

Appropriations, Congress & Budget Execution

“Color of Money 101”

29 August 2011

Report Documentation Page

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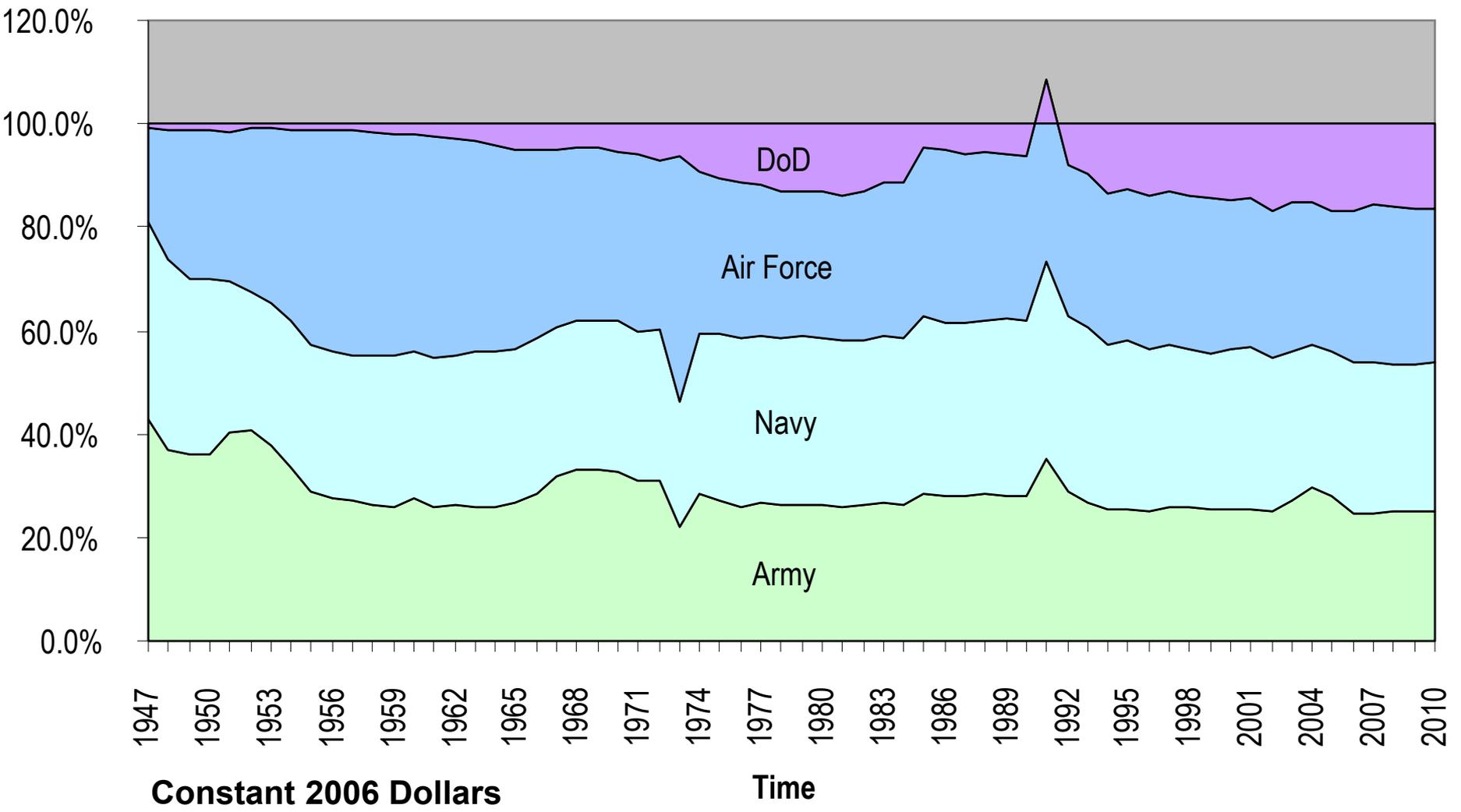
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Huntsville, AL 35805

<http://www.dau.mil>

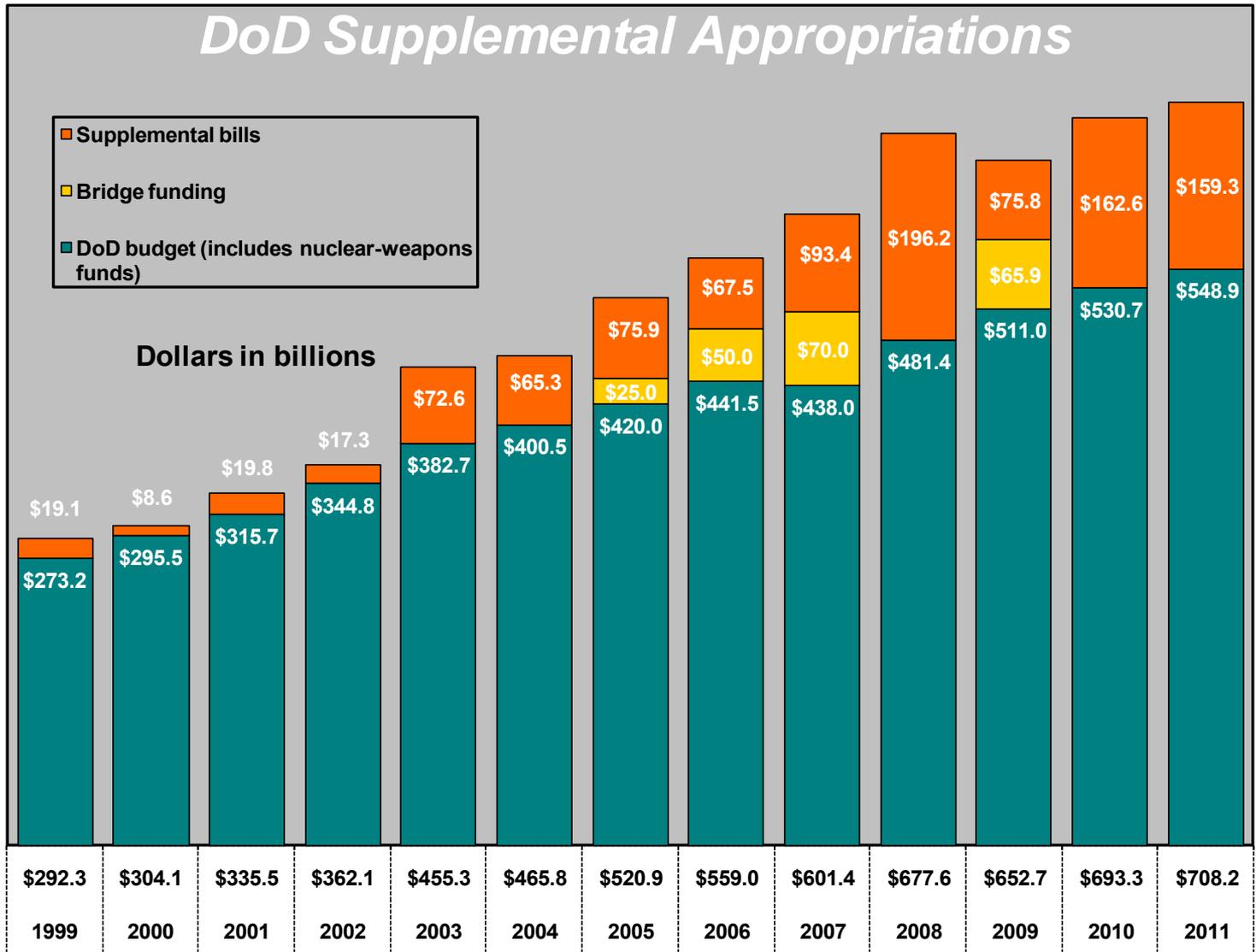
Course Topics

- Life Cycle Cost
- Funding Policies
- Planning, Programming, Budgeting & Execution
- Congressional Enactment
- Day to Day Budget Activities
- Other “Colors of Money”

Service % of DoD Budget (1947-2010)



DoD Supplemental Appropriations



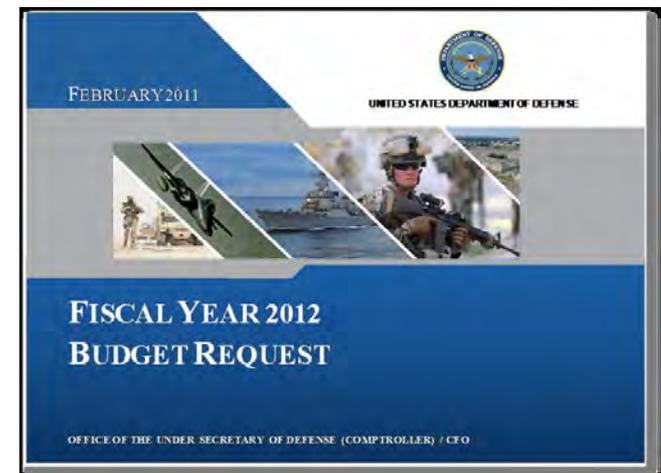
Military Force Structure

	<u>1990</u>	<u>Today</u>
Army Brigades	76	45
Navy Ships	546	288
USAF Fighting Squadrons	82	39
Strategic Bombers	360	154

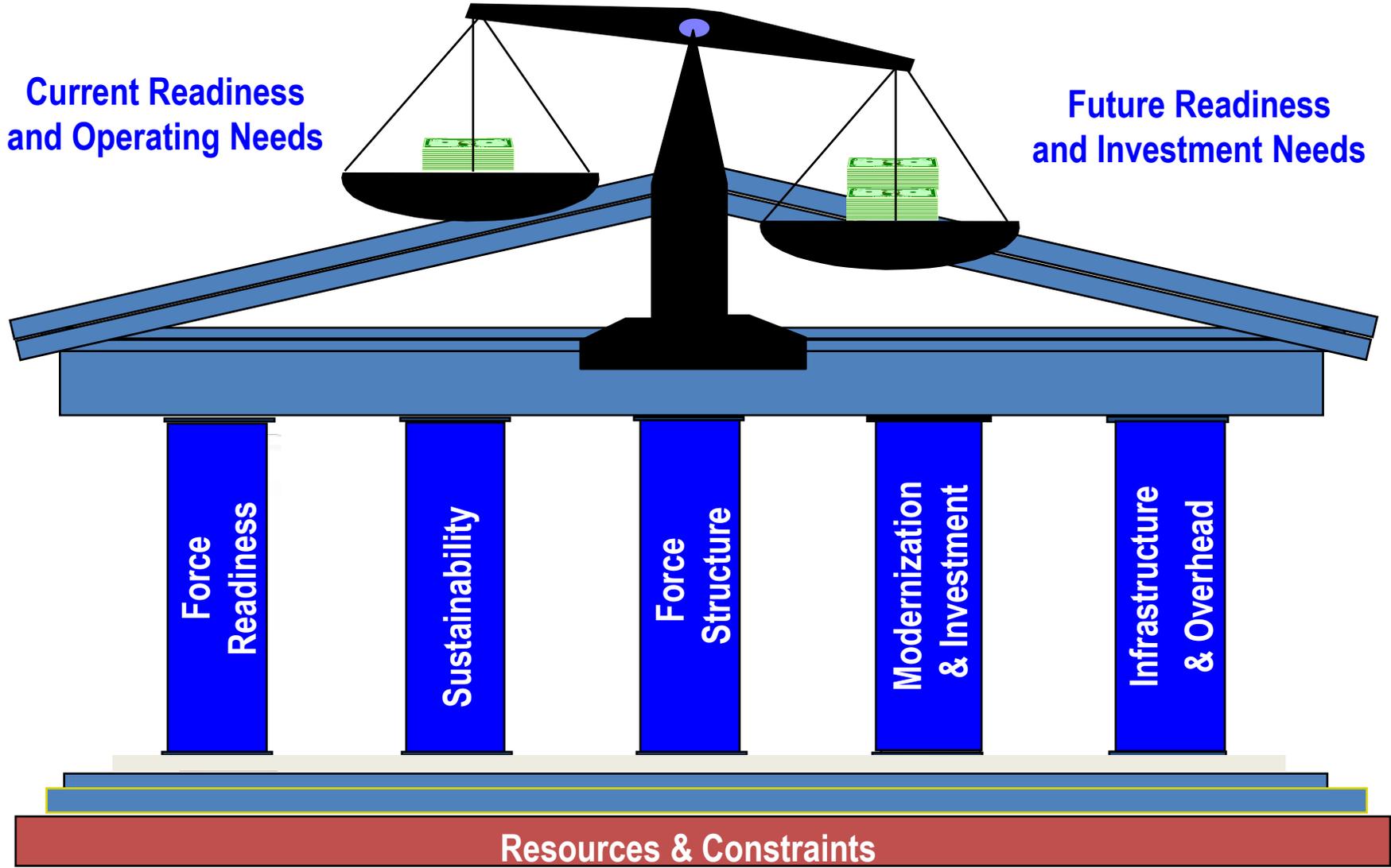
**Current Plan Represents 0% Real Growth in Out-Years!
Former SECDEF Gates Warned of “Dire Consequences of Less Than
2-3% Real Growth in Force Structure and Modernization Accounts
Given the Threat Environment We Face”**

