



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

FEB 17 2004

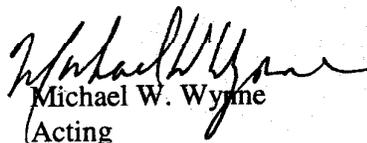
The Honorable Richard B. Cheney  
President of the Senate  
Washington, DC 20510-0011

Dear Mr. President:

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 Speaker of the House and the congressional defense committees.

Sincerely,

  
Michael W. Wynne  
Acting

Enclosure:  
As stated





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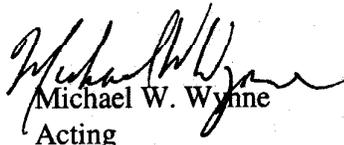
The Honorable J. Dennis Hastert  
Speaker of the House  
Washington, DC 20515-6501

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.

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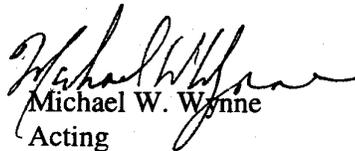
The Honorable Ted Stevens  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510-6025

Dear Mr. Chairman:

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.

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Acting

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cc:  
The Honorable Robert C. Byrd  
Ranking Member





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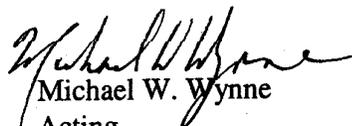
The Honorable C.W. Bill Young  
Chairman, Committee on Appropriations  
House of Representatives  
Washington, DC 20515-6015

Dear Mr. Chairman:

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.

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Acting

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cc:  
The Honorable David R. Obey  
Ranking Member





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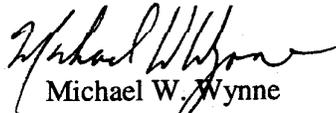
The Honorable John W. Warner  
Chairman, Committee on Armed Services  
United States Senate  
Washington, DC 20510-6050

Dear Mr. Chairman:

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.

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cc:  
The Honorable Carl Levin  
Ranking Member





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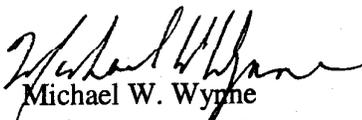
The Honorable Duncan Hunter  
Chairman, Committee on Armed Services  
House of Representatives  
Washington, DC 20515-6035

Dear Mr. Chairman:

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.

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cc:  
The Honorable Ike Skelton  
Ranking Member





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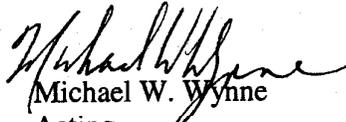
The Honorable Ted Stevens  
Chairman, Subcommittee on Defense  
Committee on Appropriations  
United States Senate  
Washington, DC 20510-6028

Dear Mr. Chairman:

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The Honorable Daniel K. Inouye  
Ranking Member





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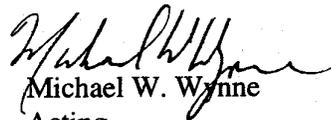
The Honorable Jerry Lewis  
Chairman, Subcommittee on Defense  
Committee on Appropriations  
House of Representatives  
Washington, DC 20515-6018

Dear Mr. Chairman:

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.

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cc:  
The Honorable John P. Murtha  
Ranking Member



OFFICE OF THE SECRETARY OF DEFENSE

DISTRIBUTION OF DOD  
DEPOT MAINTENANCE WORKLOADS

FISCAL YEARS 2002 AND 2003



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FEBRUARY 2004

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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.

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.

## 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.

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

<b>Military Department/ Defense Agency</b>		<b>Workload Distribution</b>		<b>2002</b>	<b>2003</b>
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%
<b>Armed Forces</b>					
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%
<b>Other Defense Organizations</b>					
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