

FY 2002 Amended Budget Submission

Office of the Secretary of Defense (OSD)



June 2001

OFFICE OF THE SECRETARY OF DEFENSE
Operation and Maintenance, Defense-Wide
FY 2002 Amended Budget Submission
Budget Activity 4: Administration and Service-wide Activities

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 President exercises his authority as Commander-in-Chief through the Secretary of Defense, who is responsible for setting policy and directing defense programs and planning within the Department of Defense. 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 Secretaries of Defense for Acquisition, Technology, and Logistics; Policy; Personnel and Readiness and Comptroller; the General Counsel; Assistant Secretaries of Defense (ASD) for Command, Control, Communications, and Intelligence (C3I); Legislative Affairs; and Public Affairs; Assistants to the Secretary of Defense for Intelligence Oversight and for Civil Support; and the Directors of Operational Test and Evaluation and of Administration and Management; and 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)

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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

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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.

The Worldwide Directory of Defense Authorities with International Defense Organizations and Treaties 1998 illustrates the magnitude of these operations. The United States is listed as a signatory to 129 Bilateral and 26 Multilateral treaties.

Defense Reform Initiative

The 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 21st Century, announced a series of reforms necessary to carry out that defense strategy.

A. Core Operating Program

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. The cost of reimbursing other Department of Defense organizations for personnel transferred under the DRI is not reflected separately. The budget assumes the transfer of DIA personnel, who are excepted-service, to OSD, which is competitive service, is accomplished. For any portion of the transfer not accomplished, the funds will be used to reimburse DIA for the related personnel costs.

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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, including overseas travel.

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 an Emergency and Extraordinary Expense (E3) limitation, funds the cost of extending official courtesies to guests of the OSD.

The Technical Security Countermeasure (TSCM) Program supports fund increased TSCM coverage and the Joint Security Training Consortium, workforce screening, evaluation of the DOE Foreign Visitor system and OSD Security Awareness efforts. This is a C3I and Policy program.

Long-Range Planning, under the Director, Program Analysis and Evaluation (PA&E) provides funding for the evaluation of DoD programs using a variety of analytic approaches, including

A. Core Operating Program: (Continued):

simulations and sophisticated computer-based operations research tools. In

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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

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Cost Data Reporting initiative and the Visibility and Management of Operating and Support Cost initiative.

B. 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 DoD Chief Information Officer (CIO) is responsible for ensuring that the Department's management and acquisition of information technology (IT) is in compliance with the Clinger-Cohen Act (CCA). This includes strategic planning and providing overall direction and guidance for managing information resources. Specific DOD CIO responsibilities include the following:

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

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promote the effective and efficient design and operation of all major information management processes, including work process improvements; develop, maintain and facilitate the implementation of an integrated information technology architecture for the department; design

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and implement a process for maximizing the value and assessing and managing the risks of information technology acquisitions; monitor and evaluate the performance of IT programs, and advise the SecDef regarding whether to continue, modify, or terminate a program or project; and provide recommendations to the SecDef on budget requests for IT and national security systems (NSS); and develop strategies and specific plans that address inadequacies regarding the knowledge and skill of information resources management personnel. In addition, the DOD CIO was given Title X authority to ensure the interoperability of IT and NSS throughout DOD; ensure that IT and NSS standards are prescribed for use throughout DOD; and provide for the elimination of duplicate IT and NSS within and between the military departments and defense agencies. The DOD CIO's success at fulfilling these responsibilities is critical to achieving JV2010 and Information Superiority, as well as to the Revolution in Military Affairs and the Revolution in Business Affairs.

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

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

improve capabilities and provide transition plans for CINCs to reach objective architectures.

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The Information Superiority Integration Support (ISIS) program provides resources to plan and implement joint and combined end-to-end integration of command, control, communications,

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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 Cryptologic Activities program, under C3I, begins in FY 2002. This is a classified program, the details of which are available on a need to know basis, which is usual in the case of classified programs.

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.

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

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C. Acquisition Technology and Logistics Programs:

The Office of Under Secretary of Defense, Acquisition Technology and Logistics uses O&M resources to:

1. Execute Congressional Mandates
2. Improve the Acquisition Process
3. Execute Regulatory Requirements
4. Promulgate Policy
5. Perform Special Technical Analysis for all OSD Staff
6. Support OSD Staff

Executing Congressional Mandates

The Office of Under Secretary of Defense, Acquisition Technology and Logistics requires O&M resources to:

1. Achieve Chief Financial Officers Act compliance
2. Improve the Acquisition, Procurement and Logistics Processes and Practices
3. Execute Statutory and Regulatory Requirements
4. Develop and Promulgate Policy
5. Identify and Oversee Systems Modernization

Achieving CFO Act compliance within the DoD is a congressional mandate and a high priority DoD-wide objective. The DoD owns more than 80 percent of the government's property, plant and equipment (PP&E), operating materials and supplies (OM&S), and inventory items, which are valued at well over \$1 trillion. Properly and accurately controlling, valuing and reporting DoD PP&E, OM&S and inventory are essential to achieve compliance with CFO Act. The