FY 2012 Budget

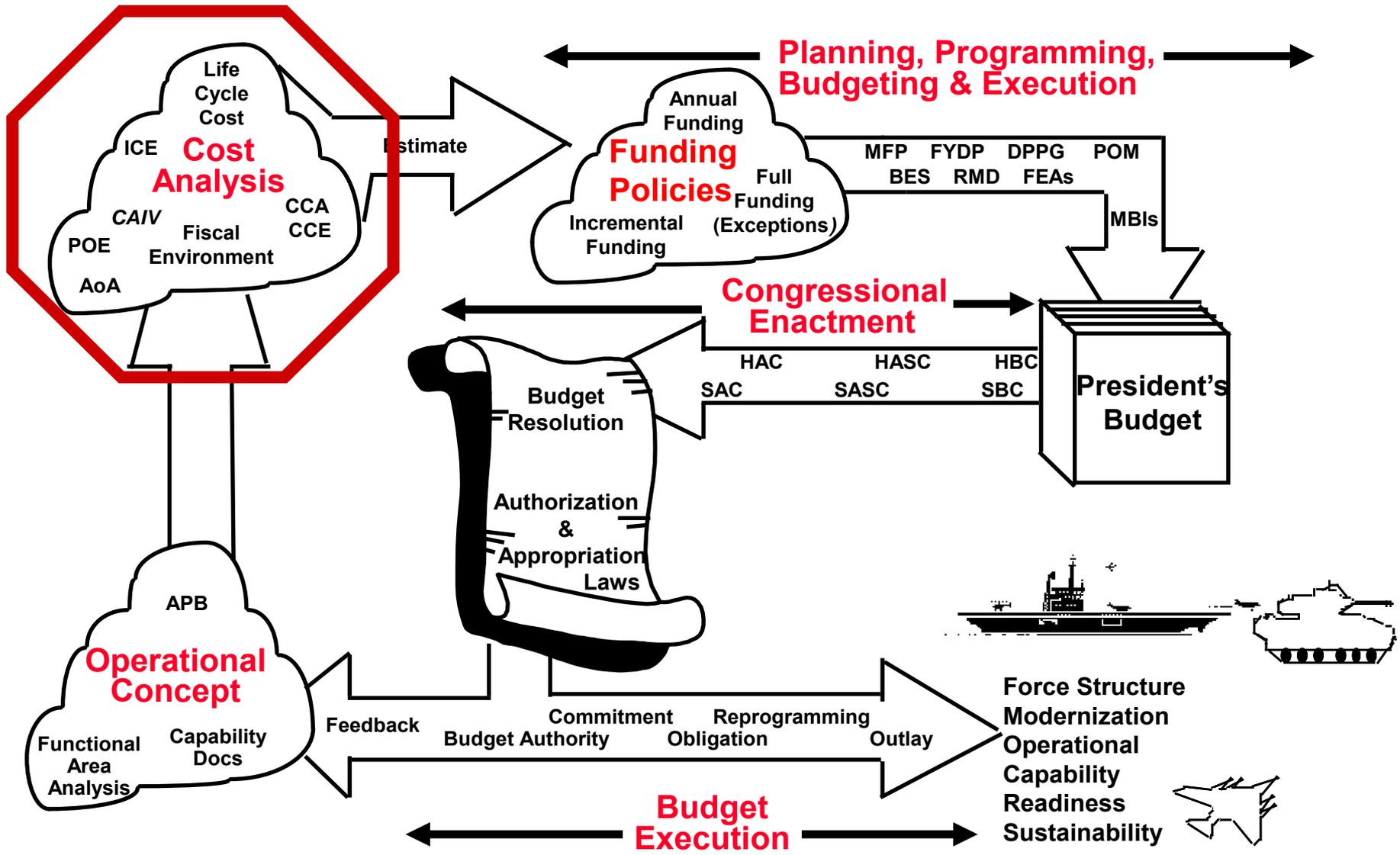
- **“Total defense spending is declining as we complete the combat mission in Iraq.”** The FY 2012 DoD budget requests a total of \$670.9B:
 - \$553.1B for the DoD base budget, which excludes funding directly related to overseas contingency operations (OCO)
 - \$117.8B for OCO requirements, which is \$41.5B lower than the FY 2011 request
- **Per Former SECDEF Gates’ Efficiency Initiatives, DoD continues Top Line reductions into FY 12-16 with \$78B in savings and changes for FY 2012 – FY 2016:**
 - **Efficiencies in how DoD is staffed, organized, and operated (\$54B)**
 - **Restructuring and repricing the Joint Strike Fighter program (\$4B)**
 - **Adjustments to economic assumptions and many other adjustments (\$14B)**
 - **Reducing the size of our ground forces in FY 2015 – FY 2016 (\$6B)**



Balancing the Pillars of Defense



From Requirement to Capability



Life Cycle Cost

- Life Cycle Cost is the **Total cost** to the Government for a system over its **Entire life**.
- Three ways to look at Life Cycle Cost:
 - **Work Breakdown Structure**
 - **Appropriations**
 - **Cost Categories**
 - **Research & Development**
 - **Investment**
 - **Operations & Support**
 - **Disposal**





The Defense Acquisition Management System

User Needs & Technology Opportunities

Defense Acquisition Management Framework- 2003 (Old)

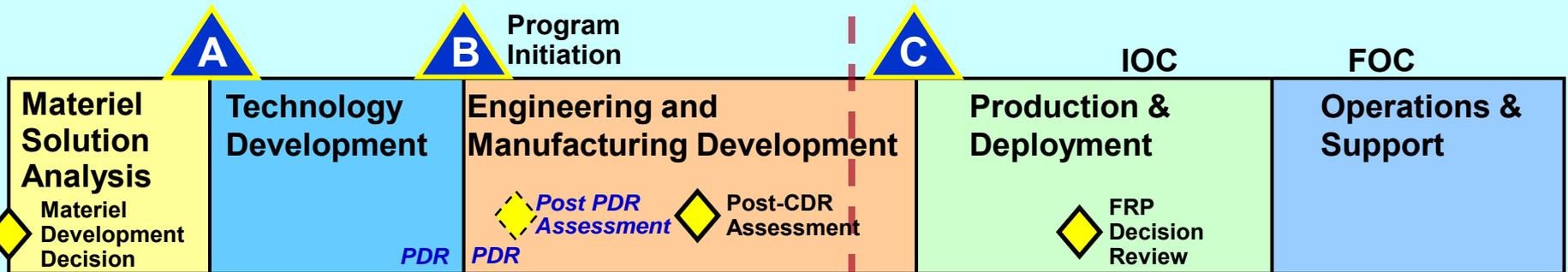


User Needs

Focus of major changes

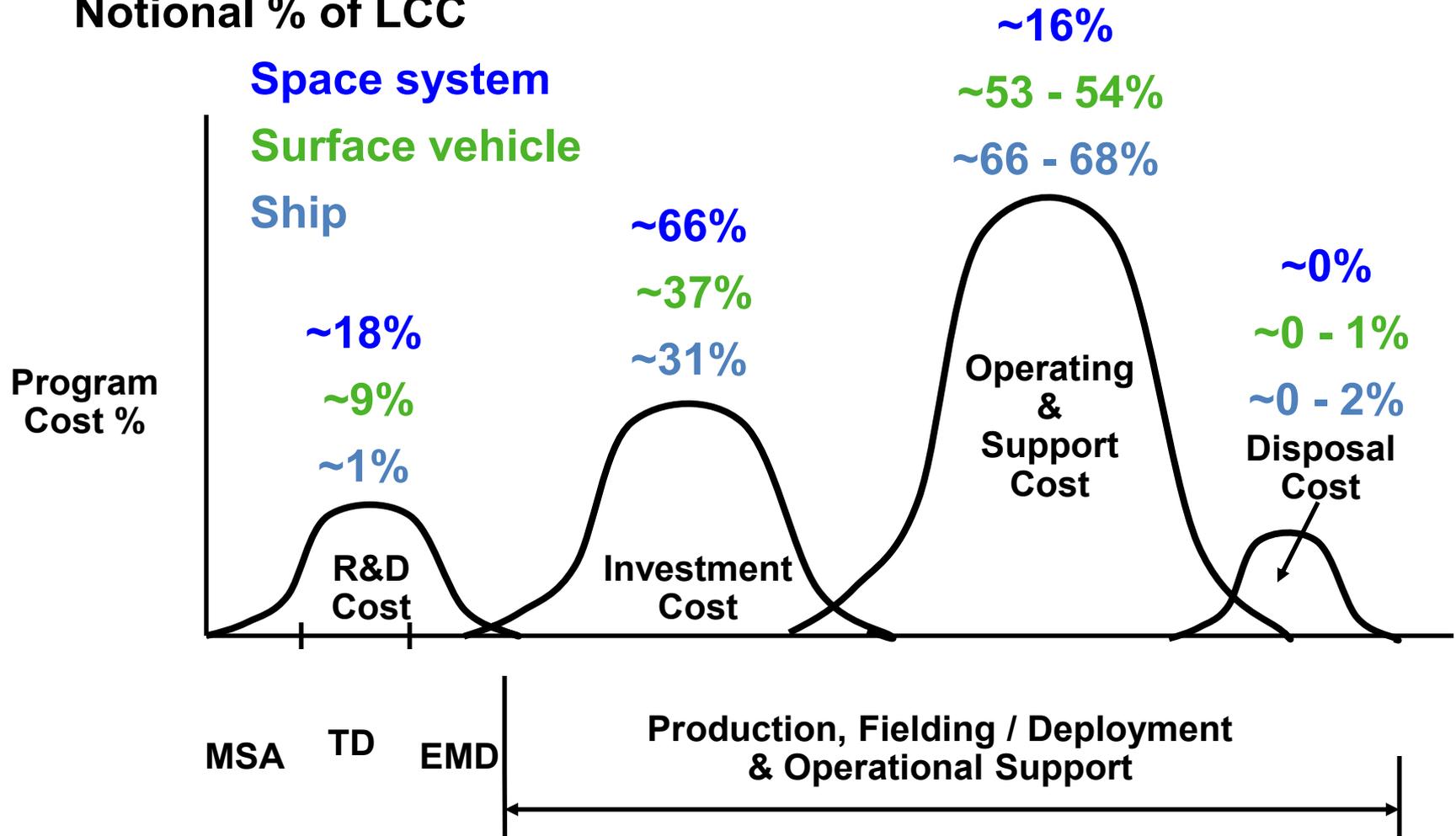
Technology Opportunities & Resources

Defense Acquisition Management System – 2008 (New)

