

Report to Congress  
on  
Distribution of Department of Defense  
Depot Maintenance Workloads for  
Fiscal Years 2013 through 2015



**Office of the Under Secretary of Defense  
for Acquisition, Technology, and Logistics**

**September 2014**

The estimated cost of this report or study for the Department of Defense is approximately \$542,000 for Fiscal Year 2014. This includes \$79,000 in expenses and \$464,000 in DoD labor.

Cost estimate generated on July 22, 2014. RefID: 0-FCFEC9B

## INTRODUCTION

Section 2466(d)(1) of title 10, U.S.C., requires the Secretary of Defense submit, not later than 90 days after the date on which the budget of the President for a fiscal year is submitted to Congress, 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, U.S.C., that was expended during the preceding fiscal year and are projected to be expended during the current fiscal year and the ensuing fiscal year for performance of depot-level maintenance and repair workloads by the public and private sectors. For reference, sections of title 10, U.S.C., are included on the last page of this report.

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 for depot maintenance and repair obligations for FY 2013 and projected obligations for FYs 2014 and 2015.
- 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 and contractor logistics support (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) of title 10, U.S.C., excludes certain expenditures from the percentage limitations in section 2466(a). 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 (CITE) pursuant to a public-private partnership.

Section 2466(d)(2) requires that the report required under section 2466(d)(1) include as a separate item any expenditure covered by section 2474(f) that was made during the fiscal year covered by the report and shall specify the amount and nature of each expenditure. 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 personnel provided by private industry or other entities outside the Department of Defense at a Center of Industrial and Technical Excellence.

## **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 in the attached table. The first portrayal, “Military Department/Defense Agency,” is the portrayal applicable to compliance with the section 2466(a), a 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, “Armed Forces,” is applicable to the section 2466(d)(1), 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 (to include the Marine Corps). The third portrayal, “Other Defense Organizations,” provides information for organizations not meeting the sections 101(a)(4), (8), and (11) of title 10, U.S.C., 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), 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 table as “Non-Federal Work Non-excluded.” Non-Federal work that is excluded by section 2474(f) from the 50 percent limitation is identified on the attached Table as “Non-Federal Work Excluded.” Although not counted for purposes of applying the percentage limitation, CITE public-private partnership expenditures are included in total expenditures for non-federal depot maintenance work. Since U.S. Special Operations Command (USSOCOM) is neither a Military Department nor a Defense Agency, the section 2474(f) exclusion does not apply.

All three Military Departments report compliance with the 50 percent limitation for funds used to contract for the performance of depot-level maintenance by non-Federal Government personnel in FY 2013 and are projecting compliance for FY 2014 and FY 2015. We will continue to work with the Missile Defense Agency (MDA) in their efforts to achieve compliance.

**Distribution of DoD Depot Maintenance Workloads  
For Fiscal Years 2013 Through 2015**

<b>Military Department/ Defense Agency</b>	<b>Workload Distribution/Reporting Category</b>	<b>(\$Millions)</b>		
		<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Department of the Army</b>	Total Funds	5,727.8	4,450.1	5,167.3
	Federal Work	3,397.2	2,934.5	3,067.9
	Non-Federal Work Total	2,330.6	1,515.6	2,099.4
	Non-Federal Work Non-excluded	2,330.6	1,515.6	2,099.4
	Non-Federal Work Excluded	0.0	0.0	0.0
	Public Portion	59.3%	65.9%	59.3%
	Private Portion Non-excluded	40.7%	34.1%	40.7%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f):</u>			Amount Excluded in <u>FY 2013</u>	
None			0.0	
<b>Department of the Navy</b>	Total Funds	13,282.7	13,631.6	11,001.6
	Federal Work	6,873.6	7,387.5	6,548.1
	Non-Federal Work Total	6,409.1	6,244.1	4,453.5
	Non-Federal Work Non-excluded	6,407.1	6,241.8	4,451.5
	Non-Federal Work Excluded	2.0	2.3	2.0
	Public Portion	51.8%	54.2%	59.5%
	Private Portion Non-excluded	48.2%	45.8%	40.5%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f):</u>			Amount Excluded in <u>FY 2013</u>	
Space and Naval Warfare Systems Center - air traffic control equipment calibration			2.0	
<b>Department of the Air Force</b>	Total Funds	11,471.6	11,496.3	12,250.4
	Federal Work	5,826.7	6,162.1	6,367.2
	Non-Federal Work Total	5,644.9	5,333.9	5,883.2
	Non-Federal Work Non-excluded	5,533.3	5,195.8	5,730.1
	Non-Federal Work Excluded	111.6	138.1	153.1
	Public Portion	51.8%	54.9%	53.3%
	Private Portion Non-excluded	48.2%	45.1%	46.7%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f):</u>			Amount Excluded in <u>FY 2013</u>	
OC-ALC F119 Engine - Special technologies engine component repair			4.0	
WR-ALC LANTIRN – Phase I – Component Repair			8.6	
B-1 Software – Software Maintenance			24.6	
B-2 Software – Software Maintenance			<u>74.4</u>	
Total			<u>111.6</u>	