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

OUSD(AT&L) is taking the lead in the Department to address and implement CFO Act requirements pertaining to PP&E, OM&S, inventory, environmental liabilities, disposal liabilities, and deferred maintenance. To become CFO compliant the policies, processes, procedures, and systems of the acquisition, procurement, logistics, information technology, and financial management communities must be changed or updated. This program provides funds for an OUSD(AT&L) corporate approach, utilizing subject matter experts and Public Accounting Firms, to develop and implement new policies, processes, procedures, and systems, as well as systems interfaces. The OUSD(AT&L) corporate approach, which will involve the DoD Components, is expected to save DoD funds and resources by eliminating duplicative (stovepipe) efforts. Achieving CFO compliance will result in reliable management information and improvements to the management of the Department's funds and assets, as well as more accurate information reported to the Congress.

Congress appropriated \$15 million above the DoD request in FY 2000, and \$12 million in FY 2001 for the Legacy Management Resources program. The Legacy projects support both statutory and mission-related environmental conservation requirements that support DoD training and testing. Projects funded are selected on the basis of the most positive effects on military readiness, and the need to meet congressional intent.

Congress appropriated \$8 million above the DoD request in FY 2000, and \$10 million in FY 2001 for the Native American Lands Environmental Mitigation Program. The program funds efforts to document information on DOD environmental impacts to Indian Lands, environmental mitigation projects on Indian Lands, training and technical assistance to the tribes, and implementation of a DOD Policy for Working with American Indians and Alaska Natives.

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To comply with Congressional interest for a program to address environmental matters relating to DoD military activities in the Arctic region, DoD established the Arctic Military

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

Environmental Cooperation (AMEC) program. The program supports cooperation among the defense departments of the U. S., Norway and Russia in mitigating damage to the Arctic environment due to nuclear and chemical contamination. AMEC projects address environmental compliance, pollution prevention, and environmental technology issues.

Improving the Acquisition Process

The Acquisition Reform Support and Improvement Program communicates and implements changes throughout the acquisition community in the areas of acquisition reform and streamlining the acquisition workforce and processes. Congress directed the DoD to begin the Workforce Demonstration Project, and further directed the Secretary to submit a plan to Congress to streamline the acquisition workforce and process. All of the efforts in this program are focused to follow the direction above, and to communicate and implement changes throughout the acquisition community.

The Commercial Practices Initiative supports the integration of best commercial practices into DOD's acquisition process. The Initiative also implements many recommendations of the *Section 912c Commercial Business Environment: Accelerating Change Through Enterprise Teaming*, and a series of GAO best practices reports outlining necessary improvements to be made within the Department. The Initiative is divided into five subprojects: 1) distance learning network, 2) new workforce CPI training, 3) Commercial Practices modules, 4) enterprise change modeling, and 5) acquisition performance support system. The distance learning network, new workforce CPI training and Commercial Practices modules combine to fund the development and training execution of Commercial Practices Training modules targeted to the DoD acquisition workforce. The module

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development and execution are designed to form the basis of understanding commercial business practices and how they differ from traditional government approaches.

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

As a result of the efforts to develop the various commercial practices training modules, and initiate enterprise change modeling, a Change Management Center (CMC) was created. The Change Management Center currently has twelve initiatives with various Acquisition customers inside the Department. During these engagements, CMC and its customers use state of the art techniques to determine the educational material that will be included, and how it will be presented, in each of the modules. This partnering is critical as the differences between the private and the public sector require significant up-front work to achieve the integration of the business practices and the DoD acquisition process within each education module. Early results from the previously developed online Certificate Programs are favorable but more research and data gathering will be required to show "proof of concept".

In addition, the research and partnering between CMC and its DoD customers have been broadened as it became apparent that the CMC work falls directly under several laws that were not considered at the time that the Center was initially funded. These laws require that the CMC, through appropriate channels, report to Congress on the results of the projects/programs that it is developing. For example, the Government Performance and Results Act (GPRA) (1993) requires that agencies develop performance measurements for the purposes of strategic planning. The law requires that the agency report each year on the progress made in achieving the desired Outcome - i.e., policy result, that the money was allocated for. The CMC partners have asked for assistance in incorporating the GPRA in their acquisition performance reports to Congress.

The Open Systems-Joint Task Force program funding provides the resources needed to make the cultural and other changes necessary to establish and institutionalize an open systems approach to weapons systems acquisition. The Task Force currently has seven focus

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areas where funds are committed: (1) pilot programs; (2) demonstration projects; (3) standards coordination projects; (4) architecture; (5) education, training and outreach; (6) industry

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

steering group; and (7) administration. The Task Force relies on its Service representatives to develop, document, and implement the open systems approach. Together the team coordinates with OSD organizations, the individual Services and Component acquisition program offices, and industry.