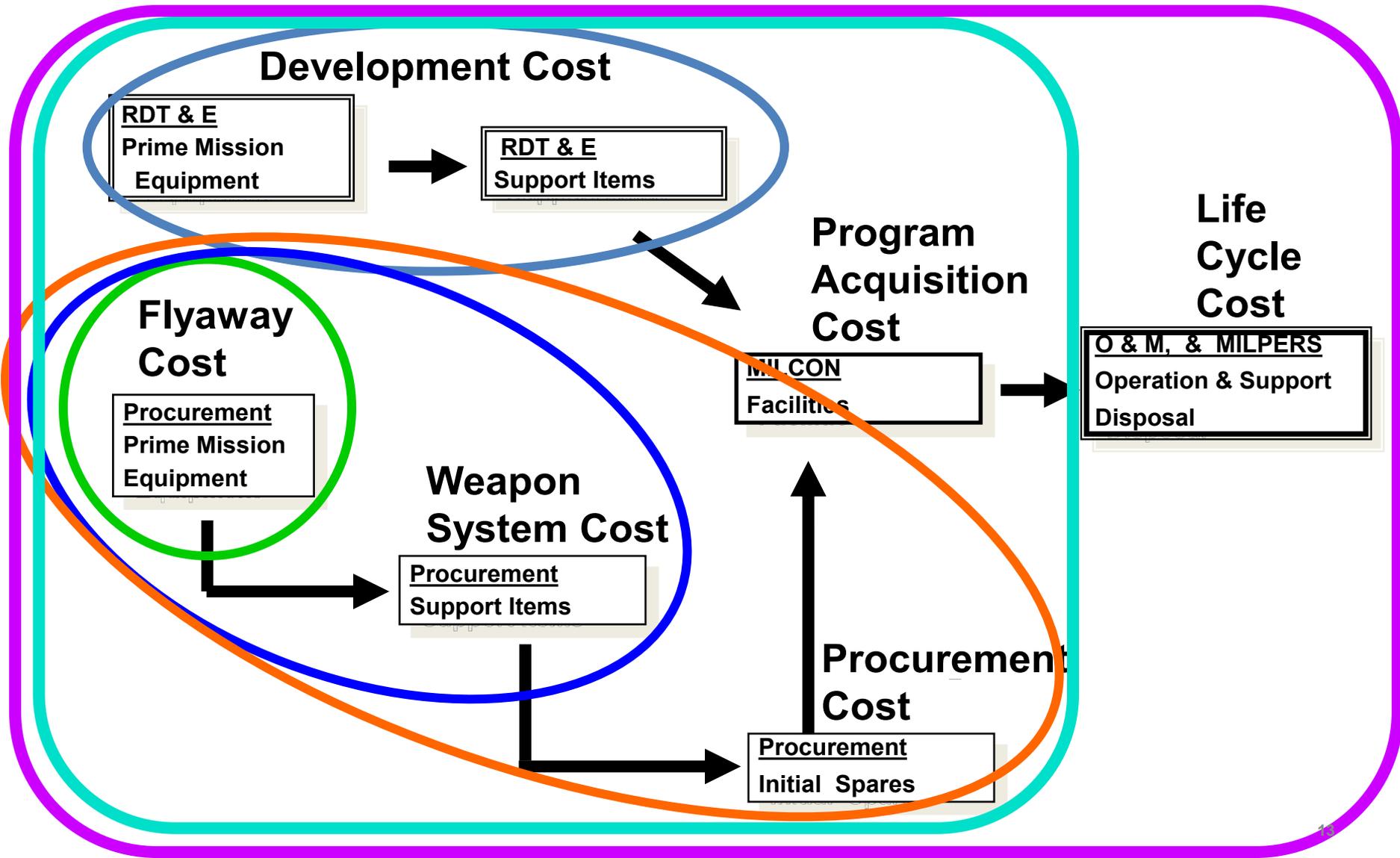


Life Cycle Cost Categories

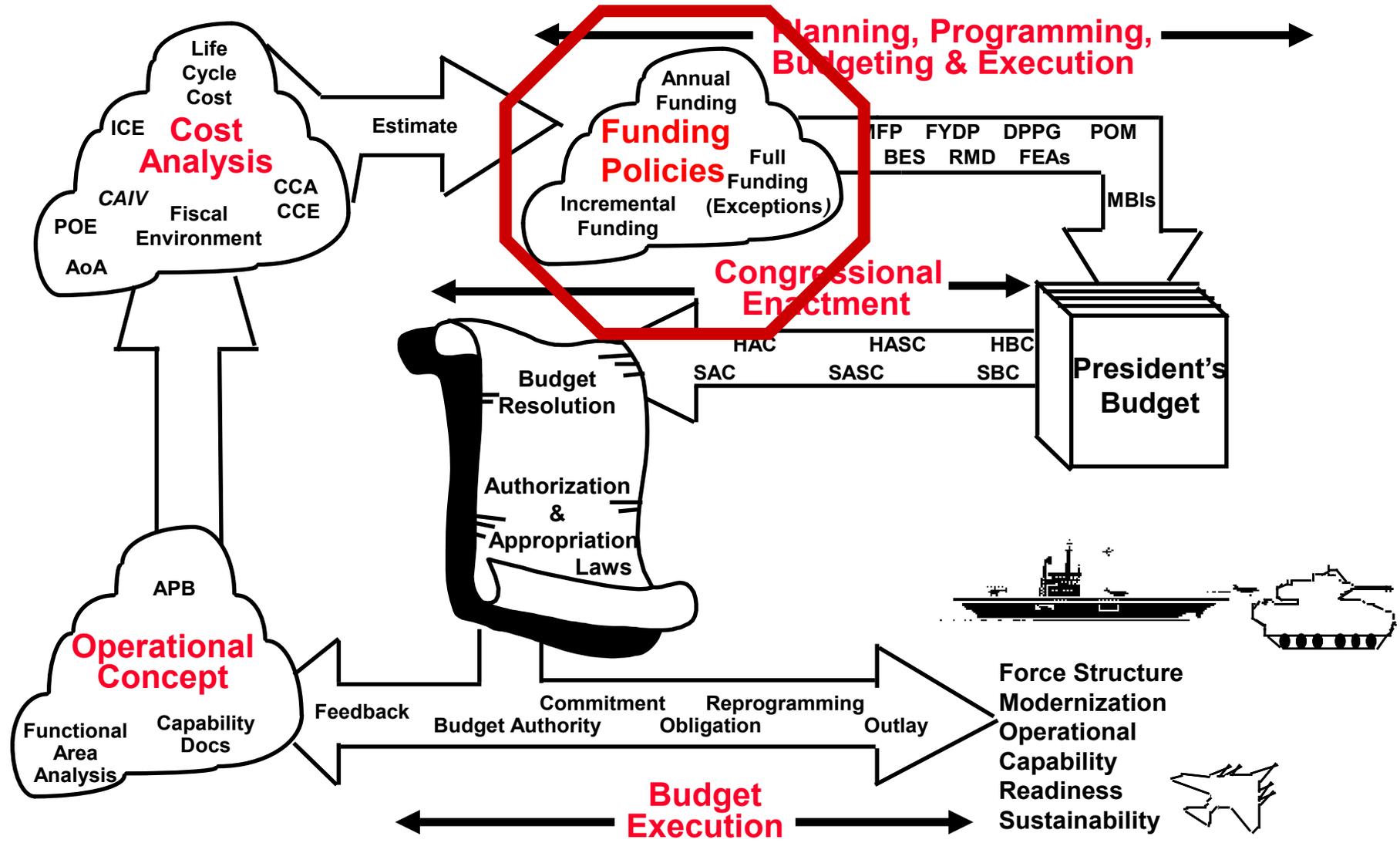
Notional % of LCC



Life Cycle Cost Composition



From Requirement to Capability



Major Appropriation Categories

APPN CAT	SCOPE OF WORK EFFORT	FUNDING POLICY	OBLIGATION PERIOD
RDT & E	RDT&E Activities & Exp, AIS E/SW @ R&D Facilities	Incremental	2 Years
PROC (SCN)	Production Labor/HW, Initial Spares, AIS E/SW >=\$250K	Full	3 Years 5 Years - SCN
O&M	Replenishment Spares, Civilian Salaries, Travel, Fuel, Supplies, Minor Const <\$750K, AIS E/SW <\$250K	Annual	1 Year
MILPERS	Military Pay & Allowances, PCS Moves, Retired Pay Accrual	Annual	1 Year
MILCON	Major Construction Projects >\$750K	Full	5 Years

Annual Funding Policy

Applicable Appropriations:

Operations & Maintenance

Military Personnel

Basic Budgeting Policy:

Annual budget request will be limited to obligation authority necessary to **cover all expenses** during the 12 month budget period (fiscal year).



Additional Guidance (Exception): Statutory provision (PL 105-85, Sec. 801 & Title 10, U.S. Code 2410a) allows funding a severable service contract/task beginning in one FY and ending in the next FY, all in the first year, if the contract period does not exceed 12 months

Incremental Funding Policy

Applicable Appropriation:

Research, Development, Test & Evaluation

Basic Budgeting Policy:

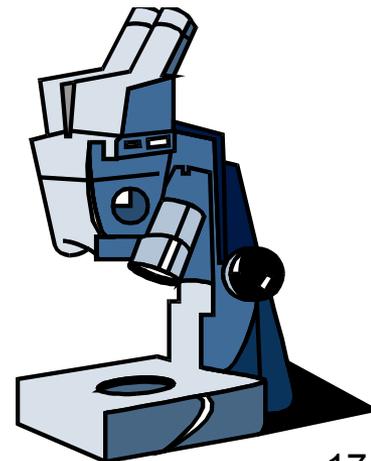
Annual budget request will be limited to budget authority necessary to cover all costs *expected to be incurred* during that fiscal year.

Incremental Funding Policy

Provides flexibility to the government in the uncertain environment of RDT&E

• ***Exception:*** Contracted efforts > 12 months but < 18 months: Service or Agency comptroller may approve request for funding in single FY if one of following is true:

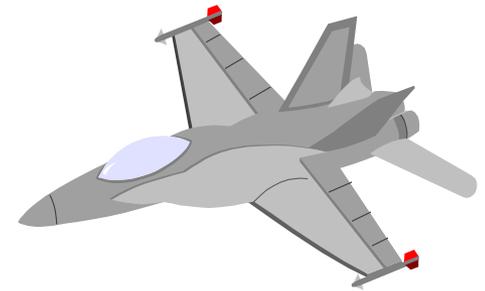
- 1) Effort not logically *divisible*
- 2) Infeasible to *shorten* contract length
- 3) Expect no *bids* if not “fully” funded



Full Funding Policy

Applicable Appropriations:

Procurement and Military Construction



Basic Budgeting Policy:

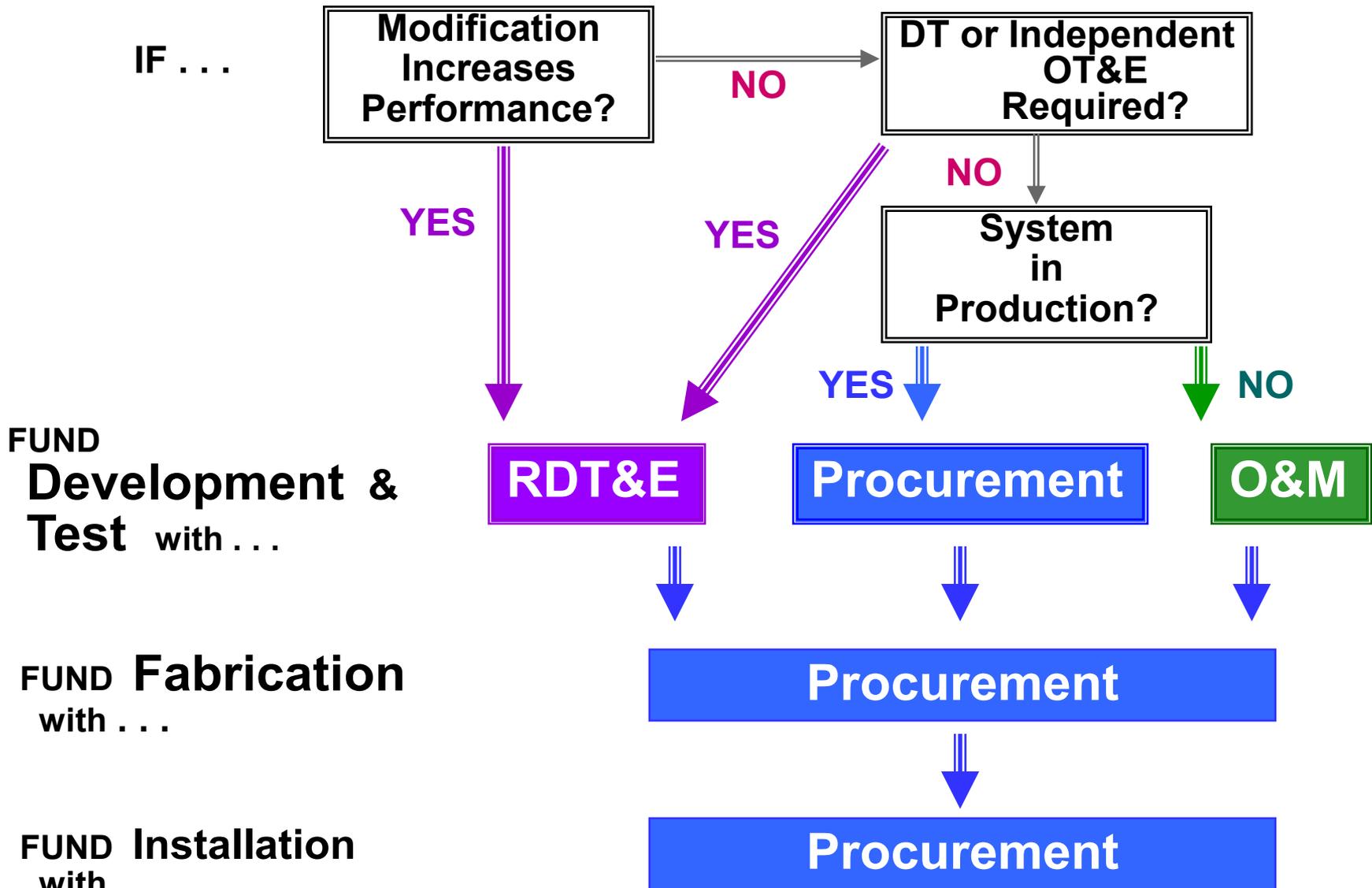
Annual budget request must cover the *total cost* to deliver a given quantity of complete, militarily usable end items in a 12 month funded delivery period.

Governing Concepts:

- *Usable End Items* - No piecemeal procurement of systems is permitted.
- *Funded Delivery Period* - 12 month period starting with delivery of first item.



Funding Product Improvements



Building the Program Budget

What Do We Need?

■ Program Direction

A statement of what the program manager is expected to do

■ Program Work Breakdown Structure

A translation of the program direction into a statement of the tasks required to achieve the program objectives

■ Cost Estimate

Development
Investment
O & S
Disposal

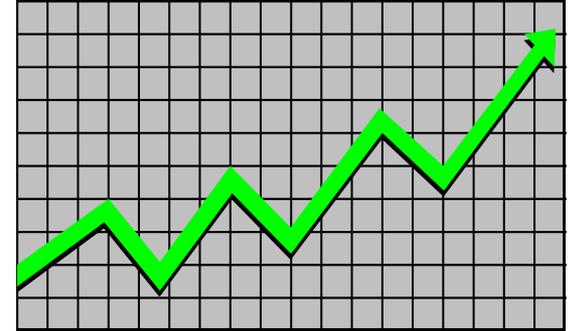
■ Master Schedule

The sequence of tasks in the work breakdown structure.

