



LOGISTICS AND
MATERIEL READINESS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

MAY 12 2010

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

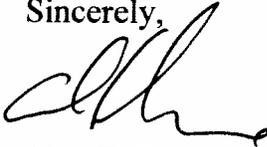
Dear Mr. Chairman:

Section 2466(d)(1) of title 10, United States Code, requires the Department to submit a report to Congress identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of funds expended during the preceding fiscal year and projections for the current and ensuing fiscal year for performance of depot-level maintenance and repair workloads by the public and private sectors.

Section 2466(d)(1) of title 10, United States Code also requires the report to include, as a separate item, any expenditure excluded as 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 under section 2474(f).

All three Military Departments report compliance with the 50 percent limitation for FY 2009 and project compliance for FY 2010 and 2011.

Pursuant to the requirement, I submit the enclosed report. This report is also being provided to the Chairmen and Ranking Members of the appropriate congressional defense committees.

Sincerely,

Alan F. Estevez
Principal Deputy

Enclosure(s):
As stated

cc:
The Honorable John McCain
Ranking Member



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MAY 12 2010

The Honorable David R. Obey
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Alan F. Estevez
Principal Deputy

Enclosure(s):
As stated

cc:
The Honorable Jerry Lewis
Ranking Member



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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MAY 12 2010

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The Honorable Daniel K. Inouye
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

A handwritten signature in black ink, appearing to read "Alan F. Estevez".

Alan F. Estevez
Principal Deputy

Enclosure(s):
As stated

cc:
The Honorable Thad Cochran
Ranking Member



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3500

MAY 12 2010

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MATERIEL READINESS

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Alan F. Estevez
Principal Deputy

Enclosure(s):
As stated

cc:
The Honorable Howard P. "Buck" McKeon
Ranking Member

OFFICE OF THE SECRETARY OF DEFENSE
REPORT TO CONGRESS
ON
DISTRIBUTION OF DOD
DEPOT MAINTENANCE WORKLOADS

FISCAL YEARS 2009-2011



APRIL 2010

Prepared by: Assistant Secretary of Defense (Logistics & Materiel Readiness)

INTRODUCTION

Section 2466(d)(1) of title 10, United States Code, requires that 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, United States Code, that was expended during the preceding fiscal year and is 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.

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 fiscal year 2009 and projected obligations for fiscal years 2010 and 2011.
- 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 in the attached table.

The first portrayal entitled “Military Department/Defense Agency” is 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 “Department of Navy breakout by Naval Service” is applicable to section 2466(d)(1) 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) 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) 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) exclusion does not apply.

All three Military Departments report compliance with the 50 percent limitation for FY 2009 and project compliance for FY 2010 and 2011.

Military Department/ Defense Agency	Workload Distribution	2009	2010	2011
<u>Dept of Navy</u>	Total Funds	11,903.3	10,941.9	10,697.9
	Federal Work	6,405.8	6,430.6	6,083.8
	Non-Federal Work Non-exempt	5,497.5	4,511.3	4,614.1
	Non-Federal Work Exempt	0.0	0.0	0.0
	Public Portion	53.8%	58.8%	56.9%
	Private Portion Non-exempt	46.2%	41.2%	43.1%
	Private Portion Exempt	0.0%	0.0%	0.0%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f)</u>		<u>Amount Exempted in FY 2008</u>		
<u>Dept of Army</u>	Total Funds	8,481.3	8,315.2	8,352.5
	Federal Work	5,125.9	4,812.5	4,824.2
	Non-Federal Work Non-exempt	3,355.4	3,502.7	3,528.3
	Non-Federal Work Exempt	0.0	0.0	0.0
	Public Portion	60.4%	57.9%	57.8%
	Private Portion Non-exempt	39.6%	42.1%	42.2%
	Private Portion Exempt	0.0%	0.0%	0.0%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f)</u>		<u>Amount Exempted in FY 2008</u>		
None			0.0	
<u>Dept of Air Force</u>	Total Funds	11,946.5	12,274.8	11,871.1
	Federal Work	6,116.2	6,151.4	6,231.8
	Non-Federal Work Non-exempt	5,731.9	5,974.9	5,486.5
	Non-Federal Work Exempt	98.4	148.4	152.8
	Public Portion	51.2%	50.1%	52.5%
	Private Portion Non-exempt	48.0%	48.7%	46.2%
	Private Portion Exempt	0.8%	1.2%	1.3%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f)</u>		<u>Amount Exempted in FY 2008</u>		
FII9 Engine				
Special technologies engine component repair			0.7	
LANTIRN - Phase I				
Component repair			12.3	
B-1 Software				
Software Maintenance			9.1	
B-2 Software				
Software Maintenance			76.3	
		Total	98.4	

Dollars in millions

Numbers may not add due to rounding

Department of Navy breakout by Naval Service

Navy	Total Funds	11,392.6	10,441.1	10,599.3
	Federal Work	5,938.3	5,972.2	5,990.2
	Non-Federal Work Non-exempt	5,454.3	4,468.9	4,609.1
	Non-Federal Work Exempt	-	-	-
	Public Portion	52.1%	57.2%	56.5%
	Private Portion Non-exempt	47.9%	42.8%	43.5%
	Private Portion Exempt	0.0%	0.0%	0.0%
USMC	Total Funds	510.7	500.8	98.6
	Federal Work	467.5	458.4	93.6
	Non-Federal Work Non-exempt	43.2	42.4	5.0
	Non-Federal Work Exempt	0.0	0.0	0.0
	Public Portion	91.5%	91.5%	94.9%
	Private Portion Non-exempt	8.5%	8.5%	5.1%
	Private Portion Exempt	0.0%	0.0%	0.0%

Other Defense Organizations

SOCOM	Total Funds	502.9	465.7	508.5
	Federal Work	31.8	32.2	33.6
	Non-Federal Work	471.1	433.5	474.9
	Public Portion	6.3%	6.9%	6.6%
	Private Portion	93.7%	93.1%	93.4%

Dollars in millions

Numbers may not add due to rounding

USMC = U.S. Marine Corps

SOCOM = U.S. Special Operations Command does not meet the 10 U.S.C. 101(a)(4), (8) and (11) definitions of armed forces, military department, or defense agency and is not subject to the 50 percent limitation; however, this data is included for consistency with past reports.