The Defense Reform Project for Competition & Infrastructure improves the management of the services and facilities (including housing) on defense installations and to ensure effective implementation of selected defense reform initiatives for competition and eliminating unneeded infrastructure. The project evaluates concepts, approaches, policies and systems for opening selected Departmental functions to competition under the A-76 process and produces analytical products and tools needed to improve management of installations and facilities including housing.

Systems Engineering is assigned the mission and function to provide policy (i.e., DoD Directive 5000.1, DoD Instruction 5000.2, and DoD Regulation 5000.2), guidance (e.g., DoD Deskbook, configuration and data management (CM/DM) handbook, Integrated Product and Process Development (IPPD) guide and handbook), and support for the early integration of: systems and software engineering; design for manufacturing and production; design to cost; quality, reliability and maintainability; risk management; CM/DM; and test and evaluation (T&E) in the acquisition process. Systems Engineering develops supporting policies and procedures based on IPPD case studies and lessons learned. Systems Engineering promulgates IPPD principles within national and international standards development organizations to effectively and efficiently integrate systems engineering and related technical development processes to reduce total ownership cost and cycle time of weapon systems. Systems Engineering works with Program Offices, industry, and academia to

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define, promulgate and assist in the proper implementation of state-of-the-art engineering methodologies, practices and tools. Tools will include the systems engineering capability maturity model (CMM), the IPPD CMM, and the software CMM, which

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

systems engineering capability maturity model (CMM), the IPPD CMM, and the software CMM, which will be integrated.

Systems Engineering manages the career development requirements for the following career fields, accounting for approximately 38% of the Defense Acquisition Workforce Improvement Act (DAWIA) acquisition workforce: Systems, Planning, Research, Development and Engineering (SPRDE); Manufacturing, Production, and Quality Assurance (PQM); and T&E. Defense Acquisition University (DAU) training in these fields must integrate program, technical, and business management practices. Systems Engineering will lead the (DAU) course reviews, initiating course revisions through the Technical Management Functional Advisor and Functional Integrated Product Teams; and it will ensure that the content is in line with the Department's Acquisition Reform (AR) initiatives.

Systems Engineering performs Interoperability assessments of Major Defense Acquisition Programs (MDAPs) within selected mission areas to ensure future weapon systems are capable of operating in a joint Services operational environment as well as with our allies. These assessments focus on operational interoperability requirements and consistency with the evolving systems architecture. Resulting assessments support USD(AT&L)/IO participation in selected Integrated Product Teams (IPTs), Overarching IPTs, and Defense Acquisition Board reviews where interoperability issues merit priority attention. Interoperability assessments at the program level as they come up for review within a mission area document interoperability progress and issues and serve as input to interoperability management guidelines to benefit additional programs.

Congress directed in Section 911 of the National Defense Authorization Act for Fiscal Year 2000 the creation of a new position within the DoD Organization, namely the Deputy

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Under Secretary of Defense for Logistics and Materiel Readiness. This position requires appointment

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

by the President and confirmation by the Senate, and is now the principal advisor to the Secretary and Under Secretary of Defense for Acquisition, Technology and Logistics on policies and procedures for the conduct of materiel readiness within the Department of Defense. This includes monitoring and reviewing all the Services materiel readiness and sustainment support programs to include participation in the Planning, Programming and Budgeting System (PPBS) for these programs.

These funds will provide the resources necessary to support this new effort. Specifically: 1) Issue instructions, DoD publications and directive memorandum to the Services as regards Materiel Readiness; 2) Develop studies to facilitate improving the materiel readiness status of all DoD forces; 3) Participate in OSD, Joint Staff and Services - led meetings on Materiel Readiness such as Joint Readiness Oversight Council, Senior Readiness Oversight Council and Joint Monthly Materiel Readiness Report; 4) Facilitate objective measurement by the Services of Materiel Readiness standards and report on same to the Congress; 5) Participate with Program Analysis & Evaluation, and the DoD Comptroller in the PPBS decision process with regard to Materiel Readiness.

DoD is currently reviewing all aspects of the arms export control and licensing process. A key element of that process is the review and approval of those technologies associated with low observables (LO) and counter-low observables (CLO). The U.S. invested heavily in this area of technology for the last two decades and export issues associated with this type of technology require significant scrutiny. The Director, Special Programs, OUSD(AT&L)/DSP, is responsible for the oversight and disposition of these cases. Since the implementation of the DoD LO/CLO policy the number of LO/CLO export cases for review has risen dramatically. In order to support these additional requirements and implement the

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forthcoming export licensing process changes a pilot program that was initiated in FY 99; the program described below is a follow on to that pilot effort.