- Showing when each task begins and ends
- How the tasks are related to another
- How workload for each task is distributed within the time period

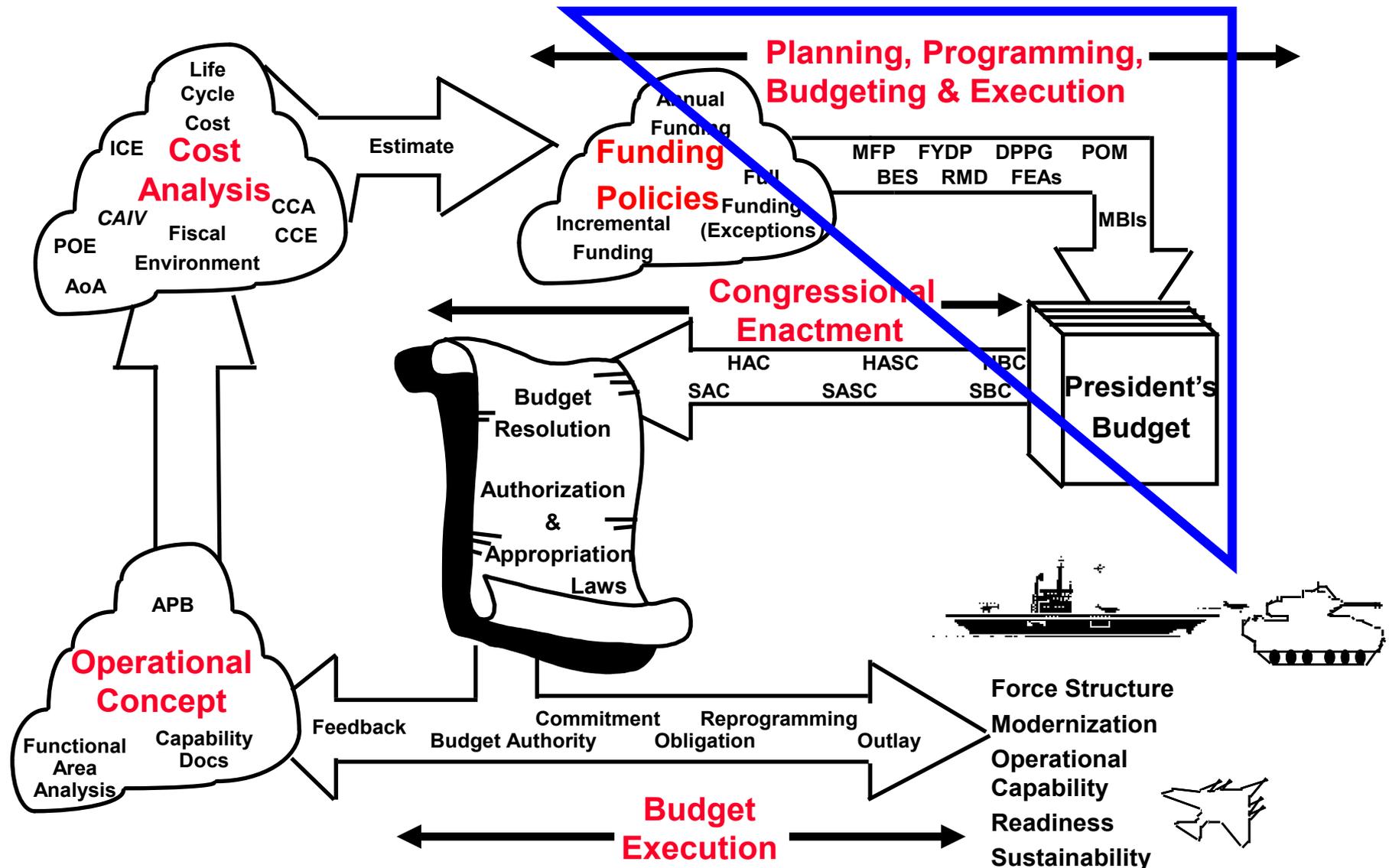
- So..... to *build our program budget* we would take our **Cost Estimate** (in constant dollars) and phase over time using:
 - **Master Schedule**
 - **Appropriate funding policies by appropriation account**
- *Then we would ESCALATE our estimate into THEN-YEAR Dollars to submit as a Budget Request*

Escalation

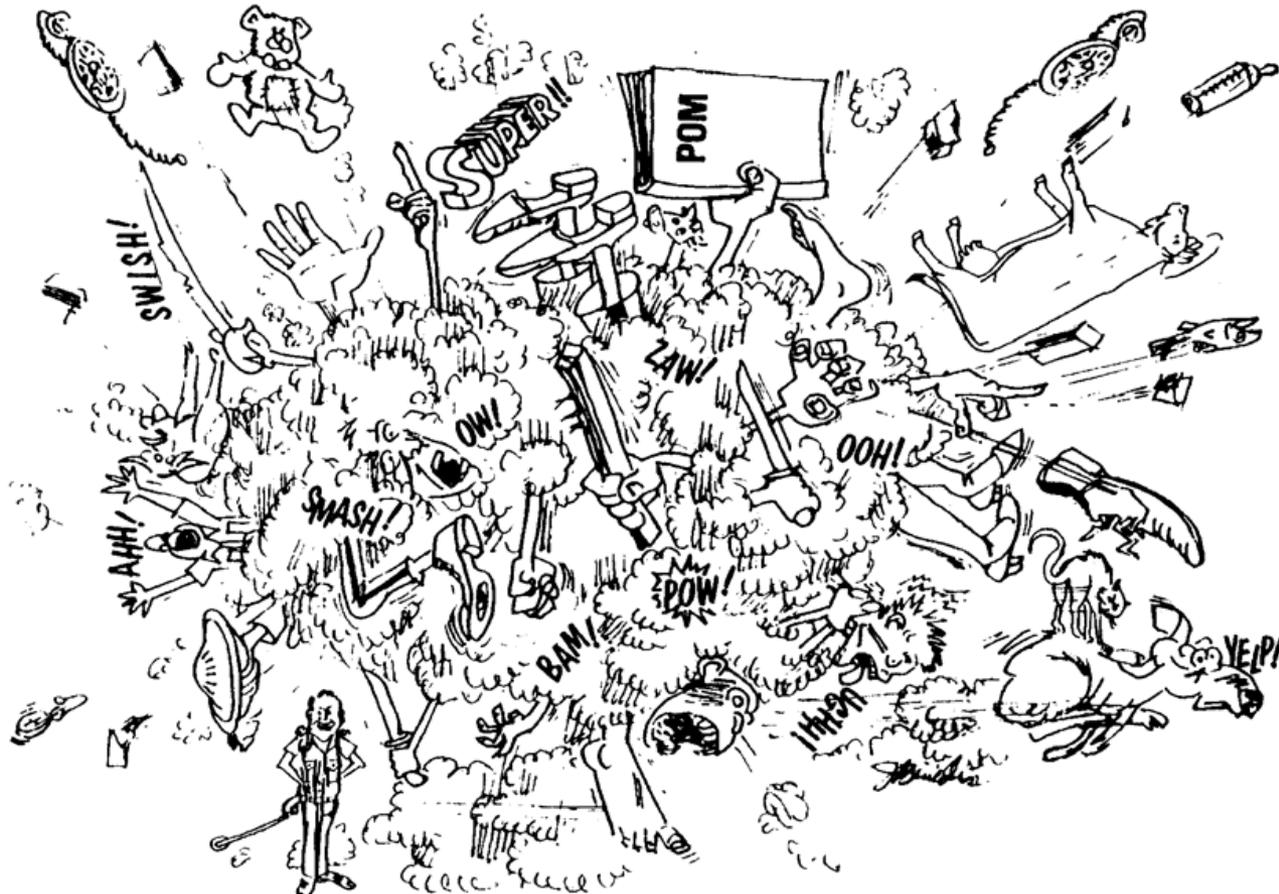


- **Constant / Base Year Dollars**
 - Tied to Specific year, No Inflation
 - Used for Cost Estimates
 - Allows comparison of program costs between years
- **Current / Then Year Dollars**
 - Includes Inflation and Outlay Rates
 - Inflation - general price level increases over time
 - Outlay rates - not all dollars are expended in year obtained
 - Used for Budget Estimates (POM/BES, PB → FYDP)

From Requirement to Capability



PPBE Overview



PPBE is DoD's primary resource allocation system. The objective of PPBE is to provide Warfighters with the best mix of equipment, personnel, and support attainable within established fiscal constraints. The end result of the PPBE process is the DoD portion of the President's Budget.

PPBE Phases

- **Planning**
 - Review Threat / Assess Capabilities
 - Develop Guidance
- **Programming**
 - Turn Guidance into Achievable and Affordable Packages / Programs
 - 5-Year Defense Program (Future Years Defense Program)
- **Budgeting**
 - Scrub Budget year
 - Prepare Executable & Defensible Budget
 - First Year of FYDP
- **Execution**
 - Measure Performance Against Plan
 - Assess Effectiveness of Resource Allocations



PPBE Planning Phase

- **Lead: Undersecretary of Defense for Policy (USD(P))**
- **Strategic Level Documentation**
- **Focus**
 - **Review Threat / Assess Capabilities**
 - **Update Strategy**
 - **Develop Guidance for Programming & Budgeting**
- **Unconstrained by Resource Realities**
- **Output: “Defense Planning & Programming Guidance” (DPPG)**

How Much Defense is Enough?

PPBE Programming Phase

- **Lead: Director, CAPE (Cost Assessment & Program Evaluation) (OSD)**
- **Focus: Compliance with DPPG**
- **Turns DPPG Into Achievable / Affordable Programs / Packages**
- **Constrained by Resource / Fiscal Realities**
 - **Want to Get Most “Bang for the Buck” for DoD as a Whole**
 - **Programs Can Be “Killed” / “Zeroed Out”**
- **Covers the 5-Year Future Years Defense Program (FYDP)**
- **Begins Program Office’s Involvement**
- **R&P Forms Begin to be Developed**
- **Output: “Resource Management Decisions” (RMDs)**

How Much Defense Can We Afford?

PPBE Budgeting Phase

- **Lead: USD (Comptroller)**
- **Focus: Prepare Executable & Defensible Budget**
 - Pricing
 - Funding Policies
 - Phasing
 - Funding Profile
 - Budget Execution
 - Scrub P-Forms / R-Forms
- **Scrub Budget Year — First Year of FYDP**
- **Desired “Success” for Program Management Office**
 - No Funding Changes!
- **Output: “Resource Management Decisions” (RMDs)**

Is the Budget Executable & Efficient and Can It Be Effectively Defended to Congress?

PPBE Execution Review

- **Lead: USD (Comptroller)**
- **Focus: Assess Effectiveness of Resource Allocations**
 - **Develop Performance Metrics**
 - **Measure Performance Against Plan**
 - **Assess Actual Output Against Planned Performance**
 - **Adjust Resources to Achieve Desired Performance Goals**
- **Done Concurrently in Budgeting Phase**

How Well Are We Executing Current Funding?

PPBE — Planning Phase

~**FEB/MAR**

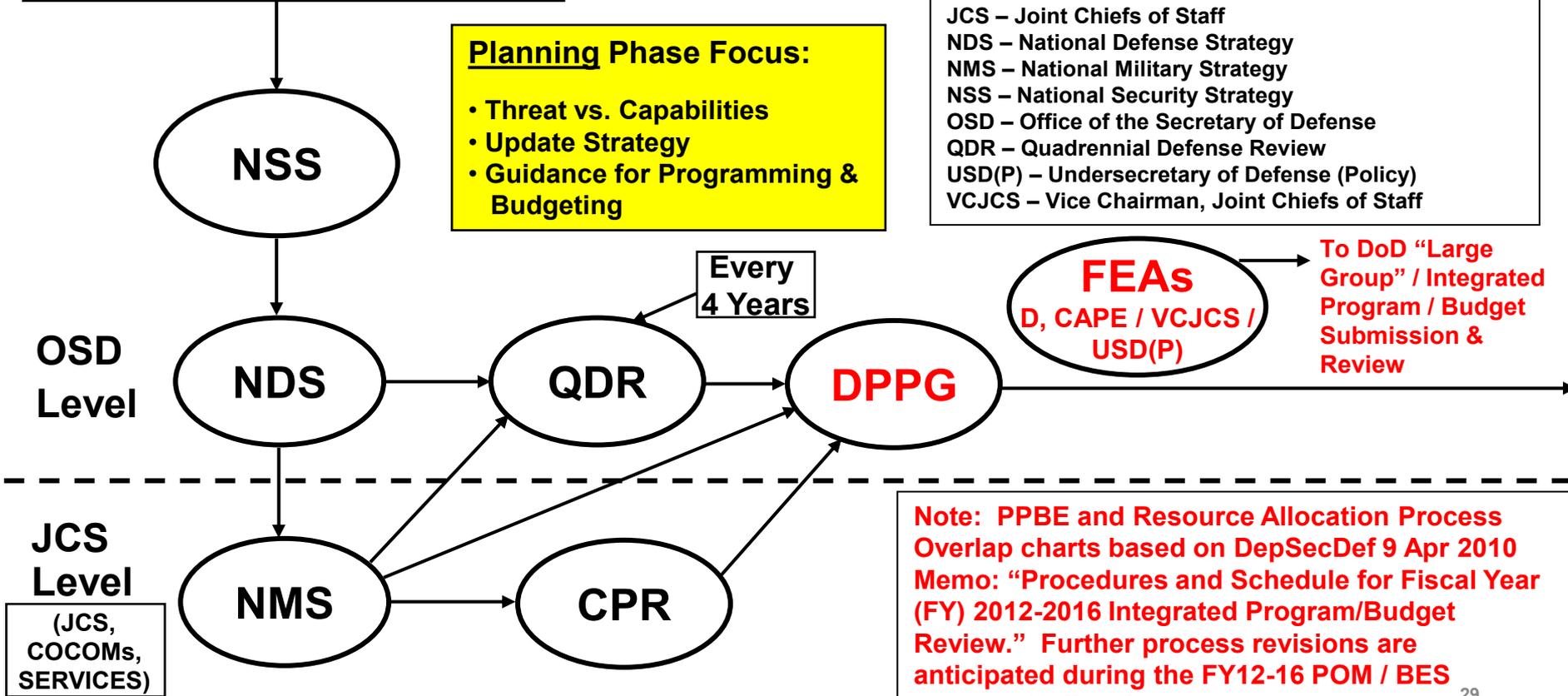
APR/SEP

President
National Security Council
CIA / DIA / JCS / OSD

- CIA – Central Intelligence Agency
- COCOM – Combatant Commander
- CPR – Chairman’s Program Recommendation
- D, CAPE – Director, Cost Assessment & Program Eval
- DIA – Defense Intelligence Agency
- DPPG – Defense Planning & Programming Guidance
- FEAs – Front End Assessments
- JCS – Joint Chiefs of Staff
- NDS – National Defense Strategy
- NMS – National Military Strategy
- NSS – National Security Strategy
- OSD – Office of the Secretary of Defense
- QDR – Quadrennial Defense Review
- USD(P) – Undersecretary of Defense (Policy)
- VCJCS – Vice Chairman, Joint Chiefs of Staff

