance and repair workloads entered into during fiscal year 2003.

Distribution Of DoD Depot Maintenance Workloads for Fiscal Years 2002 Through 2003

Military Department/ Defense Agency	Workload Distribution	2002	2003
Dept of Navy	Total Funds	9,699.8	11,405.6
	Federal Work	5,258.4	6,234.7
	Non-Federal Work Non-exempt	4,206.0	5,079.6
	Non-Federal Work Exempt	235.5	91.3
	Public Portion	54.2%	54.7%
	Private Portion Non-exempt	43.4%	44.5%
	Private Portion Exempt	2.4%	0.8%
Dept of Army	Total Funds	2,737.4	3,448.0
	Federal Work	1,357.3	1,932.1
	Non-Federal Work Non-exempt	1,304.3	1,272.7
	Non-Federal Work Exempt	75.8	243.2
	Public Portion	49.6%	56.0%
	Private Portion Non-exempt	47.6%	36.9%
	Private Portion Exempt	2.8%	7.1%
Dept of Air Force	Total Funds	8,299.3	9,613.8
	Federal Work	4,482.4	5,003.8
	Non-Federal Work Non-exempt	3,778.9	4,583.3
	Non-Federal Work Exempt	38.0	26.6
	Public Portion	54.0%	52.0%
	Private Portion Non-exempt	45.5%	47.7%
	Private Portion Exempt	0.5%	0.3%
Armed Forces			
Navy	Total Funds	9,439.0	11,023.7
	Federal Work	5,083.2	5,909.7
	Non-Federal Work Non-exempt	4,147.5	5,043.8
	Non-Federal Work Exempt	208.3	70.2
	Public Portion	53.9%	53.6%
	Private Portion Non-exempt	43.9%	45.8%
	Private Portion Exempt	2.2%	0.6%
USMC	Total Funds	260.9	381.9
	Federal Work	175.2	325.0
	Non-Federal Work Non-exempt	58.5	35.8
	Non-Federal Work Exempt	27.2	21.1
	Public Portion	67.2%	85.1%
	Private Portion Non-exempt	22.4%	9.4%
	Private Portion Exempt	10.4%	5.5%
Other Defense Organizations			
SOCOM	Total Funds	215.3	296.2
	Federal Work	46.5	53.4
	Non-Federal Work	168.8	242.8
	Public Portion	21.6%	18.0%
	Private Portion	78.4%	82.0%

Dollars in millions

Numbers may not add due to rounding

USMC = U.S. Marine Corps

SOCOM = U.S. Special Operations Command