**Distribution of DoD Depot Maintenance Workloads  
For Fiscal Years 2013 Through 2015**

<b>Armed Forces</b>		<b>Workload Distribution/ Reporting Category</b>	(\$Millions)		
			<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Navy</b>	Total Funds		12,463.6	12,595.8	10,736.7
	Federal Work		6,230.6	6,488.5	6,334.0
	Non-Federal Work Total		6,233.0	6,107.3	4,402.7
	Non-Federal Work Non-excluded		6,231.0	6,105.0	4,400.7
	Non-Federal Work Excluded		2.0	2.3	2.0
	Public Portion		49.9%	51.5%	59.0%
	Private Portion Non-excluded		50.1%	48.5%	41.0%
<b>USMC</b>	Total Funds		819.1	1,035.8	264.9
	Federal Work		643.0	899.0	214.1
	Non-Federal Work Total		176.0	136.8	50.8
	Non-Federal Work Non-excluded		176.0	136.8	50.8
	Non-Federal Work Excluded		0.0	0.0	0.0
	Public Portion		78.5%	86.8%	80.8%
	Private Portion Non-excluded		21.5%	13.2%	19.2%
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<b>Defense Agencies</b>					
<b>MDA</b>	Total Funds		89.2	105.0	212.9
	Federal Work		7.8	7.8	19.2
	Non-Federal Work Total		81.4	97.2	193.7
	Non-Federal Work Non-excluded		81.4	97.2	193.7
	Non-Federal Work Excluded		0.0	0.0	0.0
	Public Portion		8.7%	7.4%	9.0%
	Private Portion Non-excluded		91.3%	92.6%	91.0%
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<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f):</u>				Amount Excluded in	
None				<u>FY 2013</u>	
				0.0	
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<b>Other Defense Organizations</b>					
<b>USSOCOM</b>	Total Funds		534.7	605.8	622.8
	Federal Work		47.9	52.5	52.6
	Non-Federal Work Total		486.8	553.4	570.2
	Public Portion		8.9%	8.7%	8.4%
	Private Portion Non-excluded		91.1%	91.3%	91.6%

Notes:

\$ Dollars are expressed in millions; numbers may not add due to rounding.

USMC = United States Marine Corps

USSOCOM does not meet the 10 U.S.C. 101(a)(4), (8) and (11) definitions for armed forces, Military Department, or

Defense Agency and is not subject to the 50 percent limitation; however, USSOCOM data is included for consistency with past reports.

**Title 10, Section 2466<sup>1</sup>. LIMITATIONS ON THE PERFORMANCE OF DEPOT-LEVEL MAINTENANCE OF MATERIEL-**

(a) PERCENTAGE LIMITATION. - Not more than 50 percent of the funds made available in a fiscal year to a military department or a Defense Agency for depot-level maintenance and repair workload may be used to contract for the performance by non-Federal Government personnel of such workload for the military department or the Defense Agency. Any such funds that are not used for such a contract shall be used for the performance of depot-level maintenance and repair workload by employees of the Department of Defense.

(b) WAIVER OF LIMITATION. - The Secretary of Defense may waive the limitation in subsection (a) for a fiscal year if—

(1) the Secretary determines that the waiver is necessary for reasons of national security; and

(2) the Secretary submits to Congress a notification of the waiver together with the reasons for the waiver.

(c) PROHIBITION ON DELEGATION OF WAIVER AUTHORITY. - The authority to grant a waiver under subsection (b) may not be delegated.

(d) Annual Report<sup>2</sup>.—

(1) Not later than 90 days after the date on which the budget of the President for a fiscal year is submitted to Congress pursuant to section 1105 of title 31, the Secretary of Defense shall submit to Congress a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of the funds referred to in subsection (a) that was expended during the preceding fiscal year, and are projected to be expended during the current fiscal year and the ensuing fiscal year, for performance of depot level maintenance and repair workloads by the public and private sectors.

(2) Each report required under paragraph (1) shall include as a separate item any expenditure covered by section 2474(f) of this title that was made during the fiscal year covered by the report and shall specify the amount and nature of each such expenditure.

**Title 10, Subsection 2474(f)<sup>3</sup>. EXCLUSION OF CERTAIN EXPENDITURES FROM PERCENTAGE LIMITATION-** Amounts expended for the performance of a depot-level maintenance and repair workload by non-Federal Government personnel at a Center of Industrial and Technical Excellence under any contract shall not be counted for purposes of applying the percentage limitation in section 2466(a) of this title if the personnel are provided by private industry or other entities outside the Department of Defense pursuant to a public-private partnership.

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<sup>1</sup> As amended by P.L. 108-375, section 321.

<sup>2</sup> As amended by P.L. 111-84, section 329.

<sup>3</sup> As amended by P.L. 109-364, section 331.