



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 3 2007

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510-0012

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 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.

Section 2466(d)(2) of title 10, United States Code requires that the above report 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 10 U.S.C. 2474(f).

All three Military Departments are in compliance with the 50 percent limitation for FY 2006 and are projected to be in compliance for FY 2007 and FY 2008.

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,

Jack Bell, Acting
for Kenneth J. Krieg

Enclosure:
As stated





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3010 DEFENSE PENTAGON
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APR 3 2007

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515-6501

Dear Madam Speaker:

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APR 3 2007

The Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510-6028

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 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.

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Sincerely,

for Jack Bell, Acting
Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member





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3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 3 2007

The Honorable David R. Obey
Chairman
Committee on Appropriations
United States House of Representatives
Washington, DC 20515-6018

Dear Mr. Chairman:

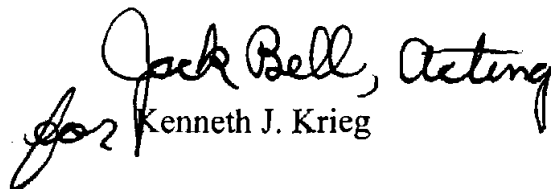
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Sincerely,


for Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member





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3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 3 2007

The Honorable Carl Levin
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 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.

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Sincerely,

for *Jack Bell, Acting*
Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member





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THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 3 2007

The Honorable Ike Skelton
Chairman
Committee on Armed Services
United States 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 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.

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Sincerely,

Jack Bell, Acting
for Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable Duncan Hunter
Ranking Member





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APR 3 2007

The Honorable Daniel K. Inouye
Chairman
Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510-6028

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 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.

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Sincerely,

for Jack Bell, Acting
Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable Ted Stevens
Ranking Member





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3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 3 2007

The Honorable John P. Murtha
Chairman,
Subcommittee on Defense
Committee on Appropriations
United States 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 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.

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Sincerely,

Jack Bell, Acting
for Kenneth J. Krieg

Enclosure:
As stated

cc:
The Honorable C. W. Bill Young
Ranking Member



OFFICE OF THE SECRETARY OF DEFENSE

Report to Congress

on

DISTRIBUTION OF DOD
DEPOT MAINTENANCE WORKLOADS

FISCAL YEARS 2006 THROUGH 2008



APRIL 2007

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 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 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.

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 2006 and projected obligations for fiscal years 2007 and 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) 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. Section 2466(d)(2) of title 10, United States Code requires that the report required under section 2466(d)(1) of title 10, United States Code, include as a separate item any expenditure covered by section 2474(f) of title 10, United States Code 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 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)(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 are in compliance with the 50 percent limitation for FY 2006 and are projected to be in compliance for FY 2007 and FY 2008.

Distribution Of DoD Depot Maintenance Workloads for
Fiscal Years 2006 Through 2008

Military Department/ Defense Agency	Workload Distribution	2006	2007	2008
<u>Dept of Navy</u>				
	Total Funds	10,558.3	10,068.7	10,183.3
	Federal Work	6,067.9	5,909.7	5,802.7
	Non-Federal Work Non-exempt	4,302.4	4,141.7	4,380.6
	Non-Federal Work Exempt	188.0	17.3	0.0
	Public Portion	57.5%	58.7%	57.0%
	Private Portion Non-exempt	40.7%	41.1%	43.0%
	Private Portion Exempt	1.8%	0.2%	0.0%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f)</u>		<u>Amount Exempted in FY 2006</u>		
Norfolk Naval Shipyard & Electric Boat				
	SSGN 728 & 729 Conversion		169.3	
Puget Sound Naval Shipyard & Electric Boat				
	SSGN 726 & 727 Conversion		12.1	
Albany Marine Corps Depot & BAE Systems				
	AAV RAM/Rebuild - Chassis		4.8	
Albany Marine Corps Depot & Cummins				
	AAV RAM/Rebuild - Engine		1.8	
			<u>1.8</u>	
			Total 188.0	
<hr/>				
<u>Dept of Army</u>				
	Total Funds	8,138.0	9,353.0	10,228.0
	Federal Work	4,388.0	4,889.0	5,664.0
	Non-Federal Work Non-exempt	3,750.0	4,464.0	4,564.0
	Non-Federal Work Exempt	0.0	0.0	0.0
	Public Portion	53.9%	52.3%	55.4%
	Private Portion Non-exempt	46.1%	47.7%	44.6%
	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 2006</u>		
None				
			0.0	
<hr/>				
<u>Dept of Air Force</u>				
	Total Funds	10,003.7	10,546.6	10,879.9
	Federal Work	5,444.2	5,318.5	5,583.7
	Non-Federal Work Non-exempt	4,547.1	5,179.1	5,224.0
	Non-Federal Work Exempt	12.4	49.0	72.2
	Public Portion	54.4%	50.4%	51.3%
	Private Portion Non-exempt	45.5%	49.1%	48.0%
	Private Portion Exempt	0.1%	0.5%	0.7%
<u>Expenditures Excluded as CITE Partnering under 10 U.S.C. 2474(f)</u>		<u>Amount Exempted in FY 2006</u>		
OC-ALC F119 Engine				
	Special technologies engine component repair		1.3	
WR-ALC LANTIRN - Phase I				
	Component repair		9.1	
OC-ALC B-2				
	DMS Tools Software		2.0	
			<u>2.0</u>	
			Total 12.4	

Dollars in millions

Numbers may not add due to rounding

Armed Forces

Navy	Total Funds	10,108.9	9,604.8	10,091.4
	Federal Work	5,671.3	5,473.0	5,712.4
	Non-Federal Work Non-exempt	4,256.2	4,114.5	4,379.0
	Non-Federal Work Exempt	181.4	17.3	-
	Public Portion	56.1%	57.0%	56.6%
	Private Portion Non-exempt	42.1%	42.8%	43.4%
	Private Portion Exempt	1.8%	0.2%	0.0%
USMC	Total Funds	449.4	463.9	91.9
	Federal Work	396.6	436.7	90.3
	Non-Federal Work Non-exempt	46.2	27.2	1.6
	Non-Federal Work Exempt	6.6	0.0	0.0
	Public Portion	88.3%	94.1%	98.3%
	Private Portion Non-exempt	10.3%	5.9%	1.7%
	Private Portion Exempt	1.5%	0.0%	0.0%

Other Defense Organizations

SOCOM	Total Funds	434.7	503.0	482.8
	Federal Work	50.5	53.2	59.7
	Non-Federal Work	384.3	449.8	423.1
	Public Portion	11.6%	10.6%	12.4%
	Private Portion	88.4%	89.4%	87.6%

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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.