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

Major elements of the program include:

- Develop and operate an electronic system for processing and tracking DoD LO/CLO export cases. This task will require the development and implementation of an internet based system to facilitate electronic processing, review and tracking of export case status and trends. It will further require establishment of a central information library and discrete database. This database will allow trend analysis by U.S. firm, requesting country, technology requested for export, and previous restrictions applied to similar cases. This automated process will allow the reduction in processing time of LO/CLO export requests from approximately 50 days to less than 25 days (measured performance of the pilot program to date has reduced the timeline to 15 days).
- Provide coordination and continuity with Defense Threat Reduction Agency (DTRA), Department of Commerce and Department of State personnel and assist OSD in the proper staffing and reviews of export cases. This task will require working with DTRA export officers and applicable personnel in Department of Commerce and Department of State to ensure LO/CLO export cases are properly routed to DoD for review, analysis and coordination. This will involve initial review, routing to the appropriate Services for their review and comment, and scheduling, as required by policy, Tri-Service Committee and/or Executive Committee (EXCOM) action prior to final OSD approval.
- Provide technical, analytical and planning support and continuity for OUSD(AT&L)/DSP, the Tri-Service Committee, and the LO/CLO EXCOM. This will include assisting OUSD(AT&L)/DSP in developing, updating, and monitoring DoD Instruction S-5230.28 and assuring the OSD policy linkage to the Military Critical Technology List process.

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

Executing Regulatory Requirements

The Consolidated Acquisition Reporting System (CARS) program will continue to enable the Department to meet certain statutory reporting requirements and DoD Performance Goals. CARS will enable OSD to produce the Selected Acquisition Report, the Nunn-McCurdy Unit Cost Report, and the Acquisition Program Baseline, all of which are required by Title 10 U.S. Code. CARS includes a number of utilities that produce formatted output for use by the OSD staff and for distribution outside the DoD. The CARS system supports the OUSD(AT&L) staff in carrying out the statutory requirement to perform oversight on Major Defense Acquisition Programs.

Promulgating Policy

The Deskbook program funds continued development and maintenance of current and coherent acquisition information for all DoD Services and Agencies. Deskbook is the single source of up-to-date material on acquisition policies and practices. The reference library and discretionary information contained in the Deskbook allow the volume of mandatory guidance contained in the DoD 5000 series to be reduced by over 90%. Deskbook is updated monthly on the World Wide Web and is released to the acquisition community on a quarterly basis by CD.

The Defense Environmental Security International Cooperation program funds bilateral and multilateral engagements with militaries so they can acquire the necessary tools to understand, prioritize, and meet their military environmental security needs. 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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C. Acquisition, Technology and Logistics Programs (Continued):

The Defense Acquisition Regulation (DAR) Automation program provides funding to support reengineering the business processes of the DAR System. The design, development, implementation, and maintenance of the Electronic Workflow and Document Management System will enhance communications between the Department of Defense, other government agencies, and the public. The program also funds migration of previous editions of the procurement regulations. Archival of this library will enable DoD to provide the library electronically across DoD, to other government agencies, and the public. Lastly, the program funds the migration of the 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 information technology equipment.

Perform Special Technical Analysis for all OSD Staff

The OSD Studies and Analysis Program supports requirements for analyses and contractor assistance within OSD and the Joint Staff, especially on programs/issues that have no separately justified program funding, and in circumstances where the OSD principal has no other possible operations funding to accomplish management research. The program is designed to improve the ability of OSD and Joint Staff components to execute their missions. The focus of many research projects and policy analysis is intermediate to long-range in nature. However, much of this program also responds to Congressional direction and other requirements to produce results within a short term horizon.

Support OSD Staff

The Acquisition Programs Support Systems program provides Information Technology support to enhance the availability, accuracy and security of data used by AT&L program

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managers for

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

decision making, communication and collaboration. This program provides state of the art commercial-off-the-shelf applications to support AT&L program managers and the exchange of data and information to other DoD program offices. The program supports the following information technology functions: communication support, information support, and data base management and collaborative software.

D. Other DoD Programs and Initiatives:

The Deputy Chief Financial Officer (DCFO) program funds are required for performance of tasks to support the Administration's goal of obtaining a clean audit opinion on the government-wide consolidated financial statements and the Department's goal of achieving a clean opinion on the financial statements for the Department of Defense and the Defense reporting activities. Funds also support the annual update of the Financial Management Improvement Plan, update and maintenance of the Department of Defense Financial Management Regulation and other financial management initiatives intended to improve the Department's financial management and related operations.

The 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 Net Assessment support program is managed by the Advisor for Net Assessment and pays for assessments 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 projects address near- and long-term problems

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and opportunities for

OFFICE OF THE SECRETARY OF DEFENSE
Operation and Maintenance, Defense-Wide
FY 2002 Amended Budget Submission
Budget Activity 4: Administration and Service-wide Activities

I. Description of Operations Financed (Continued):

C. Other DoD Programs and Initiatives (Continued):

U.S. military forces and policies especially the Revolution in Military Affairs, wargaming, and simulation.