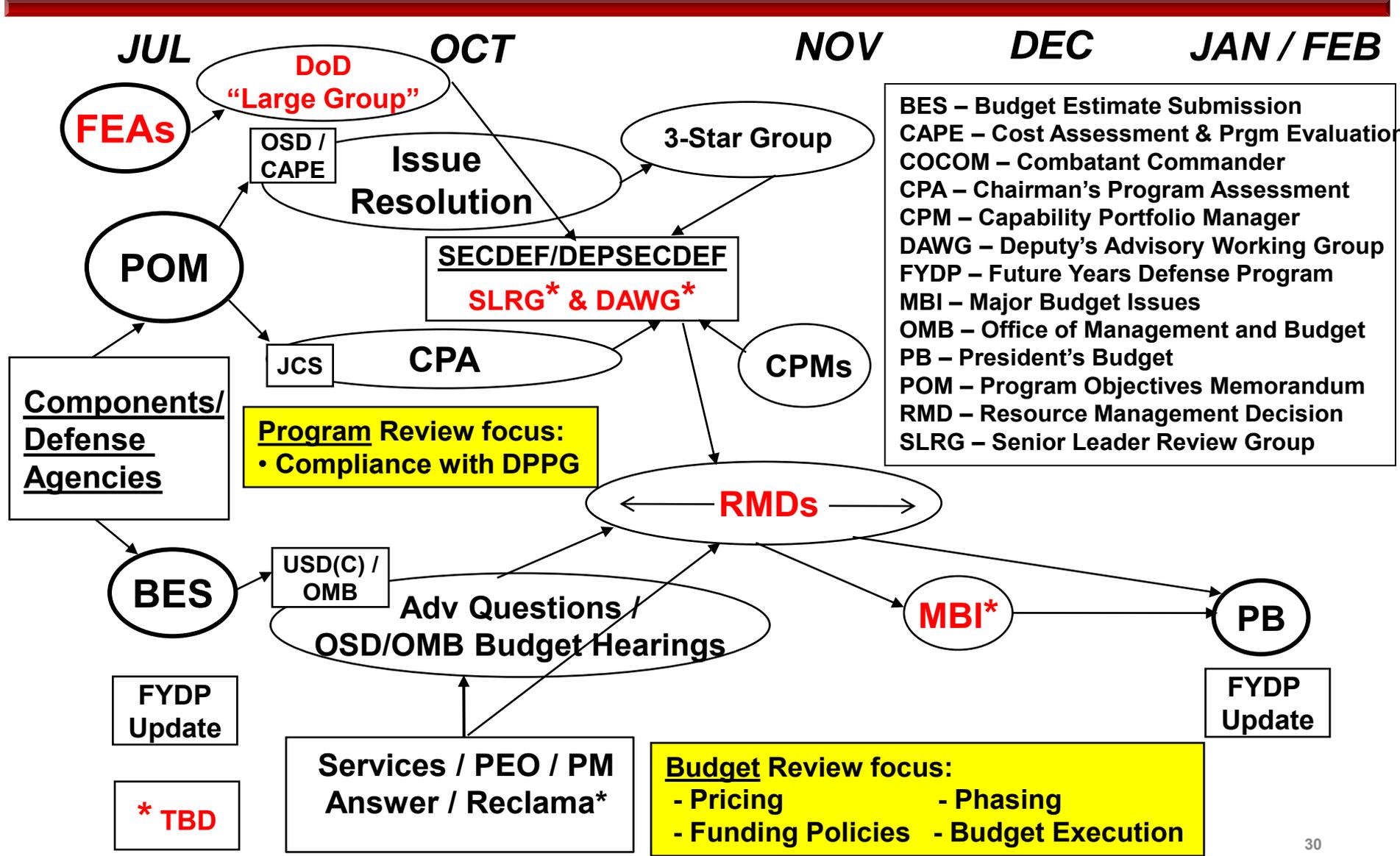
Planning Phase Focus:

- Threat vs. Capabilities
- Update Strategy
- Guidance for Programming & Budgeting



Note: PPBE and Resource Allocation Process Overlap charts based on DepSecDef 9 Apr 2010 Memo: "Procedures and Schedule for Fiscal Year (FY) 2012-2016 Integrated Program/Budget Review." Further process revisions are anticipated during the FY12-16 POM / BES summer / fall reviews.

PPBE — Integrated Program / Budget Review





Resource Allocation Process Overlap

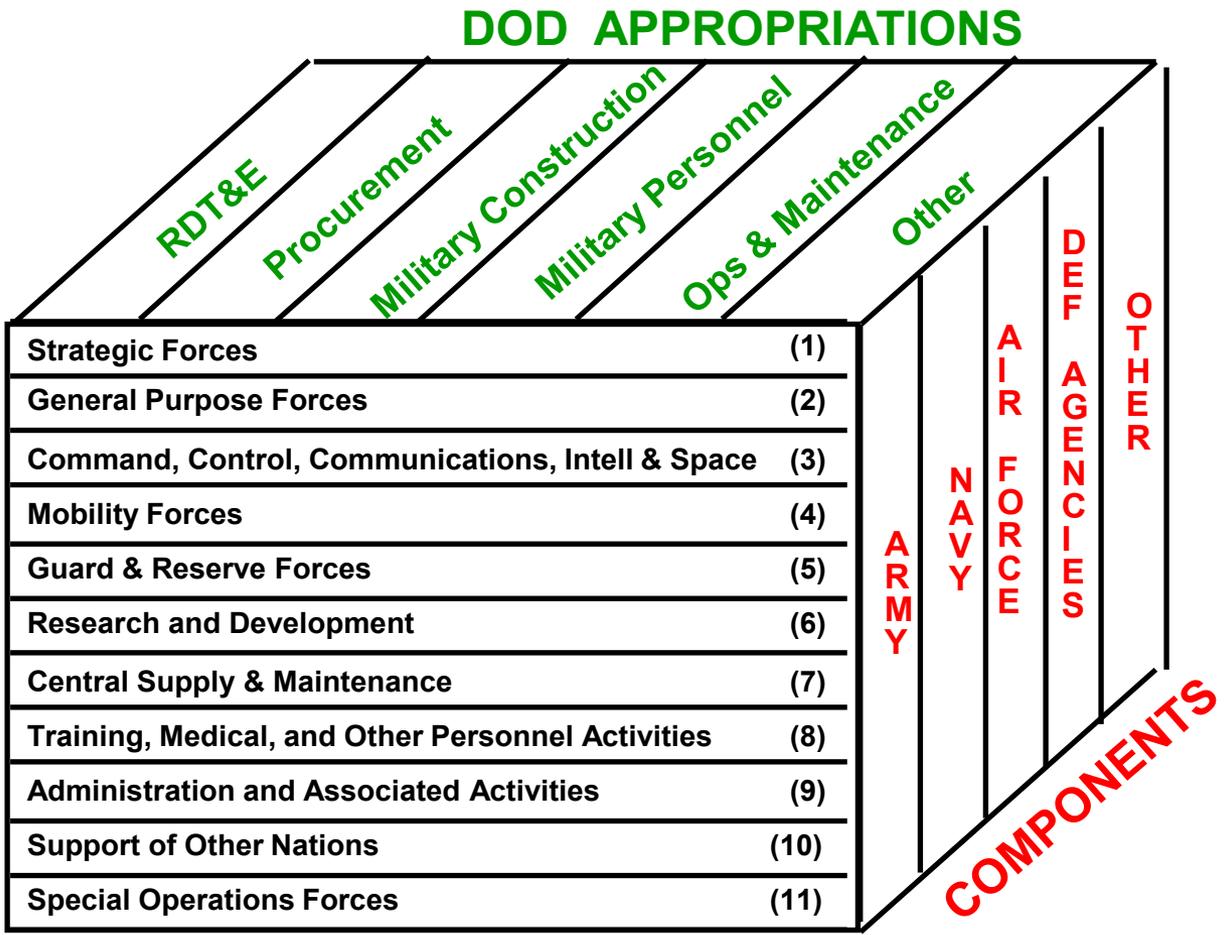
	CY10												CY11												CY12											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
FY10	Execution						2nd Yr						3rd Yr																							
	FY 10 and prior																																			
FY11	/ Enactment						Execution						2nd Yr						3rd Yr																	
	↑ PB FY 11						FY 11 and prior																													
FY12	Planning				/ Program/Budgeting				/ Enactment				Execution				2nd																			
	FY 12-16 DPPG				FY 12-16 POM FY 12 BES				↑ PB FY 12				FY 12 and prior																							
FY13	Planning						/ Program/Budgeting						/ Enactment						Exec																	
	FY 13-17 DPPG						FY 13-17 POM FY 13 BES						↑ PB FY 13						FY13 & prior																	
FY14	Planning						/ Program/Budgeting						/ Program/Budgeting																							
	FY 14-18 DPPG						FY 14-18 POM FY 14 BES						FY 14-18 POM FY 14 BES																							

DPPG – Defense Planning & Programming Guidance
 POM – Program Objectives Memorandum

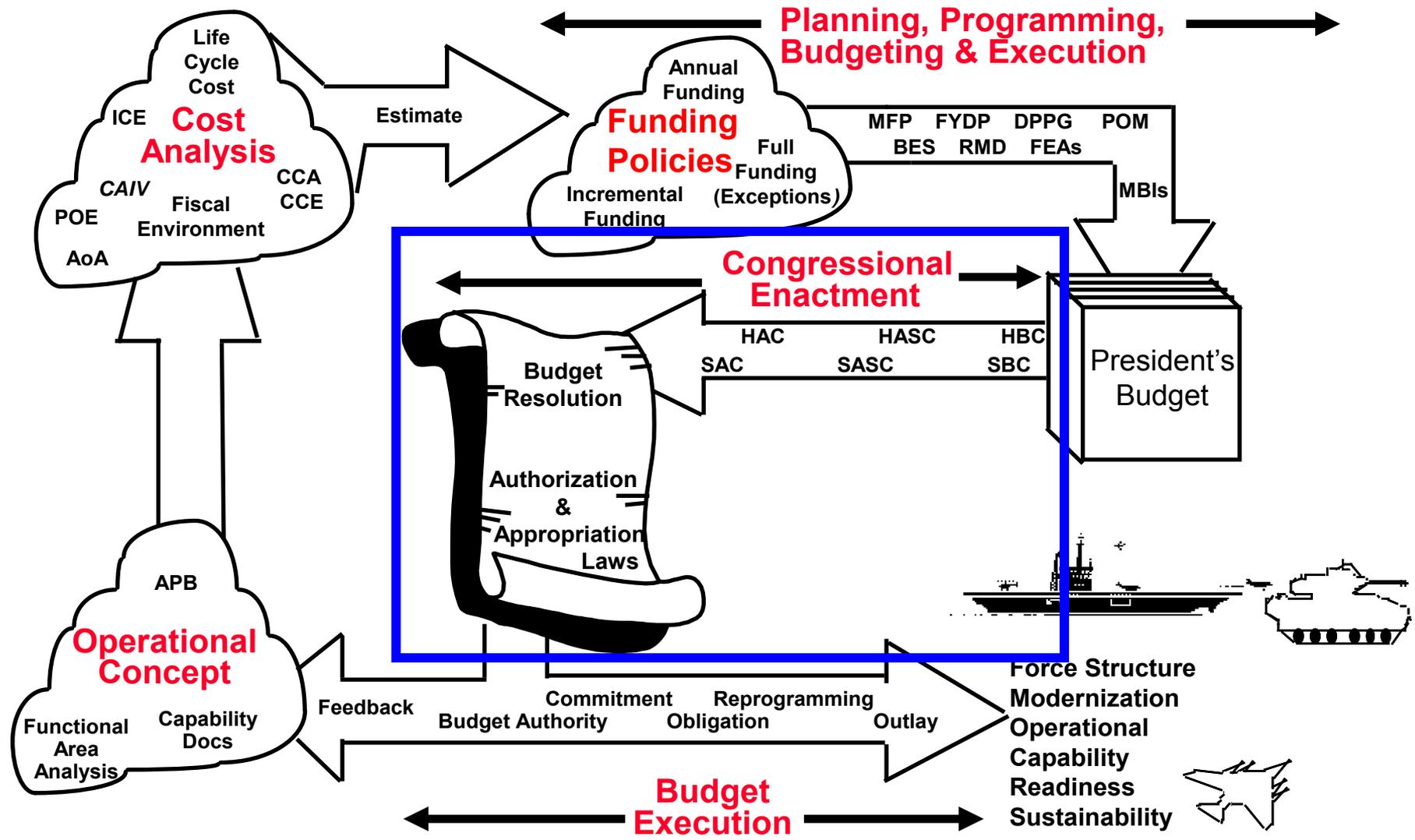
PB – President’s Budget
 BES – Budget Estimate Submission

Future Years Defense Program (FYDP)

**MAJOR
FORCE
PROGRAMS**



From Requirement to Capability



Why Do We Care About Congress ?

