

# FY 2001 Budget Estimate

## Office of the Secretary of Defense (OSD)



**OFFICE OF THE SECRETARY OF DEFENSE**  
**Operations and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2001 Budget Estimates**  
**Budget Activity 4: Administration and Servicewide Activities**

**OSD Highlights**

(\$ in Millions)

<b>FY 1999</b>	<b>Price</b>	<b>Program</b>	<b>FY 2000</b>	<b>Price</b>	<b>Program</b>	<b>FY 2001</b>
<b><u>Actual</u></b>	<b><u>Growth</u></b>	<b><u>Growth</u></b>	<b><u>Estimate</u></b>	<b><u>Growth</u></b>	<b><u>Growth</u></b>	<b><u>Estimate</u></b>
462.223	11.038	1.956	475.217	11.068	-69.159	417.126

The Office of the Secretary of Defense (OSD) is the principal staff element of the Secretary of Defense for the exercise of policy development, planning, resource management, fiscal, and program evaluation responsibilities. These funds provide for OSD's personnel costs, official representation, travel, transportation, Intergovernmental Personnel Act costs, Reimbursable Detail costs, Contractor Support, Contracted Advisory and Assistance Services, and various other costs of doing business not provided by the Washington Headquarters Services (WHS).

The reorganization and right sizing of the Office of the Secretary of Defense (OSD) under the Defense Reform Initiative (DRI) is complete. Some of the personnel to be transferred to OSD are still paid by the Defense Intelligence Agency (DIA) but DIA is being reimbursed by OSD

The Office of the Under Secretary of Defense (OUSD) Acquisition, Technology and Logistics (AT&L) is managing programs to implement Acquisition Reform.

The Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I) has successfully completed the Y2K transition. The ASD (C3I)'s Chief Information Officer (CIO) program continues to support the Department's initiatives to achieve Information Superiority.

The Office of the Comptroller is managing the program to develop additional reporting and accounting capabilities required by Congress.

Many policy issues are being explored. The issues being studied include: the effectiveness of strategic and conventional forces and systems, non-lethal weapons, recruitment, emerging health threats, counter terrorism/anti terrorism, OSD Management Improvement Efforts, implications of the Revolution in Military Affairs, power projection trends and the future military use of space.

The war games conducted will add new/hybrid operational concepts and new/alternative uses of technology to the games' capabilities.

**Narrative Explanation of Changes:**

The program decrease of \$69.2 million is mainly the result of FY 2000 congressional adds that are not carried forward (\$100.9 million) as partially offset by \$39.7 million in program growth. This growth results from the Department's decision to restore funding for its core programs. Also included is growth for three programs budgeted for the first time -- Acquisition Workforce Demonstration (\$1 million), Environmental Security Cooperation (\$2 million) and Defense Acquisition Regulation Automation (\$0.7 million).

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**Summary of Increases and Decreases:**

1. FY 2000 President's Budget		423,493
2. Congressional Adjustments (Distributed)		
a. Performance Measures	-10,000	
b. C4ISR	3,000	
c. NE/SA Center for Security Studies	1,000	
d. Middle East Regional Security Studies	1,000	
e. Energy Savings Contracts	4,000	
f. Job Placement Program	300	
h. Youth Development Initiative	2,500	
i. Management and Contract Support	-8,000	
j. (A&T) Travel and Contracts	-10,000	
k. Commercial Technologies for Maintenance Activities	8,000	
l. Pacific Disaster Center	4,000	
m. Clara Barton Center	1,300	
n. Funeral Honors for Veterans	5,000	
Total Congressional Adjustments (Distributed)		6,100
3. Congressional Adjustments (Undistributed)		
a. Legacy	15,000	
b. Mobility Enhancements	25,000	
c. Headquarters and Management	-9,039	
d. Contract and Advisory Services	-6,506	
e. Pacific Command Regional Initiative	10,000	
Total Congressional Adjustments (Undistributed)		34,455

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4. Congressional Adjustments (General Provisions)		
a. Grant for USO	5,000	
b. Grant to the Women in the Military Services Memorial	5,000	
c. Grant to the Red Cross	5,000	
Total Congressional Adjustments (General Provisions)	15,000	
5. Congressional Earmarks		
a. Indian Lands Mitigation	8,000	
b. Multilateral Export Control	1,000	
c. Studies Earmark: Readiness Reporting Systems	1,000	
d. Studies Earmark: Wholesale/Retail Levels & Secondary Items Storage	900	
e. Earmark Offsets	-800	
Total Congressional Earmarks		10,100
FY 2000 Appropriated Amount		489,148
7. Rescission		-4,277
8. Functional Transfers-In To Reflect Congressional Intent		
a. Armed Forces Retirement Home from OEA	5,000	
Other Transfers-In		
a. SAP from DTRA	228	
Total Transfers-In		5,228

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9.	Functional Transfers-Out		
	To Reflect Congressional Intent		
	a. Youth Development Initiative to CMP	-2,500	
	b. Job Placement Program to DHRA	-4,000	
	c. Funeral Honors for Veterans to DoDDE	-5,000	
	e. Youth Development and Leadership Program to CMP	-300	
	Other Functional Transfers-Out		
	a. Attorney Travel to DLSA	-55	
	b. White House Fellows to WHS	-100	
	c. International Quality Assurance to DLA	-127	
	d. NCB to DTRA	-818	
	e. ITC to NSA	-2,253	
	Total Transfers-Out		-15,153
10.	Total Functional Transfers		-9,925
11.	Price Changes		-4,241
12.	Program Decreases		
	a. Civilian Pay	-4,959	
	Total Program Decreases		-4,959
13.	Program Increases		
	a. Fact of Life Increase	5,000	
	b. PY Balance Brought Forward	230	
	c. Program Increase Due to Price Changes	4,241	
	Total Program Increases		9,471
14.	FY 2000 Current Estimate		475,217

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**Summary of Increases and Decreases: (Continued)**

15. Price Changes		11,068
16. Functional Transfers		
a. Remainder of Interagency Training Center to Air Force	-2,326	
b. NE/SA Center for Security Studies	-978	
c. Pacific Command Regional Initiative (Asia/Pacific Regional Initiative)	-9,787	
Total Program Increases		-13,091
17. Program Increases		
a. Compensation and Benefits - For 57 FTE from DIA, Reimbursement to others is reduced by \$7.288 Million. The rest of the increase funds 10 FTE and other fact of life costs of the OSD Compensation and Benefits program. (\$1.789 Million).	9,077	
b. Travel and Transportation of Persons	499	
c. Intergovernmental Personnel Act	74	
d. Official Representation Fund	101	
e. Deputy Chief Financial Officer (DCFO) Support	1,390	
f. Quality Management Program	171	
g. Secretary of Defense Fund (Net Assessment)	1,181	
h. C3I Mission and Analysis Fund	6,427	
i. Command Information Superiority Architecture (CISA)	1,510	
j. Information Superiority Integration Support (ISIS)	2,568	

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**Summary of Increases and Decreases: (Continued)**