The Contracts and Other Support Services program provides for contracts, consulting and other support requirements of the OSD components not supported by separate programs. Various support requirements of the following offices are funded from this program:

Policy	Legislative Affairs
Command, Control, Communications and Intelligence	Public Affairs
Comptroller)/Chief Financial Officer	Intelligence Oversight
Director for Defense Reform	Administration and Management
General Counsel	Historian
Planning	Organizational and Management
Personnel and Readiness	Quality Management Office
Program Analysis and Evaluation	Program Analysis and Evaluation
Reserve Affairs	Health Affairs
Defense Reform Office	Consequence Management

The requirements funded include contract assessments, analyses and evaluations, contract engineering and technical services, support agreements with other government agencies, reimbursements for support activities performed by other DoD agencies.

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

	FY 2000 <u>Actuals</u>	FY 2001		FY 2001 <u>Estimate</u>	FY 2002 <u>Estimate</u>
		<u>Budget Request</u>	<u>Current Approp</u>		
A. <u>Activity Group:</u>					
1. <u>Core Operating Program</u>					
a. Compensation and Benefits	160,288	169,013	169,039	169,015	179,760
b. Travel of Persons	14,972	14,196	14,434	14,437	14,736
c. Transportation	32	200	200	100	211
d. Official Representation Funds	3,403	2,868	2,868	2,780	2,886
e. IPA/Reimb. Details	2,968	3,096	3,096	3,089	2,517
f. PCS	50	400	400	200	396
Subtotal	181,713	189,773	190,037	189,621	200,506
2. <u>Other DoD Programs and Initiatives</u>					
a. National Performance Review	1,300	1,300	1,300	987	0
b. OSD Contracts and Other Support Serv.	16,735	13,922	15,216	17,725	19,885
c. Deputy Chief Financial Officer	4,906	7,665	7,562	7,828	8,608
d. Net Assessment	6,247	7,067	6,972	6,894	10,023
e. Transformation Office	0	0	0	0	5,000
f. Counternarcotics	1,381	0	0	0	0
g. GWI, Medical Readiness Mil. Deployments	19,653	15,300	15,175	15,142	9,875
h. ROK Scholarship Fund	0	0	0	1,750	1,500
i. Tech Security CM	0	0	0	0	2,050
Subtotal	50,222	45,254	46,225	50,236	56,941

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

	<u>FY 2000</u> <u>Actuals</u>	<u>FY 2001</u>		<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
		<u>Budget</u> <u>Request</u>	<u>Current</u> <u>Approp</u>		
3. <u>Program Analysis and Evaluation Program</u>					
a. Long-Range Planning	20,367	23,190	22,161	21,923	25,682
4. <u>Command, Control, Communications and Intelligence Programs</u>					
a. C3I Mission & Analysis Fund	33,928	37,628	35,958	35,554	36,718
b. CISA	11,143	9,753	14,252	14,093	4,943
c. ISIS	10,187	12,865	12,100	11,964	12,432
d. Chief Info. Officer	12,563	14,630	13,981	12,450	13,329
e. Interagency Training Center (ITC)	2,730	0	0	0	0
f. Year 2000 (Y2K)	4,026	0	0	0	0
g. Gulf States Initiative (GSI)	10,001	1,170	1,118	1,106	1,187
h. Cryptologic Acty	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,284</u>
Subtotal	84,578	76,046	77,409	75,167	80,893

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	FY 2000 <u>Actuals</u>	FY 2001		FY 2001 <u>Estimate</u>	FY 2002 <u>Estimate</u>
		<u>Budget Request</u>	<u>Current Approp</u>		
5. <u>Acquisition and Technology Programs</u>					
a. Legacy Resource Mgt.	14,258	296	12,287	12,267	289
b. OSD Study Program	22,824	24,164	19,164	21,968	21,938
c. Open Systems Arch.	1,737	5,925	5,662	5,152	5,891
d. CARS	1,065	522	499	460	1,228
e. Systems Engineering	861	1,399	1,337	1,233	2,078
f. Deskbook	2,011	2,994	2,861	2,603	3,299
g. Commercial Practices Initiative	5,944	11,006	10,517	9,572	11,321
h. Def. Environmental Restoration Program	2,928	0	0	0	0
i. DESCIM	10,028	14,048	8,926	8,942	0
j. Arctic Military Environmental Cooperation	4,613	4,893	4,676	4,255	5,522
k. CFO Act Compliance/ Property, Plant & Equipment	992	1,005	961	875	1,920
l. Defense Reform Proj. for Competition	1,631	2,721	2,601	2,367	2,687
m. Acquisition Programs Support Systems	3,924	2,001	1,912	1,740	2,609

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

	<u>FY 2000</u> <u>Actuals</u>	<u>FY 2001</u>		<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
		<u>Budget</u> <u>Request</u>	<u>Current</u> <u>Approp</u>		
5. <u>Acquisition and Technology Programs (Continued)</u>					
n. Acquisition Reform					
Support & Improvement	7,114	7,852	7,504	6,829	7,635
o. Acquisition Workforce					
Demonstration	0	1,065	1,018	938	1,632
p. Native American Land					
Remediation	8,020	296	10,287	10,272	298
q. Mobility Enhancement	23,754	0	0	0	0
r. Environmental Security					
Cooperation	0	1,986	986	975	1,923
s. DAR Automation	200	690	668	608	1,592
t. Commercial Technology					
for Maintenance					
Activities (CTMA)	0	0	6,000	5,987	0
u. CTMA Wearable Computers	0	0	850	835	0
v. Material Readiness Spt.	0	0	0	0	1,000
w. Low Observable (L0).					
CLO Export Process	0	0	0	0	257
x. Energy Savings	<u>3,797</u>	<u>0</u>	<u>4,000</u>	<u>3,990</u>	<u>0</u>
Subtotal	115,701	82,863	102,716	101,868	73,119