Article I, Sections 8 & 9

- No money shall be drawn from the Treasury, but in consequence of Appropriations made by Law
- Congress shall have power to
 - Provide for the common defense of the United States
 - Declare war
 - Raise and support Armies
 - Provide and maintain a Navy
 - Make rules for the government and regulation of the land and naval forces
 - Lay and collect taxes
 - Pay the debts



Article II, Section 2

- The President shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Officers of the United States

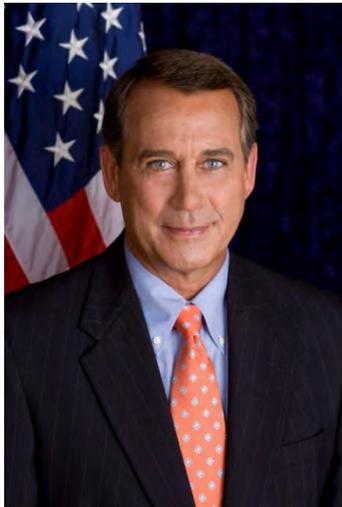
Congress Holds “The Power of the Purse”

112th Congress, 1st Session

(Jan 3, 2011 – Jan 3, 2013)

House – 435 members

- 193 Democrats
- 242 Republicans
- 6 Nonvoting delegates



Few with military experience
92 (21%)

Senate – 100 Members

- 51 Democrats
- 47 Republicans
- 2 Independents



26 (26%)

Three-Step Process:

- 1. Budget Resolution**
- 2. Authorization Act**
- 3. Appropriations Act**



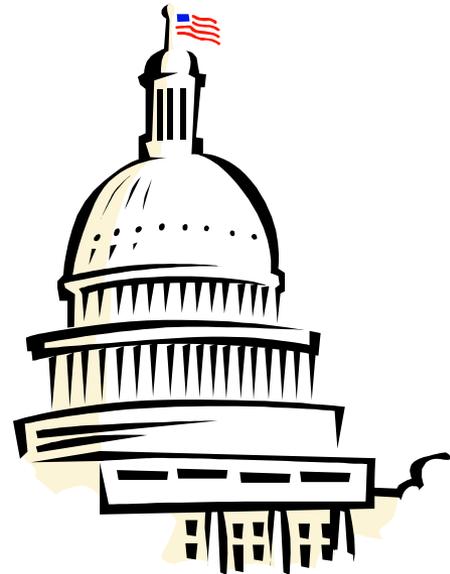
House & Senate Budget Committees

- **Established by Budget and Impoundment Control Act of 1974**
- **Work With**
 - **Congressional Budget Office**
 - **Issues on Projected Spending / Revenue Levels**
 - **Revenue and Appropriations Committees**
- **Draft Concurrent Budget Resolution (CBR):**
 - **Overall Budget Plan**
 - **Spending Ceilings for Each Major Government Function (e.g. National Defense)**
 - **Resolution is Not Law**
 - **Congress Usually Follows the Guidelines**
 - **60% Majority Vote Needed to Override**



National Defense Authorization Act

- **Authorization Committees**
 - **House Armed Services Committee (HASC)**
 - **Senate Armed Services Committee (SASC)**
- **Sets Policy**
- **Provides Authorization for Each DoD Appropriation Account**
- **Annual Authorization Law Provides:**
 - **Program Approval**
 - **Procurement Quantities**
 - **Personnel End Strength**
 - **Funding Ceilings for Programs**
 - **Policy**



HASC / SASC

Subcommittees (112th)

House Armed Services Subcommittees

- Tactical Air & Land Forces
- Military Personnel
- Oversight and Investigations
- Readiness
- Seapower and Projection Forces
- Strategic Forces
- Emerging Threats and Capabilities
- Defense Acquisition Reform Panel



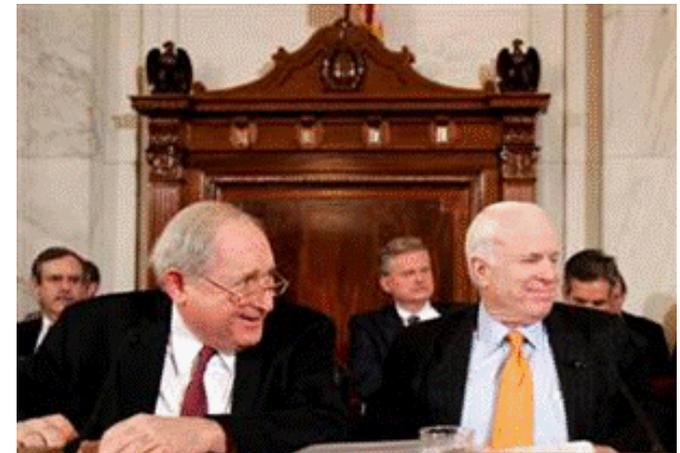
Chairman Buck McKeon R-CA



Ranking Member Adam Smith D-WA

Senate Armed Services Subcommittees

- Air & Land Forces
- Emerging Threats & Capabilities
- Military Personnel
- Readiness & Management Support
- Seapower
- Strategic Forces



Chairman Carl Levin D-MI

Ranking Member John McCain R-AZ

Appropriations Act

- **Appropriations Committees**
 - House Appropriations Committee (HAC)
 - Senate Appropriations Committee (SAC)
- **Provides Budget Authority**
 - Permission to Obligate
 - Does Not Provide Dollars Per Se
- **12 Annual Appropriations Bills**
 - Defense
 - Military Construction
 - Energy and Water Development
 - 9 others
- **Normally Follows Lead of Authorizing Committees**



HAC Chairman Hal Rogers R-KY



SAC Chairman Daniel Inouye D-HI

HAC / SAC

Subcommittees (112th)

HAC Subcommittees

- Agriculture, Rural Development, FDA and Related Agencies
- Commerce, Justice and Science and Related Agencies
- **Defense (HAC-D)**
- **Energy and Water Development**
- Financial Services and General Government
- Homeland Security
- Interior, Environment, and Related Agencies
- Labor, Health and Human Services, Education and Related Agencies
- Legislative Branch
- **Military Construction, Veteran's Affairs and Related Agencies**
- State, Foreign Operations and Related Programs
- Transportation, Housing and Urban Development and Related Agencies

SAC Subcommittees

- Agriculture, Rural Development, FDA, and Related Agencies
- Commerce, Justice, Science and Related Agencies
- **Defense (SAC-D)**
- Homeland Security
- Interior, Environment, and Related Agencies
- Labor, Health and Human Services, and Education, and Related Agencies
- **Energy and Water Development**
- Financial Services and General Government
- Legislative Branch
- **Military Construction, Veterans Affairs, and Related Agencies**
- State, Foreign Operations and Related Programs
- Transportation, Housing and Urban Development, and Related Agencies

Authorization vs. Appropriation

Authorization Bill

- Authorizes a Program
- Specifies Its General Aim & Conduct
- Usually Puts a Ceiling on Monies that Can Be Used to Finance It



Mother, may I
PERMISSION

Appropriation Bill

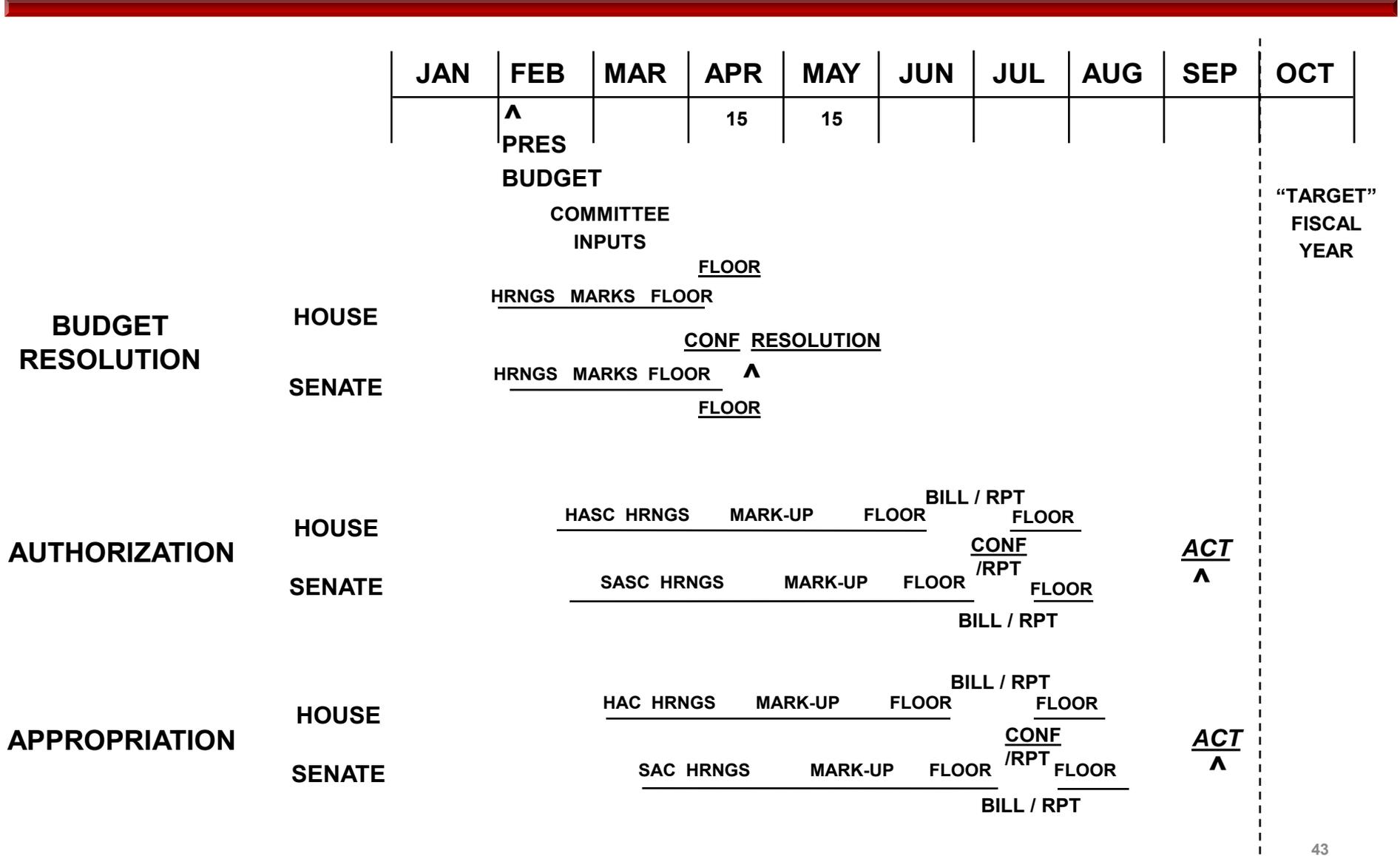
- Grants the Budget Authority for the Program
- Budget Authority May Be Above or Below What was Authorized