17. Program Increases (Continued)		
k. Chief Information Officer (CIO)		2,266
l. Gulf States Initiative (GSI)		180
m. Long-Range Planning		3,523
n. OSD Study Program		5,307
o. Open Systems Architecture		4,476
p. Consolidated Acquisition Reporting System		204
q. Systems Engineering		328
r. Deskbook		460
s. Commercial Practices Initiative		3,991
t. Defense Environmental Corporate Information Management (DESCIM)		3,907
u. Arctic Military Environmental Cooperation (AMEC)		236
v. CFO Act Compliance Support (ex-Property, Plant, & Equipment)		411
w. Defense Reform Act for Competition		1,066
x. Acquisition Program Support Systems		687
y. Acquisition Reform Support & Improvement		1,992
z. Acquisition Workforce Demonstration		1,065
aa. Security Cooperation/ International Acquisitions		1,986
bb. Environmental Defense Acquisition Reform Automation		690
Total Program Increases		55,773



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**Summary of Increases and Decreases: (Continued)**

18. Program Decreases	
a. Reimbursements (for Compensation and Benefits to DIA)	-7,288
b. Transportation of Things	-3
c. Permanent Change of Station (PCS)	-6
d. Contracts and Other Support Services	-5,205
e. National Performance Review (NPR)	-20
f. Office of the Special Assistant for Gulf War Illnesses (OSAGWI)	-4,797
g. Year 2000 Initiative	-4,121
h. Legacy Resource Management	-14,384
i. Indian Lands Remediation	-7,824
j. Commercial Technology for Maintenance Activities	-7,830
k. Pacific Disaster Center	-3,915
l. Clara Barton Center	-1,272
m. Grant for USO	-4,893
n. Grant for Women in the Military Memorial	-4,893
o. Grant to American Red Cross	-5,075
p. Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR)	-2,936
q. Middle East Regional Security Issues	-978
r. Energy Savings Contracts	-3,915
s. Studies Earmarks	-1,929
t. Multilateral Export Control	-964
u. Mobility Enhancements	-24,467

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**Summary of Increases and Decreases: (Continued)**

18. Program Decreases (Continued)

v. Armed Forces Retirement Home (AFRH)	-4,893	
w. HHS Administration for Native Americans, Prior Year Balance	-233	
Total Program Decreases		-111,841

19. Program Changes (Net) -56,068

20. FY 2001 Budget Request 417,126

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**I. Description of Operations Financed:**

**A. Mission and Functions**

The National Security Act of 1947 unified the United States Armed Forces under a single Secretary of Defense with cabinet rank. The Office of the Secretary of Defense (OSD) is a significant component of the Department of Defense and is the principal staff element of the Secretary of Defense for the exercise of policy development, planning, resource management, fiscal, and program evaluation responsibilities. The Deputy Secretary of Defense is delegated full power and authority to act for the Secretary of Defense.

OSD contains the immediate offices of the Secretary and Deputy Secretary of Defense, the Under Secretary of Defense (Comptroller/Chief Financial Officer) and the Under Secretaries of Defense for Acquisition and Technology; Policy; and Personnel and Readiness. The Assistant Secretaries of Defense (ASD) for Command, Control, Communications, and Intelligence (C3I); for Legislative Affairs; and for Public Affairs are incorporated. The Assistant to the Secretary of Defense for Intelligence Oversight and the Assistant to the Deputy Secretary of Defense for Gulf War Illnesses are under OSD. In addition, the Directors of Operational Test and Evaluation and of Administration and Management head OSD components. Lastly, OSD includes such other staff offices as the Secretary establishes to assist in carrying out his duties and responsibilities.

**B. Acquisition, Technology, and Logistics (AT&L)**

AT&L is the OSD staff element for all matters relating to the acquisition system, research and development, test and evaluation, production, logistics, military construction, procurement and economic affairs. The Under Secretary is the Defense acquisition executive and chairs the Defense Acquisition Board.

**C. Command, Control, Communications, and Intelligence (C3I)**

C3I oversees and sets policy for information management, counterintelligence, security countermeasures, space policy, and information operation operations matters including warning,

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reconnaissance and intelligence and intelligence-related activities conducted by the Department of Defense. The ASD (C3I) is also the Chief Information Officer (CIO).

**D. Comptroller/Chief Financial Officer (Financial Management)**

The Office of the Undersecretary of Defense (Comptroller) (OUSD(C)) oversees and sets policy for budget and fiscal matters including financial management, accounting policy and systems, budget formulation and execution, contract audit administration and organization. The office is responsible for the analysis of force planning and programming as a part of the process upon which force structure, system acquisition, and other resource allocation actions are based.

**E. Operational Test and Evaluation (OT&E)**

OT&E oversees operational test and evaluation, in a field environment, of equipment in transition from development to production.

**F. Personnel and Readiness (P&R)**

P&R oversees policy matters relating to readiness; personnel policies, programs and systems; equal opportunity; health policies, programs and activities; Reserve Component programs; family policy; dependent's education; personnel support programs; and mobilization planning and requirements.

**G. Policy**

Policy oversees matters relating to international security policy and political-military affairs. Functional areas: NATO, foreign military sales, arms limitation agreements, international trade and technology, peacekeeping, partnerships, regional security affairs, special operations and low-intensity conflicts, integration of plans and policies with overall

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national security objectives, drug control policy requirements, priorities, systems, resources, and programs, and issuance of policy guidance affecting departmental programs.

**Defense Reform Initiative**

The most recent Quadrennial Defense Review (QDR) examined the national security threats, risks, and opportunities facing the United States out to 2015. Based on the QDR analysis, the Department designed a defense strategy to implement the defense requirements of the President's National Security Strategy for a new Century. The November 1997 Secretary of Defense white paper, Defense Reform Initiative - The Business Strategy for Defense in the 21<sup>st</sup> Century, announced a series of reforms necessary to carry out that defense strategy. Central to the reform effort was the reorganization of the OSD, resulting in a leaner OSD staff and modernized support systems and practices.

The Defense Reform Initiative (DRI) directed the Defense Support Activities be disestablished and their functions and staffs be transferred to either OSD or the Defense Agencies prior to the end of FY 1999. Additionally, the Deputy Secretary directed each OSD staff principal to prepare a detailed streamlining plan for his/her organization that included functional transfers out of OSD, internal restructures and realignments, and further downsizing proposals. Finally, the practice of augmenting staffs with over-strength personnel was ended, with all OSD civilian authorizations being included in the budget.

As shown in the following table, the DRI directed OSD and the DSAs be reduced by 33 percent from the FY 1996 authorized manpower level of 2,993. While some specific organizational plans have been changed since the FY 2000 President's budget was submitted, the initiative was able to reach 2,007 authorizations at the end of FY 1999. This included 57 at the Defense Intelligence Agency (DIA) who are employed in OSD and reimbursed to DIA.