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

	<u>FY 2000</u> <u>Actuals</u>	<u>FY 2001</u>		<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
		<u>Budget</u> <u>Request</u>	<u>Current</u> <u>Approp</u>		
6. <u>Programs Added by Congress Not Otherwise Listed: (Continued)</u>					
a. Armed Forces Retirement Home (AFRH)	4,821	0	0	0	0
b. Pacific Cmd. Regional Initiative (CinCPAC)	9,632	0	20,000	19,956	0
c. Readiness Reporting	1,000	0	0	0	0
d. Multilateral Export Control	950	0	0	0	0
e. NE/SA Studies	964	0	0	0	0
f. Middle East Regional Security Issues	964	0	1,000	998	0
g. Clara Barton Center	1,253	0	1,500	1,497	0
h. Grant to USO	4,821	0	7,500	7,483	0
i. Grant for Women in the Military	5,000	0	0	0	0
i. Grant to Red Cross	5,000	0	5,000	4,989	0
j. East-West Center	150	0	0	0	0
k. Marshal Center	100	0	0	0	0
l. National Flag Foundation	0	0	1,000	998	0

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

	<u>FY 2000</u>	<u>FY 2001</u>		<u>FY 2001</u>	<u>FY 2002</u>
	<u>Actuals</u>	<u>Budget</u>	<u>Current</u>	<u>Estimate</u>	<u>Estimate</u>
		<u>Request</u>	<u>Approp</u>		
6. <u>Programs Added by Congress Not Otherwise Listed: (Continued)</u>					
m. MASINT Feasibility	0	0	10,000	9,978	0
n. FIRES Data Capture	0	0	4,000	3,991	
o. Center for Preservation of Democracy	0	0	20,000	19,956	0
p. D Day Museum	0	0	2,100	2,095	0
q. Bosque Redondo Memorial	0	0	2,000	1,996	0
r. Worker Safety Demo Proj	0	0	0	0	
s. Indian Lands X-Year PY	0	0	0	230	0
t. Oakland Military Institute X-Year Funds	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>1,996</u>	<u>0</u>
Subtotal	38,812	<u>0</u>	76,100	76,163	<u>0</u>
Total	487,367	475,217	514,647	516,579	437,141

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

B. Reconciliation Summary:

	Change <u>FY 2001/FY 2001</u>	Change <u>FY 2001/FY 2002</u>
1) Baseline Funding	417,126	516,579
Congressional Adjustments		
a) Distributed	36,904	0
b) Undistributed	11,449	0
c) General Provisions	36,600	0
d) Earmarks	12,518	0
e) Earmarks (Billpayers)	0	0
2) Appropriated Amt. (Subtotal)	514,647	0
3) Rescission	-1,153	0
4) Price Changes	0	15,440
6) Functional Transfer CISA to RDT&E	0	-4,971
7) Program Changes	3,085	-89,907
8) Current Estimate	516,579	437,141

C. Reconciliation of Increases & Decreases:

1. FY 2001 President's Budget Request	417,126
2. Congressional Adjustments (Specified)	
a. Studies and Analysis Excluding Net Assessment Reduction	-5,000
b. DESCIM Reduction	-5,000
c. HQ Personnel Reduction	-4,446
d. PACOM Initiative	20,000
e. Clara Barton Center	1,500
f. CISA	5,000
g. Energy Savings Performance Contracts	4,000

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

C. <u>Reconciliation of Increases & Decreases: (Continued)</u>		
2.	Congressional Adjustments (Specified) (Continued)	
h.	National Flag Foundation	1,000
i.	MASINT Feasibility Study	10,000
j.	FIRES Data Capture Program	4,000
k.	CTMA Depot Level Activities	6,000
l.	CTMA Wearable Computers	850
	Total Congressional Adjustments (Specified)	36,904
3.	Congressional Adjustments (Undistributed)	
a.	Legacy	12,000
b.	DJAS	-501
	Total Congressional Adjustments (Undistributed)	11,499
4.	Congressional Adjustments (General Provisions)	
a.	Section 8112 - Grant to the USO	7,500
b.	Section 8129 - Grant to the National Center for the Preservation of Democracy	20,000
c.	Section 8134 - Grant to the D Day Museum	2,100
d.	Section 8141 - Grant to the Red Cross	5,000
e.	Section 8155 - Grant to the Oakland Military Institute (X-Year)	2,000
	Total Congressional Adjustments (General Provisions)	36,600