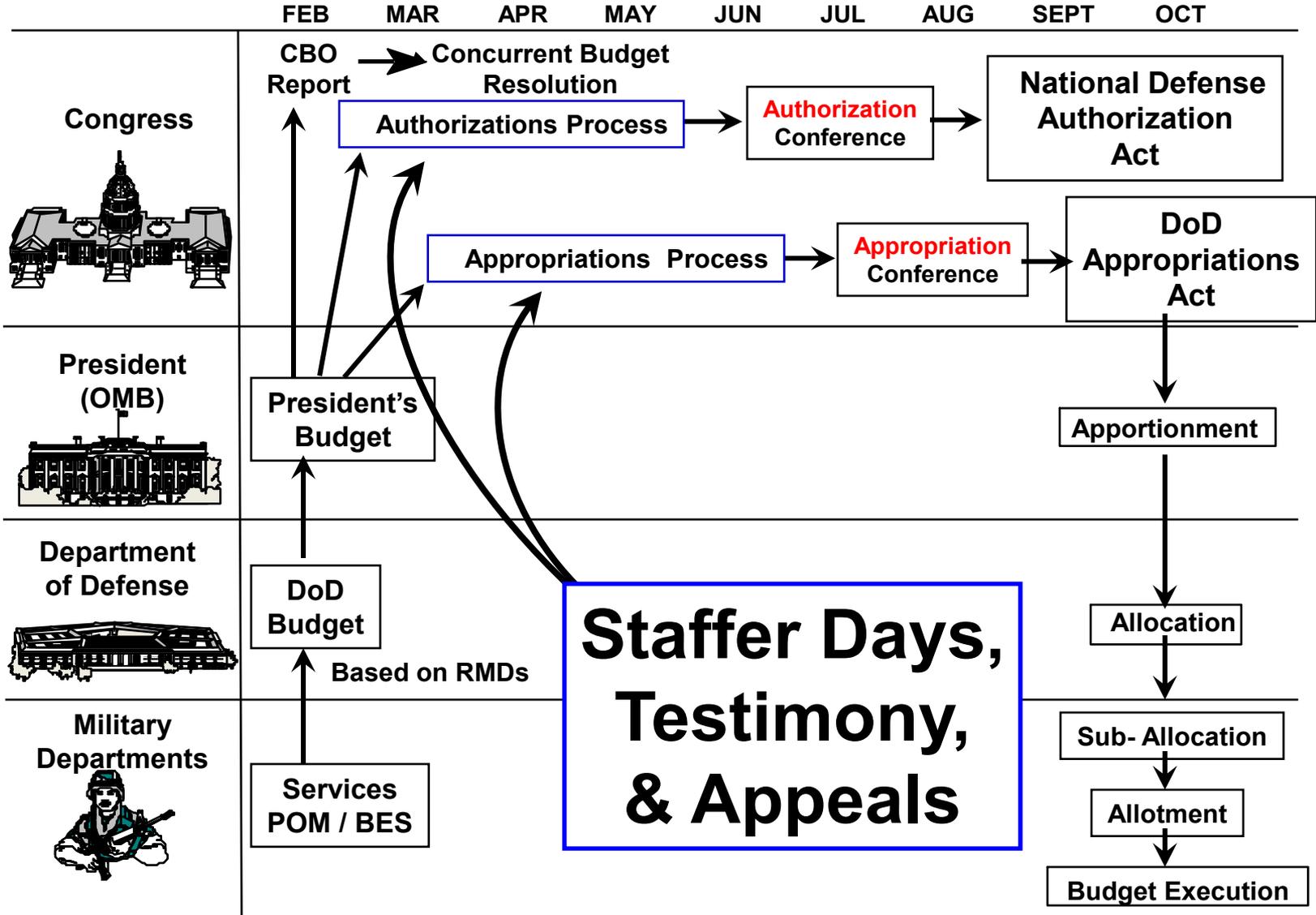
Dad, can I have some dough to
FUNDING



Congressional Enactment Timetable



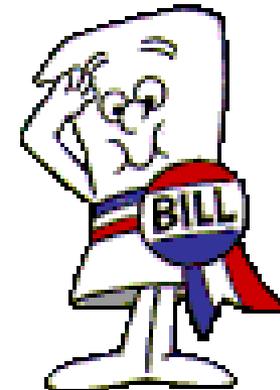
DoD Involvement in Congressional Enactment



Appeals to Congressional Marks

General Rules Between Congress & DoD

- There are Two Independent Phases Subject to Appeals
 - Authorization
 - Appropriation
- Keep Actions Pertaining to the Two Phases Separate
- Appeal to Next Committee of That Phase to Consider the Budget Request
 - Authorization: HASC → SASC → Conference Committee
 - Appropriation: HAC → SAC → Conference Committee
- Appeal for Amount In - or Closest To - President's Budget (of the Prior Two Marks)
- Acceptable to Appeal
 - Dollars
 - Production Quantities
 - End Strength (Manpower)
 - Language



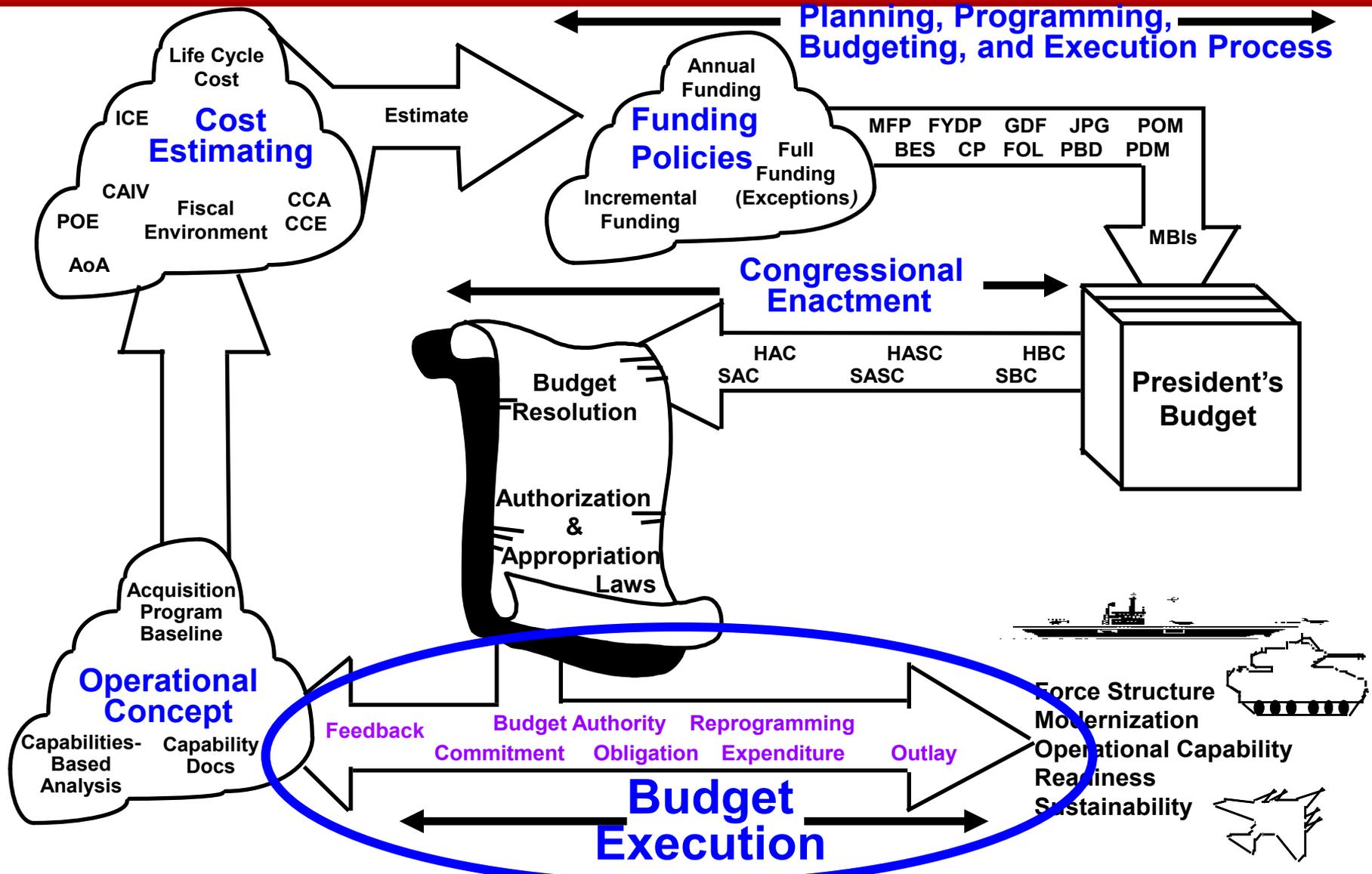
Continuing Resolution (CR) Authority

- **Occurs When Congress Fails to Pass Appropriations Act Prior to Start of Fiscal Year (01 October)**
- **Joint CR Authority (Passed by Both Chambers) Must be Signed by the President**
- **Is Stop-Gap Spending Authority Allowing Federal Government to Continue Operating**
- **Allows Obligation of Funds at the Lesser of:**
 - **Normal Rate Based on Last Year's Appropriation**
 - **Normal Rate Based on Lowest Congressional Mark**
- **New Start Programs NOT PERMITTED**
- **Congressional Special Interest Programs may have Specific Direction**
- **Operates Until Annual Appropriations Request Becomes Law**
- **Covers Limited Time Period**

Nine (9) Continuing Resolutions through 8 April 2011

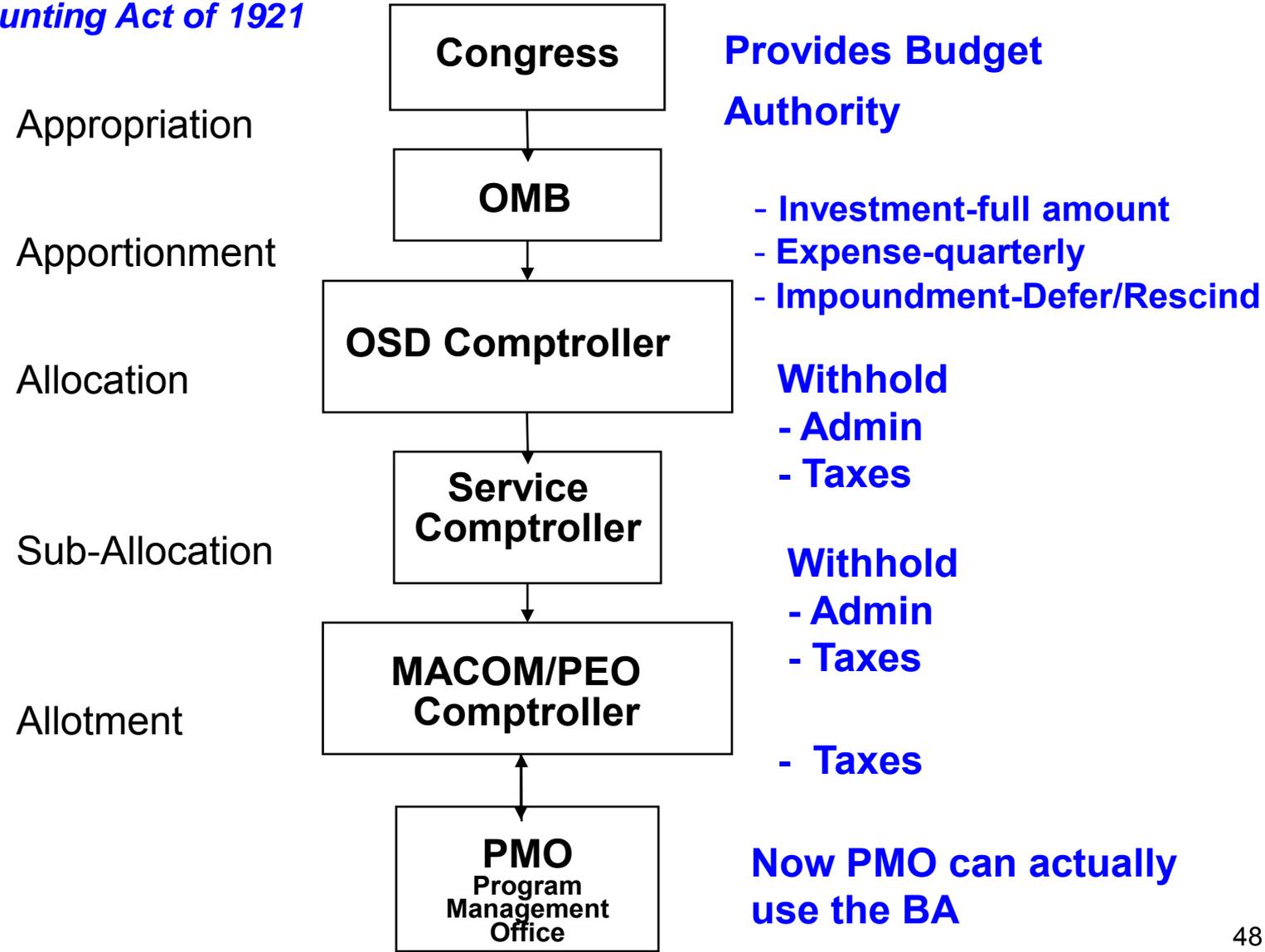
Funded most agencies at FY 2010 levels; No New Starts

FROM REQUIREMENT TO CAPABILITY



Apportionment Process

Budget & Accounting Act of 1921



Monetary Concepts

Budget Authority
Credit Card Spending Limit



Administrative Reservation of Funds

Commitment
Verification of Available Funds



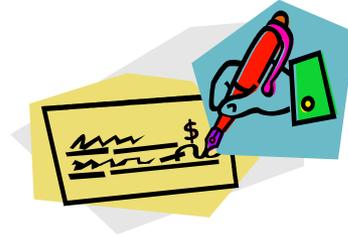
- Purpose
- Time
- Amount

Legal Reservation of Funds

Obligation
Sign Receipt for Purchase



Expenditure
Write Check to Credit Card Company



Outlay
Check clears your account



- **RDT&E**

- *Appropriation:* 3600F (RDT&E, Air Force)
- *Budget Activity:* 03 - Advanced Technology Development
- *Program Element:* 0603205F- Flight Vehicle Technology Integration



- **Procurement**

- *Appropriation:* 2032A (Missile Procurement, Army)
- *Budget Activity:* 02 - Other Missiles
- *Line Item:* 003 - Hellfire System



- **O&M**

- *Appropriation:* 1804N (Operations & Maintenance, Navy)
- *Budget Activity:* 01 - Operating Forces
- *Activity Group/Sub Activity Group:* Air Operations / Base Support