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**Defense Reform Initiative (Continued)**

OSD/DSAs Personnel Authorizations

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Military	714	619	471	471	471
Civilian	2,279	1,968	1,479	1,479	1,536
Total	2,993	2,587	1,950	1,950	2,007
+/- Change	-	-406	-637	-	+57

The DSAs were disestablished in FY 1998 as planned. However, sixty-nine excepted service positions were not transferred into OSD. Fifty-seven of these remain on Defense Intelligence Agency (DIA) rolls. Enabling legislation is currently required to allow the excepted service personnel in these positions to fill competitive positions in OSD before they can be transferred. This legislation is being proposed and the budget reflects the transfer from DIA to OSD effective October 1, 2000. OSD budgets for and reimburses DIA for these employees, and the personnel are employed within C3I.

The changes to the Civilian vs. Military mix of OSD Authorizations was due to the decisions on staffing needs made by each affected OSD component up to the end of FY 1999, because the DRI Authorization reductions were not specified as civilian or military.

This program funds the operations of the Office of the Secretary of Defense (OSD). These costs are comprised of the following:

The personnel compensation and benefits costs include salaries, overtime, allowances, and related expenses including contributions to insurance and retirement programs, consultants and special schedule personnel. In FY 1999 and FY 2000 the cost of reimbursing other Department of Defense organizations for personnel transferred under the DRI is reflected separately for clarity. The budget for FY 2001 assumes the transfer of DIA personnel, who are excepted-

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**A. Core Operating Program**

service, to OSD, which is competitive service, is accomplished. If the transfer is not accomplished, the funds will be used to reimburse DIA for the related personnel costs.

The Intergovernmental Personnel Act (IPA) personnel program includes Reimbursable Detail (RD) personnel as well. This program allows OSD to obtain scarce/critical expertise from outside the government in industry and academia (IPA) and from other federal agencies.

Mission related travel costs include tickets, per diem allowances and actual costs for essential travel by OSD staff.

Transportation costs refer to the freight and storage costs incurred when moving the household goods of OSD staff under Permanent Change of Station (PCS) orders.

Permanent Change of Station (PCS) covers the cost of moving personnel upon hiring, transfer, or separation, where not budgeted elsewhere.

Official Representation Funds (ORFs), which is also an Emergency and Extraordinary Expense (E3) limitation, funds the cost of extending official courtesies to guests of the OSD.

**B. Program Analysis and Evaluation (PA&E) Program:**

Long-Range Planning provides funding for the evaluation of DoD programs using a variety of analytic approaches, including simulations and sophisticated computer-based operations research tools. In addition, funds provide for DoD standard systems key to DoD's resource allocation decision-making, and supports the Simulation and Analysis Center, The Future Years Defense Program, the Contractor Cost Data Reporting initiative and the Visibility and Management of Operating and Support Cost initiative.

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**C. Command, Control Communication and Intelligence (C3I):**

The C3I Mission and Analysis Fund provides resources to perform studies and technical analyses of ongoing and emerging requirements in the Department's command, control, communications, computers, intelligence, reconnaissance, and surveillance (C4ISR) activities. These analyses support the management and oversight of DoD policies, principles, and guidance for C4ISR programs. Funds will support the implementation of the DoD Critical Infrastructure Protection (CIP) plan through functional coordination with Federal agencies and private sector providers. Funding will enable the DoD to develop security, information operations, information assurance, and counterintelligence policies capable of adapting to a rapidly changing environment; focused on the networked, shared-risk environment; and designed to enhance situational awareness with regard to evolving threats and vulnerabilities. In addition, these funds support coordination with the intelligence community on military intelligence needs, intelligence requirements analysis and priorities, resource planning and programming, exploitation management and intelligence data dissemination.

The Chief Information Officer (CIO) program has the continuing responsibility to establish, guide, and oversee vital DoD-wide programs deemed crucial to achieving JV2010 and Information Superiority. These programs are critical to the Revolution in Military Affairs and the Revolution in Business Affairs. The CIO is responsible for building a coherent Global Network, promoting the development of knowledge systems and a skilled workforce in DoD, promoting electronic and business change throughout DoD functional areas, and formulating policy for a secure and assured Global Information Grid (GIG). GIG development activities will provide the needed focus and management for the global information enterprise required to achieve information superiority by the year 2010. The CIO is also responsible for developing and implementing an effective DoD software management program, certifying Clinger Cohen Act compliance for major IT programs consistent with Section 8121 of the FY 2000 Defense Appropriations Act, and enhancing training programs.



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**C. Command, Control Communication and Intelligence (C3I): (Continued)**

The Command Information Superiority Architecture (CISA) program evolved from and is the logical extension of the C4ISR System Architecture for the Warfighter, which provides CINCs with a structured planning process to define current and objective command capabilities to provide C4ISR support to assigned missions. CISA implements the C3I goal of building a coherent global network by building on past successful operational, systems, and technical architectures and other warfighter plans. It establishes common, coherent CINC "go to war" capabilities and identifies differences in capabilities between CINCs. Specific new CISA initiatives will address the full spectrum of C4ISR across the CINCs, deploy automated tools to enable CINCs to develop architectures that depict their "go to war" capabilities, and provide end-to-end traceability of organizational missions to supporting infrastructures. CISA will also perform cross-CINC analysis of capabilities to impact IT investment decisions to improve capabilities and provide transition plans for CINCs to reach objective architectures.

The Information Superiority Integration Support (ISIS) program provides resources to plan and implement joint and combined end-to-end integration of command, control, communications, intelligence, surveillance, and reconnaissance (C3ISR) and space systems to achieve information superiority. Funding will be used to improve space system acquisition programs to better exploit advanced technologies, reduce acquisition cycle time and cost, and enhance system interoperability. Analyses will provide the Department's strategic vision, policy, and standards for ISR airborne and overhead sensors and ensure necessary interoperability to support strategic and tactical requirements. In addition, this program will foster the development of an advanced technology plan for information superiority.

The Gulf States Initiative (GSI) was functionally transferred to C3I from the Counterdrug Program. This program supports law enforcement efforts in Alabama, Louisiana, Georgia and Mississippi. These states participate in a cooperative state and local information sharing network supported by the automated command, control, communications, and computer (C4) system that is capable of supporting their analysis, planning, and law enforcement activities.

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**C. Command, Control Communication and Intelligence (C3I): (Continued)**

The Drug Enforcement Program is funded from the Drug Interdiction and Counter-Drug Activities, Defense appropriation via a reprogramming action.

**D. Acquisition, Technology and Logistics Programs:**

The Defense Environmental Security Corporate Information Management (DESCIM) program provides funding to identify and support implementation of improved environmental business practices and achieve efficient sharing of common environmental data across DoD.

The Acquisition Reform Support and Improvement program provides funding to identify new policies and procedures that will allow faster, better, and cheaper acquisition, and to communicate those changes to the workforce. The changes tend to be of a cross-cutting nature to reform the DoD acquisition system. Approximately 60 percent of the budget is earmarked for continuous process improvements and workforce issues; and 40 percent for the development, design and delivering of accelerated education and training modules.