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

B. Reconciliation of Increases & Decreases: (Continued)

5. Congressional Earmarks		
a. Section 8047 - Indian Lands Remediation	10,000	
b. Section 8139 - Middle East Regional Security Issues	1,000	
c. Section 8142 - Grant to Bosque Redondo Memorial	2,000	
d. Section 1112 PL 398 - Worker Safety Demo. Proj.	5,000	
e. Earmark Offset - Section 8047	-371	
r. Earmark Offset - Section 8139	-37	
g. Earmark Offset - Section 8142	-74	
h. Earmark Offset - Section 1112	-5,000	
Total Congressional Earmarks		12,518
6. FY 2001 Appropriated Amount		516,647
7. Functional Transfers		0
8. Price Changes		0
9. Program Decreases		0
10. Program Increases		
a. Fact of Life Increase	1,105	
b. PY Balance Brought Forward X-Year	230	
c. Republic of Korea Scholarship Fund	1,750	
Total Program Increases		3,085
11. Rescission		0
a. Rescission, Program Year 2001	-1,149	
b. Rescission, X-Year	-4	
Total Rescission		-1,153

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

A. Reconciliation of Increases & Decreases: (Continued)

14. FY 2001 Current Estimate	516,579
15. Price Growth	15,440
16. Functional Transfers	
a. CISA to RDT&E due to revised IT definitions	-4,971
a. DESCIM to Army	-9,000
Total Program Increases	-13,971
17. Program Increases	
a. Program Growth in FY 2002	
(1) Compensation and Benefits - Increases for the extra paid day (\$624,000) FTE for GWI and AT&L (3 & 3 FTE/\$586,000).	1,210
(2) Travel - Increased to reflect SECDEF related fact of life requirements.	54
(3) Transportation of Things - Increased for Executive Personnel still being hired.	8
(4) Official Representation Funds (Emergency and Extraordinary Expenses (E3)) are modestly increased to recognize fact of life trends in SECDEF execution.	59
(5) Contract Support and Other Services (COSS) is increasing due to decisions affecting programs under this heading including the Base Allowance for Housing study (BAH, \$500,000) and Defense Reform Initiative funding.	622
(6) Deputy Chief Financial Officer - increased for compliance with Federal Financial Management Improvement Act (FFMIA).	647

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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)

(7) Increases Net Assessment by \$3.012 million for new China and East Asian analyses and funds the new Transformation Office at \$5 million.	8,012
(8) The Technical Security Countermeasure (TSCM) Program will fund increased TSCM coverage and the Joint Security Training Consortium, workforce screening, evaluation of the DOE Foreign Visitor system and OSD Security Awareness efforts.	2,050
(9) Long-Range Planning (PA&E), was increased in the OSD budget review for the Contractor Cost Data Report, (\$1,806,000) the Cost Research Document Retrieval System (\$181,000), the Visibility and Management of Operating and Support Costs (\$200,000) and deferrals due to pro-rata reductions to the budgeted amounts in prior years.	3,386
(10) 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	

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

B. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases (Continued)

a. Program Growth in FY 2001 (Continued)

(10) C3I Mission and Analysis Fund (Continued)
network attack on critical infrastructure.

The program increase also reflects deferrals
resulting from FY 2001 congressional reductions. 560

(11) Command Information Superiority Architecture
(CISA) - Program growth will fund increased
C4ISR support for assigned missions. 570

(12) Information Superiority Integration
Support (ISIS) funding is modestly 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. 265

(13) Chief Information Officer (CIO) is
increased 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.

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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)

(14) Chief Information Officer (CIO) (Continued) - Increased funding will also allow continued development of the Virtual Joint Technical Architecture (VJTA), and ensure quality ITM education and training, and workforce development.	667
(15) The Gulf States Initiative is increased to provide engineering support for system maintenance.	62
(16) Cryptologic Activities - is initiated in OSD as a classified activity under C3I.	12,284
(17) Open Systems Architecture Joint Program Funding increases to continue demonstrating open systems acquisition policy effectiveness in pilot projects such as the Marine Corps AV-8B Open Systems Core Avionics Requirements (OSCAR) program, the USAF F-15 Advanced Display Core Processor program, and Joint Service multi-platform aging aircraft initiatives. Funding will develop policy, tools and training to change acquisition policy throughout the Department.	651

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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 2002 (Continued)

(18) Consolidated Acquisition Reporting System (CARS) - The CARS is being increased for support to meet certain statutory reporting requirements, DoD Performance goals, and acquisition excellence goals. 760

(19) Systems Engineering - Will fund interoperability assessments of Defense Programs. 824

(20) Deskbook - Increased funding required to implement and support Knowledge Management (KM) tools. Critical hardware and software upgrades are required to support KM Communities of Practice with automated presentations of official acquisition policy documents via a web based virtual community where acquisition professionals share experiences, insights and best practices. Deferrals due to FY 2001 funding decrements are also reflected. 652