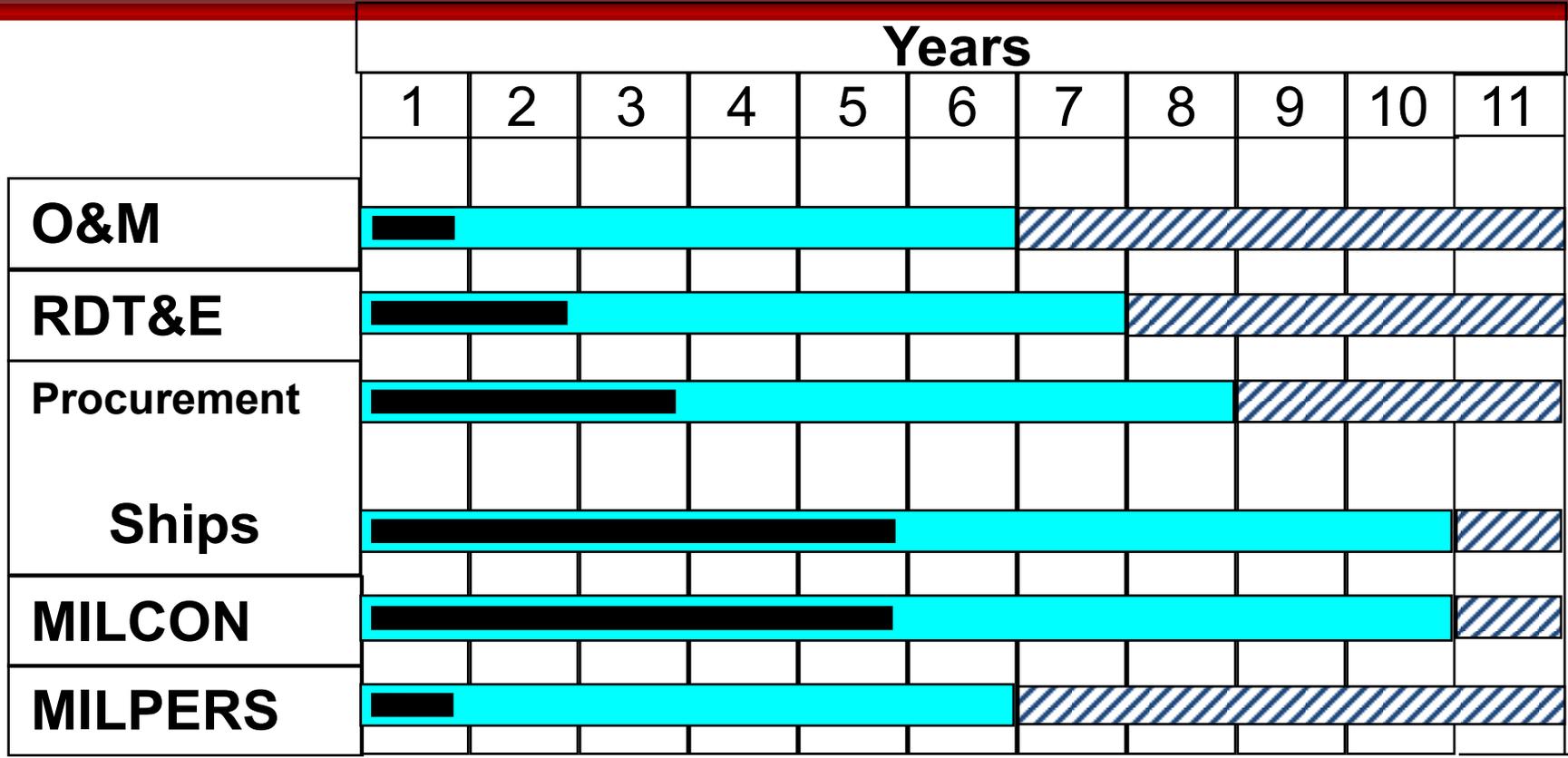
Below Threshold Reprogramming*

Amounts are Cumulative Over Entire Period of Obligation Availability

APPRN	MAX INTO	MAX OUT	LEVEL OF CONTROL	OBL AVAIL
RDT & E	Lesser of + \$10 M or + 20%**	Lesser of - \$10 M or - 20%	Program Element	2 Years
PROC	Lesser of + \$20 M or + 20%**	Lesser of - \$20 M or - 20%	Line Item	3 Years SCN: 5 Years
O & M	+ \$15 M	None , unless otherwise specified	Budget Activity (or Defense Agency) Some BA 1 Sub-Activity Limitations on Decreases (Operating Forces)	1 Year
MILPERS	+ \$10 M	No Specific Congressional Restriction	Budget Activity	1 Year
MILCON	Lesser of + \$2 M + 25 %	No Specific Congressional Restriction	Project	5 Years

* Reference Source Overall Chart: USD (C) Memo; SUBJECT: FY 2006 Below Threshold Reprogramming Authority Policy, 10 Feb 2006. ** Reference Source: USD(C) Memo, 5 Jan 2010, SUBJECT: DD 1414, Base for Reprogramming Actions

Appropriation Life



- 
Current Period: Available for new obligations, obligation adjustments, expenditures, and outlays
- 
Expired Period: Available for obligation adjustments, expenditures, and outlays
- 
Cancelled: Unavailable for obligations, obligation adjustments, expenditures, and outlays

Obligation Plan

What

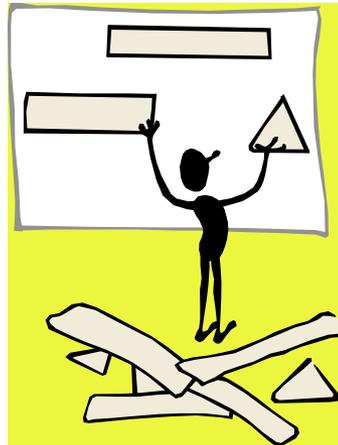
- Spending Plan
- **Monthly Prediction**
- **All Available Years**
- Required for **Each Program Element / Line Item**

Who

- Prepared by **PMO**
- Coordinated with **PCO**
- Reviewed by **Comptroller**
Each Budget Update

Why

- Supports Budget Enactment
- **Analyze for Budget Execution**
- If Not On Plan... (Maybe Not A Firm Requirement)
- Best Prediction for Future Performance



How

- Anticipated **Obligation Rate**
- **Don't Show** Preponderance of:
 - .. **1st Quarter Awards**
 - .. **4th Quarter Awards**

Deviation Report

- **Variances: Planned vs Actual**
- **PMO Written Explanation**
- **Each Month More Vulnerable:**
 - .. **Potential Billpayer**
 - .. **Report Card/Predict Trends**

Decisions

- Basis for **BES & Pres Budget**
- Basis for **Appropriation**
- Impacts on **Program Reviews**
- Impacts on **Billpayer Exercises**

Obligation & Expenditure Execution Benchmarks

RDT&E	Yr1	Yr2	Yr3
Obligations	80%	100%	--
Expenditures	55%	90%	--
Focus: <u>Expenditures</u>			

Procurement	Yr1	Yr2	Yr3
Obligations	80%	96%	100%
Expenditures	--	--	--
Focus: <u>Obligations</u>			



-- No Specific Benchmark

Fiscal Laws

- **Misappropriation Act** [Title 31, U.S. Code, Sec 1301] Color
 - Requires funds to be used **only for the purposes** and programs for which the appropriation was made Purpose
- **Bona Fide Need Rule** [Title 31, U.S. Code, Sec 1502] Year
 - Requires funds to be used only for **needs or services in the year(s)** of the appropriation's obligation period Time
- **Anti-deficiency Act** [Title 31, U.S. Code, Sec 1341 & 1517] Amount
 - Prohibits making or authorizing an obligation **in excess** of the amount available Amount
 - Forbids obligation to pay money from the US Treasury **in advance** of an appropriation
 - Requires agency to **fix responsibility** for violations of the Act

Other “Colors of Money”

- Organizations can submit candidates for other sources of funding
 - Not Appropriated directly to them
 - May use existing funds to reimburse Working Capital Funds
 - Tap Industry to fund upfront on redesign
 - Receive Congressional Plus-Ups for special interest items

- Operating and Support Cost Reduction (OSCR)
- Working Capital Fund (WCF) Logistical Operations (LOGOPS) Projects
- Continuous Technology Refreshment (CTR)
- Reliability Improvement Process (RIP)
- National Center for Defense Manufacturing & Machining (NCDMM)
- Process Technologies for Replacement Parts Production (PTRPP)
- Manufacturing Technology (ManTech)

Summary

- Understanding the Defense Acquisition Process Gives You an Edge In Acquiring Funds For Your Programs
- Work with Your Business Financial Managers to Get All the \$\$\$s You Need to Make Your Program a Success!

Acquisition Community Connection (ACC) Website

<https://acc.dau.mil>

DoD Comptroller Website

<http://comptroller.defense.gov>

Back Up Slides

Supply Management Operating and Support Cost Reduction (SM-OSCR)

Objective:

Save the field money by...

- Reducing secondary item acquisition costs and/or
- Extending the life of the Item
- Reducing number of events (removals/repairs) and/or cost per event

Purpose:

The OSCR Program uses WCF funds to facilitate life cycle cost savings/avoidance in the field by re-designing, prototyping, and/or testing spare parts for presently fielded systems.

Program Criteria:

- Program will fund secondary item redesign/reengineering that involves:
 - Individual item or an assembly of items
 - Prototype
 - Test
- Will not fund production or implementation of kits
- Will not fund studies
- Requires validated economic analysis

Utilizes WCF \$s to Reduce Cost in the Field

Working Capital Fund (WCF) Logistical Operations Projects

Objective:

- Mitigate obsolescence
- Improve reliability, maintainability, and supportability and/or
- Reduce life cycle cost of secondary items

Purpose:

Use of a percentage of WCF to fund secondary item efforts.

Program Criteria:

- Program will fund secondary item redesign/reengineering that involves:
 - Individual item or an assembly of items
 - Prototype
 - Test
- Will not fund production or implementation of kits
- Will not fund studies
- Requires Return On Investment (ROI)

Uses WCF \$ to Mitigate Obsolescence, Reduce Cost and/or Improve Reliability

Continuous Technology Refreshment (CTR): *Contractor Submits When Project Ready*

Objective:

Updates Spare Parts technology

- Reduces secondary item acquisition costs and/or extend the life of the item / resolves obsolescence
- Improves reliability and reduces logistics footprint

Purpose:

- Industry funded, thus does not require any Service funding for the development of a replacement solution
- Industry partner MOA to develop a solution which will replace an older part
- CTR replacement part approved through Business Case Analysis (BCA) Process and then purchased instead of the older part.
 - BCA shows the 10 year Life Cycle Savings of the initiative with supporting technical documentation.

Program Criteria:

- Industry is provided candidate parts along with technical data for evaluation into the program
 - Industry performs a BCA for government concurrence – if accepted
 - Government continues with replenishment supply procurement with the new CTR part instead of the old
- New part is procurement funded – based on budgeted supply of the original item
 - Part is first qualified
 - Number of parts required for supply replenishment are procured

Leverages Industry \$s to Save on Cost of Spares

Reliability Improvement Process (RIP)

Objective:

- Improve reliability, quality and logistics
- Reduce field maintenance actions
- Enhance supply to the Service by transitioning the new/improved part into the supply chain

Purpose:

The Defense Logistics Agency (DLA) program uses Defense Working Capital Funds (DWCF) to facilitate the new or improved DLA-managed components, assemblies, or modules for presently fielded systems that enhances reliability, maintainability, quality and/or safety.

Program Criteria:

- PMO endorsement
- Program will fund new/improved DLA-managed items
- Will not fund production
- Will fund feasibility studies
- Requires ROI (minimum 10:1)
- DLA will remain as supplier of the new/improved part

Utilizes DWCF \$s to Reduce Total Cost and Improve DLA Items

National Center for Defense Manufacturing and Machining

Purpose:

Support and enhance the manufacturing and machining capabilities of the DoD and its Industrial Base

Products:

Manufacturing and Machining Center open to Army, Navy, Marines and Air Force

**Congressional Plus Up That Addresses Machining, Cutting,
Drilling and Grinding Issues within the Industrial Base**

Process Technologies for Replacement Parts Production

Objective

- Develop a “stationary” mobile parts hospital-like capability to support continental United States (CONUS) operations, by utilizing rapid processing technologies requiring quick turnaround
- Develop a Center of Excellence helps identify new sources for older parts
- Use reverse engineering to build small number of parts to initiate remanufacturing

Products:

- Rapid manufacturing process technology development
- Rapid processing methodology development
- Manufacturing process analysis and development
- Test assets

Warfighter Payoff:

- Increased response time to Warfighter’s needs
- Improved system readiness and availability
- Reduced component cost
- Reduced logistic footprint

Manufacturing Technology (ManTech)

Objective:

Transition technology from S&T to production.

Purpose:

Develop the manufacturing processes necessary to implement a technology. Focus is on improved performance and decreased cost.

Program Criteria:

- Requires PMO commitment to implement
- Sometimes requires PMO financial contribution
- Funding limit based on each individual project
- Requires economic analysis
- Will not fund qualification

Obtain more information at www.dodmantech.com

Utilizes RDTE \$s to Develop Manufacturing Equipment and Processes