The OSD Studies and Contractor Support Program represents the primary source of funding for the Office of the Secretary of Defense for contractor provided studies, assessments, management and technical support efforts. These efforts are designed to improve and support policy development, decision-making, management and administration of DoD programs and activities. This program also funds vital technical contractor support, not available from organic sources, to support information technology based processes and business applications, cutting-edge technology advisory services, and complex modeling and simulation tools.

The Defense Reform Project for Competition and Infrastructure provides for the implementation of three Defense Reform Initiative (DRI) Projects. These are: Competitiveness Sourcing, Utilities Privatization and Energy Management, and Streamlining Infrastructure.

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**D. Acquisition, Technology and Logistics Programs: (Continued)**

The Commercial Practices Initiative program funds integration of commercial business practices and techniques into the DoD's acquisition process. This initiative accelerates acquisition and logistics reform initiatives through the use of Enterprise Teaming and Change Management initiatives identified in the Commercial Business Environment (CBE) Section 912(c) Report.

The Arctic Military Environmental Cooperation (AMEC) Program is a trilateral cooperative program among the defense departments of the United States, Norway and Russia focused on environmental issues resulting from military operations in the Arctic. In September 1996, the Secretary of Defense and his counterparts from the Norwegian and Russian Ministries of Defense signed a Declaration in the spirit of cooperative threat reduction, establishing AMEC as the framework for cooperation to mitigate military impacts on the unique and fragile Arctic environment. AMEC focuses on the importance of international cooperation in the continued monitoring and analysis of the Arctic, the environmental challenges that are posed by nuclear powered submarine decommissioning, possible nuclear accidents and potential chemical contamination. This program is critical to addressing the serious threats posed by the storage of radioactive wastes from the Russian Northern Fleet. AMEC projects address environmental compliance, pollution prevention, and environmental technology issues to prevent environmental contamination.

Deskbook funds provide for the continued development and maintenance of current and coherent acquisition information. This information is being distributed to all persons in DoD responsible for acquisition functions. The reference library and discretionary information contained allowed the volume of mandatory guidance contained in the DoD 5000 series to be reduced by over 90%. Deskbook is released to the acquisition community on a quarterly basis.

The Open Systems-Joint Task Force The OS-JTF was chartered by the Under Secretary of Defense (Acquisition, Technology and Logistics) in 1994 to champion the use of widely supported (open) interface standards to leverage commercial products and practices in order to field superior warfighting capability more quickly and affordably.

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D. Acquisition, Technology and Logistics Programs: (Continued)

To implement this vision, the OS-JTF conducts numerous activities to include:

Conducting pilot programs to demonstrate the use of open systems in actual weapons systems acquisition programs.

Supporting the extension of commercial interface standards to make them more suitable for use by weapons systems.

Extending the use of the Joint Technical Architecture to include weapons systems; developing tools to make the JTA more useful.

Developing and delivering myriad education and training courses, and sponsoring and participating in conferences such as STC.

Integrating open systems concepts into DoD acquisition policy and regulations (e.g., DoD 5000 Regulations).

The Native American Land Remediation program provides resources for DoD efforts to mitigate the effect of DoD activities on Indian lands. These efforts include training and technical assistance to Indian tribes, related administrative support, collection of information, documentation of environmental damage, and development of a system for prioritizing mitigation activities.

DoD's defense environmental security cooperation activities support U.S. foreign and defense policy objectives by shaping the international environment through cooperative engagement and dialogue between militaries. Through bilateral and multilateral engagements, the Department of Defense provides interested militaries with an understanding of the necessary tools to understand, prioritize, and meet their military environmental security needs. At the same time, by providing a role model, DOD's environmental security engagement reinforces efforts by militaries in newly democratic societies to adjust to concepts such as civilian oversight, public accountability, openness, and cooperation with civilian agencies.

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**D. Acquisition, Technology and Logistics Programs: (Continued)**

Our environmental security engagements and projects are based on priorities derived from SECDEF commitments, and State Department regional strategies. They are consistent with defense requirements identified in the National Security Strategy and CINC Theater Engagement Plans.

The Consolidated Acquisition Reporting System (CARS) program is a personal computer based data entry and reporting system which combines both common and unique Defense Acquisition Executive Summary (DAES) and Selected Acquisition Report (SAR) components into a unified database from which DAES and SAR reports can be printed. CARS includes a separate Baseline module that provides a structured, automated system to import and view Approved Program Baselines, enter proposed changes to approved baselines, and print baseline reports.

The Chief Financial Officers Act Compliance/Property, Plant and Equipment Accountability program funds contractor furnished financial management and accounting policy and procedure support for OUSD(AT&L) on matters related to property, plant, and equipment accountability. This includes support in inventory, operating materials and supplies and disposal liabilities, deferred maintenance, and property accountability systems.

The Acquisition Programs Support Systems program funds maintenance and modernization of Acquisition and Technology support systems. A variety of systems support acquisition operations as follows:

- ACQWEB Internet (AT&L's unclassified electronic face to the world).
- Lotus Notes applications (a variety of tracking and collaborative groupware applications;
- A&T Intranet (unclassified and classified internal webs to greatly facilitate staff access to AT&L information data bases).
- A&T electronic conferencing capabilities (broadcast and stored video at the desktop, Internet and Intranet interactive text and audio, and desktop video teleconferencing).

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**I. Description of Operations Financed: (Continued)**

**D. Acquisition, Technology and Logistics Programs: (Continued)**

The Chief Financial Officers Act Compliance/Property, Plant and Equipment Accountability program funds contractor furnished financial management and accounting policy and procedure support for OUSD(AT&L) on matters related to property, plant, and equipment accountability. This includes support in inventory, operating materials and supplies and disposal liabilities, deferred maintenance, and property accountability systems.

The National Performance Review (NPR) program funds the non-pay expenses of this initiative (the reinvention of government) per annual agreements between the White House and DoD. The DoD is among the agencies most benefiting from this initiative.

The Acquisition Workforce demonstration program will provide funding needed for a test of the new personnel compensation and evaluation system.

The Systems Engineering program provides resources to update policy and guidance documentation for the early integration of functional disciplines e.g., systems and software engineering; design for manufacturing and production; acquisition logistics; design to cost; quality, reliability, and maintainability; risk management; configuration and data management; and test and evaluation in the acquisition process. Systems Engineering works with Program Offices, industry, and academia to define, promulgate and assist in the proper implementation of state-of-the-art engineering methodologies, practices and tools. The systems engineering process utilizes Integrated Product and Process Development principles to effectively and efficiently integrate engineering, development, test and evaluation processes to ensure reliable, maintainable, and affordable systems that meet user needs over the life.

The Defense Acquisition Regulation (DAR) Automation program funds the design, development, implementation and maintenance of Electronic Workflow and Document Management Systems. It also funds migration of current DAR historical hard-copy case files to electronic records, enhancement of the electronic publishing of the DFARS, integration and upgrading of the DAR Management Information System case tracking system and the purchase of the required

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**I. Description of Operations Financed: (Continued)**

**D. Acquisition, Technology and Logistics Programs: (Continued)**

information technology equipment.

The Legacy Resource Management program funds enhancement of military readiness by reducing the potential impacts associated with conservation requirements, avoiding future noncompliance costs, to promoting cost-efficiencies and DoD-wide solutions to conservation issues and to enhancing partnerships with other agencies and organizations and the general public.

**E. Other DoD Programs and Initiatives:**

The Deputy Chief Financial Officer (DCFO) program funds support the annual requirement for Audited Financial Statements, Financial Management Improvement Plans and Reports, Financial Management Improvement Regulation Maintenance, and the Joint Financial Management Improvement Program Project Management Office.

Quality Management (QM) funds expenses of the Total Quality Management staff office of the OSD which develops policy, provides program oversight, and is the focal point for Quality Management. In FY 2001 funds are requested to make available to all DOD QM training on the QM Website.

The Persian Gulf War Illnesses Initiative coordinates all aspects of the DoD programs related to Gulf War illnesses. The organization emphasizes DoD's commitment to service personnel and veterans who served in the Gulf and focuses on operational impacts on health and future force protection.

The Secretary of Defense Study fund is managed by the Advisor for Net Assessment and pays for studies and projects initiated by the Secretary of Defense, for selected projects of broad importance proposed to the Advisor for Net Assessment and for research in support of Net Assessment work. These studies address near- and long-term problems and opportunities for

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**I. Description of Operations Financed: (Continued)**

**E. Other DoD Programs and Initiatives: (Continued)**

U.S. military forces and policies such as the Revolution in Military Affairs and Wargaming.

The OSD Contracts and Other Support Services program combines relatively small contracting and other support requirements. Various support requirements of the following offices are funded from this program:

- Policy
- Command, Control, Communications  
and Intelligence (C3I)
- Comptroller
- Director for Defense Reform
- General Counsel
- Personnel and Readiness (P&R)
- Program Analysis and Evaluation
- Reserve Affairs
- Health Affairs
- Public Affairs
- Intelligence Oversight
- Administration and Management
- Historian
- Organizational and Management Planning
- Program Analysis and Evaluation

The requirements funded include contract studies, analyses and evaluation, contract engineering and technical services, support agreements with other government agencies, and studies and analysis performed by other DoD agencies. Unanticipated requirements of the Secretary or other OSD Offices may be funded from account.



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II. Financial Summary (O&M \$ in Thousands):

A. <u>Activity Groups</u>	FY 1999 <u>Actuals</u>	FY 2000			FY 2001 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
1. <u>Core Operating Program</u>					
a. Compensation and Benefits	154,270	169,567	169,567	153,693	169,013
b. Reimbursements	7,184	-	-	7,180	-
c. Travel of Persons	10,441	13,495	13,495	13,495	14,196
d. Transportation	322	108	108	200	200
e. Official Representation Funds	1,929	2,726	2,726	2,726	2,868
f. IPA/Reimbursable Details	-	2,106	2,106	2,977	3,096
g. Permanent Change of Station	352	-	-	400	400
2. <u>Other DoD Programs and Initiatives</u>					
a. Quality Management	775	886	744	704	886
b. National Performance Review	1,300	1,300	1,300	1,300	1,300
c. OSD Contracts & Other Support Services	10,884	21,130	17,350	17,971	13,036
d. Deputy Chief Financial Officer (DCFO)	7,092	7,465	6,220	6,182	7,665
e. SECDEF Study Fund (Net Assessment)	6,102	-	-	5,799	7,067
f. OSAGWI	34,872	19,800	19,800	19,800	15,300
3. <u>Program Analysis and Evaluation Program</u>					
a. Long-Range Planning	21,780	23,399	19,496	19,376	23,190

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II. Financial Summary (O&M \$ in Thousands): (Continued)

A. <u>Activity Groups</u>	FY 1999 <u>Actual</u>	FY 2000			FY 2001 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
<u>4. Command, Control, Communications and Intelligence Programs</u>					
a. C3I Mission and Analysis Fund	30,512	37,124	30,930	30,740	37,628
b. Chief Information Officer (CIO)	-	14,710	12,256	12,181	14,630
c. Command Information Superiority Architecture	4,000	9,807	8,171	8,121	9,753
d. Year 2000 (Y2K)	31,352	4,903	4,085	4,060	-
e. Information Superiority Integration Support	4,765	12,250	10,207	10,145	12,865
f. Gulf States Initiative	10,147	1,177	981	975	1,170
g. NIPC Technical Support	4,998	-	-	-	-
h. Interagency Training Center	4,784	5,489	5,489	2,292	-
i. Drug Enforcement Program	3,777	-	-	-	-
j. Pacific Disaster Center	-	-	4,000	3,857	-
k. C4ISR	-	-	3,000	2,893	-
<u>5. Acquisition and Technology Programs</u>					
a. DESCIM	10,874	14,355	10,062	9,991	14,048
b. Acquisition Reform Support & Improvement	7,597	7,425	5,814	5,773	7,852
c. Arctic Military Environmental Cooperation	4,883	5,885	4,621	4,588	4,893
d. Deskbook	2,737	3,203	2,515	2,497	2,994

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II. Financial Summary (O&M \$ in Thousands): (Continued)

A. <u>Activity Groups</u>	FY 1999 <u>Actual</u>	FY 2000			FY 2001 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
5. <u>Acquisition and Technology Programs (Continued)</u>					
e. Defense Reform Project for Competition	-	2,789	1,643	1,631	2,721
f. Acquisition Programs					
Support Systems	2,358	2,161	1,304	1,295	2,001
g. Open Systems Architecture	5,609	1,832	1,438	1,428	5,925
h. Systems Engineering	5,393	1,353	1,062	1,055	1,399
i. Consolidated Acquisition Reporting System (CARS)	797	401	315	313	522
j. Commercial Practices Initiative	-	11,819	6,960	6,911	11,006
k. Canadian Environmental Clean-up	10,529	-	-	-	-
l. AT&L Support (Property, Plant, & Equipment)	-	1,000	589	585	1,005
m. Legacy Resource Management Program	9,015	-	15,000	14,463	296
n. Mobility Enhancement	10,000	-	25,000	24,105	-
o. Native American Land Remediation	7,994	-	8,000	8,000	296
p. OSD Study Program	20,720	23,828	18,710	18,578	24,124
q. Acquisition Workforce Demonstration	-	-	-	-	1,065
r. Y2K Funds for Logistics	6,819	-	-	-	-
s. Environmental Security Cooperation	-	-	-	-	1,986

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II. Financial Summary (O&M \$ in Thousands): (Continued)

A. <u>Activity Groups</u>	FY 1999 <u>Actual</u>	FY 2000			FY 2001 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
5. <u>Acquisition and Technology Programs (Continued)</u>					
t. Environmental Restoration (ES)	2,950	-	-	-	-
u. Defense Acquisition Regulation (DAR) Automation	-	-	-	-	690
v. Environmental Security	2,310	-	-	-	-
w. Commercial Technologies for Maintenance Activities	-	-	8,000	7,714	-
x. Energy Savings Contracts	-	-	4,000	3,857	-
x. Wholesale/Retail Levels & Secondary Items Storage Studies Earmark	-	-	900	900	-
y. PY Balance, HHS Administration for Native Americans	-	-	-	230	-
6. <u>New Programs Appropriated (Non-C3I, Non-AT&amp;L)</u>					
z. Pacific Command Regional Initiative OUSD(P)	-	-	10,000	9,642	-
aa. Readiness Reporting System OUSD (P&R) Studies Earmark	-	-	1,000	1,000	-
ab. Clara Barton Center Red Cross via USAF	-	-	1,300	1,253	-
ac. Grant to USO (Sec. 8143)	-	-	5,000	4,821	-
ad. Grant for Women in Services Memorial (Sec. 8097)	-	-	5,000	4,821	-

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II. Financial Summary (O&M \$ in Thousands): (Continued)

A. <u>Activity Groups</u>	FY 1999	<u>FY 2000</u>		Current	FY 2001
	<u>Actual</u>	<u>Budget</u>	<u>Amount</u>	<u>Estimate</u>	<u>Estimate</u>
		<u>Request</u>	<u>Approp</u>		
6. <u>New Programs Appropriated (Non-C3I, Non-AT&amp;L) (Continued)</u>					
ae. Grant to Red Cross (Sec. 8137)	-	-	5,000	5,000	-
af. NE/SA Center for Security Studies OUSD (P)	-	-	1,000	964	-
ag. Middle East Regional Security Issues OUSD (P)	-	-	1,000	964	-
ah. Multilateral Export Control OUSD (P)	-	-	1,000	950	-
ai. Armed Forces Retirement Home OUSD (P&R)	-	-	-	4,821	-
aj. Youth Development Initiative	-	-	2,500	-	-
ak. Youth Development and Leadership Program	-	-	300	-	-
al. Job Placement Program	-	-	4,000	-	-
am. Funeral Honors for Veterans	-	-	4,000	-	-
Total OSD	<u>462,223</u>	<u>423,493</u>	<u>489,148</u>	<u>475,217</u>	<u>417,126</u>

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II. Financial Summary (O&M \$ in Thousands): (Continued)

B. <u>Reconciliation Summary:</u>	Change <u>FY 2000/2000</u>	Change <u>FY 2000/2001</u>
1) Baseline Funding	423,493	475,217
a) Congressional Adjustments (Distributed)	6,100	-
b) Congressional Adjustments (Undistributed)	34,455	-
c) Congressional Adjustments (General Provisions)	15,000	-
d) Congressional Earmarks	10,900	-
e) Congressional Earmarks (Billpayers)	-800	-
2) Appropriated Amount (Subtotal)	489,148	
3) Rescission P21	-4,277	-
4) Functional Transfers	-9,925	-13,091
5) Price Change	-4,241	11,068
6) Program Change	4,512	-56,068
7) Current Estimate	475,217	417,126
C. <u>Reconciliation of Increases &amp; Decreases:</u>		
1. FY 2000 President's Budget Request		423,493
2. Congressional Adjustments (Specified)		
a. Performance Measures	-10,000	
b. C4ISR	3,000	
c. NE/SA Center for Security Studies	1,000	
d. Middle East Regional Security Studies	1,000	
e. Energy Savings Contracts	4,000	
f. Job Placement Program	4,000	
g. Youth Development and Leadership Program	300	
h. Youth Development Initiative	2,500	
i. Management and Contract Support	-8,000	
j. (A&T) Travel and Contracts	-10,000	
k. Commercial Technologies for Maintenance Activities	8,000	
l. Pacific Disaster Center	4,000	
m. Clara Barton Center	1,300	

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. <u>Reconciliation of Increases &amp; Decreases</u> : (Continued)		
n.	Funeral Honors for Veterans	5,000
	Total Congressional Adjustments (Specified)	6,100
3.	Congressional Adjustments (Undistributed)	
a.	Legacy	15,000
b.	Mobility Enhancements	25,000
c.	Headquarters and Management	-9,039
d.	Contract and Advisory Services	-6,506
e.	Pacific Command Regional Initiative	10,000
	Total Congressional Adjustments (Undistributed)	34,455
4.	Congressional Adjustments (General Provisions)	
a.	Section 8143 - Grant for USO	5,000
b.	Section 8097 - Grant to the Women in the Military Services Memorial	5,000
c.	Section 8137 - Grant to the Red Cross	5,000
	Total Congressional Adjustments (General Provisions)	15,000
5.	Congressional Earmarks	
a.	Indian Lands Mitigation	8,000
b.	Multilateral Export Control	1,000
c.	Readiness reporting Systems	1,000
d.	Wholesale/Retail Levels & Secondary Items Storage	900
e.	Congressional Earmarks Bill Payer	-800
	Total Congressional Earmarks	10,100
6.	FY 2000 Appropriated Amount	489,148
7.	Functional Transfers-In	
	To Reflect Congressional Intent	
a.	Armed Forces Retirement Home from OEA	5,000
	Other Transfers-In	
a.	SAP from DTRA	228
	Total Transfers-In	5,228

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

8. Functional Transfers-Out		
To Reflect Congressional Intent		
a. Youth Development Initiative to OEA	-2,500	
b. Job Placement Program to DHRA	-4,000	
c. Funeral Honors for Veterans to DoDDE	-5,000	
d. Youth Development and Leadership Program to CMP	-300	
Other Transfers-Out		
a. Attorney Travel to DLSA	-55	
b. White House Fellows to WHS	-100	
c. International Quality Assurance to DLA	-127	
d. NCB to DTRA	-818	
e. ITC to NSA	-2,253	
Total Transfers-Out		-15,153
9. Total Functional Transfers		-9,925
10. Price Changes		-4,241
11. Program Decreases		
a. Civilian Pay	-4,959	
Total Program Decreases		-4,959
12. Program Increases		
a. Fact of Life Increase	5,000	
b. PY Balance Brought Forward	230	
c. Program Increase Due to Price Change	4,241	
Total Program Increases		9,471
13. Rescission		-4,277
14. FY 2000 Current Estimate		475,217
15. Price Growth		11,068



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II. Financial Summary (O&M \$ in Thousands): (Continued)

B. Reconciliation of Increases & Decreases: (Continued)

16. Functional Transfers		
a. Remainder of the Interagency Training Center to the Air Force	-2,326	
b. NE/SA Center to the Army	-978	
c. Pacific Command Regional Initiative (Asia/Pacific Regional Initiative to the Navy	-9,787	
Total Functional Transfers		-13,091
17. Program Increases		
a. Program Growth in FY 2001		
(1) Compensation and Benefits - For 57 FTEs transferred from DIA behind DRI schedule that were reimbursed to DIA in FY 2000 from Other Contracts (\$7.288 million) (see Program Decreases), and 10 FTE to annualize the recovery from the low FY 1999 actual (depressed by an aggressive draw-down) to the Authorized Civilian Pay Program of 1,536 authorizations (\$1.155 million). The remaining increase is for awards (\$634 thousand)		9,077
(2) Travel of Persons - Modestly increased for travel by the Secretary of Defense and his security detail reflecting increasing costs.		499
(3) Intergovernmental Personnel Act - This modest increase is the result of fact-of-life costs rather than an increase in IPA numbers.		74
(4) Official Representation Fund - Modestly increased to cope with expanding OSD contacts with high-level representatives of other countries' military forces.		101

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(5) Deputy Chief Financial Officer (DCFO) programs are modestly increased for contractor support for emergent requirements. (Auditable Financial Statements).	1,390
(6) Quality Management (QM)- This program is modestly increased to provide QM support and training to OSD and other DOD components lacking this capability. Savings greater than cost are expected.	171
(7) Secretary of Defense Studies (Net Assessment) is increased due to an increasing need for studies and simulations assessing DOD options. Proposals are back-logged.	1,181
(8) C3I Mission and Analysis Fund is increased for oversight of the Joint Information Assurance capability within DoD; revise DoD policy and strategy to improve information operations, security, and counterintelligence activities; implement spectrum bandwidth certification requirements; and improve department policy for detecting, protecting, and responding to computer network attack on critical infrastructure. The program increase reflects deferrals resulting from FY 2000 congressional reductions.	6,427

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(9) Command Information Superiority Integration Support (CISA) is increasing to integrate CISA into the Enterprise IT architecture, and support the Joint Forces Command co-evolvement of the Global Information Grid (GIG) architecture and the GIG Consolidated Requirements Document (CRD) from the base program assets at Joint forces Command (JFCOM). Deferrals resulting from FY 2000 congressional reductions are reflected in the program increase.

1,510

(10) Information Superiority Integration Support (ISIS) funding is increased to support C3ISR modeling and simulation assessments to support major Defense reviews; continue the development of an Information Superiority Investment Strategy that will maximize the utility of C4ISR investments; and examine the C4I Support Plans developed by system program managers to identify lack of interoperability and duplication of capabilities. The program increase includes activities deferred due to FY 2000 congressional reductions.

2,568

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(11) Chief Information Officer (CIO) provides funding to meet the requirements for securely managing DoD records in a knowledge management context, expand the Portfolio Management Process, and support key Enterprise Architectures and Integration. Increased funding will also allow for continued development of the Virtual Joint Technical Architecture (VJTA), and ensure quality ITM education and training, and workforce development. The program increase reflects the deferral of activities resulting from FY 2000 congressional reductions.	2,266
(12) The Gulf States Initiative is increased to provide engineering support for system maintenance.	180
(13) Long-Range Planning is increased to support expanded PA&E responsibilities related to the Program Objectives Memoranda and Future Years Defense Program. Deferrals residue to FY 2000	3,523

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II. Financial Summary (O&M \$ in Thousands): (Continued)

D. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(14) OSD Studies and Analysis - The growth for OSD Consulting Services in FY2001 is essential to fund critical initiatives essential to policy and management responsibilities of DoD senior leadership. These efforts include: (a) responding to asymmetric threats, such as chemical/biological threats and terrorism, (b) determining the most effective and efficient warfighting concepts offering the best potential for significantly improving combat capabilities, (c) responding to information assurance vulnerabilities, (d) analyzing, evaluating, and continuing to reform our systems acquisition process, (e) making the DoD support infrastructure more efficient, and (f) determining the optimum size and quality of military forces to meet U.S. security objectives. The growth is also the natural outcome of DoD efforts to contract for services that can be performed more efficiently in the private sector. Both military and business systems are increasingly more complex, and the most reliable and efficient source of the technical expertise to create and support these systems is the private sector. Examples include: information security and information warfare solutions; systems

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II. Financial Summary (O&M \$ in Thousands): (Continued)

E. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(14) OSD Studies and Analysis (Continued)

analysis and subsequent software development; advanced modeling and distributed interactive simulation, and other analytic and cost research tools; PPBS automation; and paperless contracting.

5,307

(15) Open Systems Architecture Joint Program -

Program increases will accomplish projects deferred in previous years owing to funding constraints. FY01 levels must be sustained to demonstrate open systems acquisition policy effectiveness in pilot projects such as the Marine Corps AV-8B Open Systems Core Avionics Requirements (OSCAR) program and USAF F-15 Multi Purpose Display Processor Upgrade program. Funding will develop tools and policy and training to change Acquisition policy throughout the Department. Further delay will cost the Department an opportunity to be more efficient with its limited acquisition resources.

4,476

(16) Consolidated Acquisition Reporting

System (CARS) increased to support Acquisition Reform Initiative-driven increased demand and for deferrals resulting from FY 2000 reductions.

204

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II. Financial Summary (O&M \$ in Thousands): (Continued)

F. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(17) Systems Engineering - Will fund Configuration Management (CM) and Data Management (DM) activities deferred due to FY 2000 congressional reductions. 328

(18) Deskbook - Increased to fund the required contractor support. Deferrals due to FY 2000 funding decrements are also reflected. 460

(19) Commercial Practices Initiative - This program is intended to improve the performance of 24,000 acquisition workforce personnel in compliance with the FASA, Clinger-Cohen Act, internal reforms and basic information about acquisition. Acquisition policy and procedures reforms are out stripping our ability to implement effectively. Further reductions to this program would exacerbate already difficult attempts to improve the way the Department does acquisition business. 3,991

(20) Defense Environmental Corporate Information Management (DESCIM) program increases reflect restoration of deferred projects. The program provides effective environmental information management necessary to comply with laws and regulations to manage the DoD environmental programs and provide accurate and timely reports to Congress. 3,907

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

18. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(21) Arctic Military Environmental Cooperation (AMEC) increase will fund a prototype container for interim storage and transport of spent nuclear fuel and technologies for treatment of liquid radioactive wastes.	236
(22) CFO Act Compliance Support requires more contractor support for its mission. Deferrals due to FY 2000 reductions are reflected.	411
(23) Defense Reform Act for Competition, the increase is needed for contractor support to execute this program.	1,066
(24) Acquisition Program Support Systems increased to provide the needed level of contract support of Acquisition Reform activities.	687
(25) Acquisition Reform Support and Improvement is increasing as the Acquisition Reform Initiative is implemented. The current level of support is inadequate.	1,992
(26) Acquisition Workforce Demonstration increasing to fund contract support for this program, funded elsewhere in earlier years.	1,065
(27) Environmental Security Cooperation/International Acquisitions - This is a new program funding environmental security engagement in foreign countries including Georgia, Kazakhstan, Thailand, Chile, Viet Nam, the Persian Gulf States and Mongolia.	1,986



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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)	
a. Program Growth in FY 2001 (Continued)	
(28) Defense Acquisition Reform Automation, funded elsewhere in prior years, requires contractor support for success. Reflects deferrals due to FY 2000 congressional reductions.	690
18. Program Decreases	
a. Program Reduction in FY 2001	
(1) Reimbursement to DIA (Other Contracts) - offsets to the Program Increase to Compensation and Benefits for the 57 FTE transferring from DIA to OSD behind schedule under the DRI.	-7,288
(2) Transportation of Things - Program funding is not adjusted for inflation.	-3
(3) Permanent Change of Station (PCS) - Program funding is not adjusted for inflation, resulting in a small program adjustment compared to assumptions.	-6
(3) Contracts and Other Support Services - Lower priority analyses to be deferred due to fewer contractor support hours being funded.	-5,205
(5) National Performance Review - This support is not adjusted for inflation.	-20
(6) Office of the Special Assistant to the Deputy Secretary for Gulf War Illnesses - This program will shift its focus from Medical Research to Outreach, with those costs borne by another account under Health Affairs.	-4,797

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

18. Program Decreases (Continued)

a. Program Reduction in FY 2001 (Continued)

(7) Year 2000 Initiative - This program has been successfully concluded.	-4,121
(8) Legacy Resource Management - Only a small amount for administrative costs is budgeted. This is a perennial congressional increase for DoD and the small budget is to ensure administration if it ceases.	-14,384
(9) Indian Lands Remediation - Only a small amount for administrative costs is budgeted. This is also a perennial congressional increase for DoD and the small budget is to ensure administration if it ceases.	-7,824
(10) Commercial Technology for Maintenance Activities - This program is a congressional increase not continued in FY 2001. deferred due to fewer contractor hours funded.	-7,830
(11) Pacific Disaster Center - This program is a congressional increase not continued in FY 2001.	-3,915
(12) Clara Barton Center - This program is a congressional increase not continued in FY 2001.	-1,272
(13) Grant for USO - This program is a congressional increase not continued in FY 2001.	-4,893
(14) Grant to Women in the Military Memorial - This program is a congressional increase not continued in FY 2001.	-4,893

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases: (Continued)

18. Program Decreases (Continued)

a. Program Reduction in FY 2001 (Continued)

(15) Grant to American Red Cross - This program is a congressional increase not continued in FY 2001.	-5,075
(16) C4ISR - This program is a congressional increase not continued in FY 2001.	-2,936
(17) Middle East regional Security Issues - This program is a congressional increase not continued in FY 2001.	-978
(18) Energy Savings Contracts - This program is a congressional increase not continued in FY 2001.	-3,915
(19) Studies Earmarks (Readiness Reporting\ Systems, \$1 million and Wholesale/Retail Levels & Secondary Items Storage, \$900,000) - This programs are congressional increases not continued in FY 2001.	-1,929
(20) Multilateral Export Control - This program is a congressional increase not continued in FY 2001.	-964
(21) Mobility Enhancements - This program is a congressional increase not continued in FY 2001.	-24,467
(22) Armed Forces Retirement Home - This program is a congressional increase not continued in FY 2001.	-4,893

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**II. Financial Summary (O&M \$ in Thousands): (Continued)**

C. Reconciliation of Increases & Decreases: (Continued)

18. Program Decreases (Continued)

a. Program Reduction in FY 2001 (Continued)

(23) HHS Administration for Native Americans -  
This program is the remainder of a no-year  
congressional increase the balance of which  
is not yet brought forward to FY 2001.

-233

Total Program Changes

-56,068

19. FY 2001 Budget Request

417,126

**III. Performance Criteria and Evaluation Summary:**

The Office of the Secretary of Defense (OSD) budget activity primarily funds the operational expenses, (travel, personnel, and contracts) of the civilian management headquarters' staff offices.

Other programs under the staff offices' purview, are assigned to OSD for execution as are congressional increases where appropriate. The performance of these is normally evaluated using accounting records. Obligations are expected to approach 100%.

Department of Defense (DoD) goals are set at the Departmental level. Each year the Secretary of Defense submits an unclassified Annual Report to the President and Congress containing the DoD goals. These reports are available on the Internet at <http://www.dtic.mil/execsec>.

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**III. Performance Criteria and Evaluation Summary: (Continued)**

The Program, Planning and Budgeting System (PPBS) is used to allocate resources to meet the goals. One of the OSD offices, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), is responsible for the PPBS. Equivalent staff offices are responsible for the proper execution of programs Department-wide. Quantifiable performance criteria and evaluation criteria are not applied to the OSD policy oversight function.

An OSD/Management Headquarters staff reduction goal was established under the Defense Reform Initiative and apportioned among the OSD components by the OSD Office of Management and Planning.

The staff reduction goal was attained at the end of FY 1999.

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**IV. Personnel Summary:**

	FY 1999	FY 2000	FY 2001	FY 1999/2000	FY 2000/2001
<u>Military End Strength</u>					
Officer	442	393	393	-49	-
Enlisted	84	78	78	-6	-
Total	526	471	471	-51	-
 <u>Civilian End Strength</u>					
US Direct Hire	1,355	1,479	1,536	+124	+57
 <u>Military Workyears</u>					
Officer	442	393	393	-49	-
Enlisted	84	78	78	-6	-
Total	526	471	471	-51	-
 <u>Civilian Workyears (FTE)</u>					
US Direct Hire	1,393	1,396	1,463	+3	+67

Note: DIA is reimbursed for 57 additional FTE in FY 1999 and FY 2000. These are 57 of the 67 increase in FY 2001. The remainder are vacancies being filled. FY 1999 ES was depressed due to an aggressive downsizing. The OSD personnel program will reach its FTE execution level in FY 2001.

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V. OP 32 Line Items as Applicable: (Dollars in Thousands)

	FY 1999 Actual	Change FY1999/FY2000		FY 2000 Estimate	Change FY2000/FY2001		FY 2001 Estimate
		Price Growth	Program Growth		Price Growth	Program Growth	
Executive, General and Special Schedules	150,563	6,927	-4,618	152,872	6,222	9,077	168,171
Wage Board	462	21	-	483	21	-	504
Benefits to Former employees	2,907	134	-3,041	-	-	-	-
Disability Compensation	338	16	-16	338	-	-	338
Travel of Persons	10,441	125	2,929	13,495	202	499	169,013
Commercial Transportation	322	3	-125	200	3	-3	200
Consultants	550	6	5	561	8	-	569
Mgmt & Professional Support Services	66,207	794	-2,880	64,121	961	-12,998	52,084
Studies, Analysis & Evaluation	122,521	1,470	-6,326	118,665	1,787	-23,954	96,498
Engineering & Technical Services	29,456	353	-1,281	28,530	427	-5,689	23268
Other Intra-Governmental Purchases	42,135	505	-1,740	40,900	613	-8,090	33,423
Grants	0	0	19,757	19,757	296	-20,053	-
Other Contracts	5,071	60	-221	4,910	73	-347	4,572
Other Costs	31,248	624	-1,487	30,385	455	-7,601	23,239
<b>Total</b>	<b>462,223</b>	<b>11,038</b>	<b>1,956</b>	<b>475,217</b>	<b>11,068</b>	<b>-69,159</b>	<b>417,126</b>