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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 2002 (Continued)

(21) Commercial Practices Initiative - This program is intended to improve the performance of 124,000 acquisition workforce personnel in compliance with the DAWIA, FASA, Clinger-Cohen Act, GPRA, internal reforms and basic information about

acquisition. Acquisition policy and procedures reforms are outstripping our ability to implement effectively. The Change Management Center (CMC) is already experiencing challenges as DoD acquisition customers have come to the CMC to ask for assistance for items directly related to the CMC mandate but which were not anticipated within the initial funding guidance. CMC has begun the effort to develop meaningful strategic performance metrics but needs additional funding. 1,586

(22) Arctic Military Environmental Cooperation (AMEC) - The program increase will fund additional work for its mission. 1,195

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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 2002 (Continued)

(23) Chief Financial Officer Act Compliance
-Two new CFO Act compliance requirements
pertaining to (1) National Defense
Property, Plant and Equipment and (2)
Internal Use Software significantly impact
the Department's acquisition, logistics,
procurement, information technology, and
financial management communities requiring
major changes to DoD policies, processes,
procedures, and systems. A corporate
approach to the implementation of these
mandatory requirements will be led by the
OUSD(AT&L) in order to achieve timely
implementation, eliminate duplication of
efforts and save DoD resources. The
increase of funds is essential to perform
OSD led DoD-wide efforts utilizing subject
matter experts and Public Accounting Firms.
The Internal Use Software (IUS) requirement
went into effect in October 2000 requiring

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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 2002 (Continued)

(24) CFO Act Compliance - (cont'd)

the capturing and reporting of the full cost of software development and enhancements to existing DoD software/ systems. For the Y2K effort, the DoD identified over 5,700 mission essential systems that will be included in implementation of the IUS requirements. The National Defense PP&E Requirements will be issued before the end of FY 2001 and will require capturing and reporting the full cost of all weapons systems acquisition programs and the reporting of the quantities and condition of weapons systems. The reporting of such information will be audited annually and, therefore, must be accurate and reliable.

1,030

(25) Defense Reform Project for Competition - is modestly increased due to a planned increase of competitive sourcing initiatives required to eliminate unneeded infrastructure

280

(26) Acquisition Programs Support Systems - increased to provide the needed level of contractor support for improved data

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management and data security.

839

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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 2002 (Continued)

(27) Acquisition Reform Support and Improvement - Program growth is for direct support of the Future Workforce 2005 Taskforce. The Taskforce has been charged with analyzing, making recommendations and beginning implementation of plans to combat the acute problem we are facing resulting from the 30 to 50% of DoD Acquisition and Technology Workforce eligibility to retire by 2005.

690

(28) Acquisition Workforce Demonstration - Program growth is based on the increase in travel requirements to support the 3rd Cycle training and implementation at various sites and the conduct of on-site evaluation interviews. With the influx of new participants there will be an increased requirement to train new participants. Existing training materials must be updated with the latest changes and provided to the participating workforce. There will also be a requirement to publish a new/revised Federal Register with the anticipated increase of 10,000 participants in the demonstration project.

678

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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 2002 (Continued)

(29) Environmental Security Cooperation/
International Acquisitions - Funding
increases will allow non-threatening
engagement with foreign militaries to
promote their environmental security
issues. 931

(30) Defense Acquisition Regulation (DAR)
Automation Program - Program is increased
to meet statutory requirements, and
requirements for acquisition excellence
initiatives.reform initiatives. 974

(31) Material Readiness Support -
Increase will fund the new statutory
requirement for DUSD Logistics and Material
Readiness to expand its role to formally
include DoD materiel readiness program
oversight. 1,000

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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 2002 (Continued)

(32) The Low Observable/Counter Low Observable (LO/CLO) Program - Increase will fund an internet based system to process, review, and track export case status and trends involving the highly sensitive LO/CLO technology area. The effort was initiated and conducted from FY 99-FY 01 as a pilot program. Due to the tremendous success of the effort, the USD(AT&L) decided the program should have its own dedicated funding line in FY 2002.

257

Total Program Increases

42,803

18. Program Decreases

a. Program Reduction in FY 2002

(1) Intergovernmental Personnel Act (IPA)/ Reimbursable Details is decreased to reflect reducing resources.

-621

(2) Permanent Change of Station (PCS)/ program is modestly decreased.

-6

(3) National Performance Review - This Program is not continued.

-1,004

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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 2002 (Continued)

(4) Office of the Special Assistant to the Secretary for Gulf War Illnesses, etc. - This program will shift its focus from Medical Research to Outreach, with those costs borne by another account under Health Affairs. A reduced staff will be transferred under OSD as the Office of an Assistant to the SecDef.	-5,524
(5) Republic of Korea Scholarship Fund - The memorial for Nogun-Ri will be funded in the first year, FY 2001, the following years are expected to fund scholarships only, with a resulting reduction in required funding.	-280
(6) Command Information Superiority Integration Support (CISA) - Congressional Add for CIAP is not carried forward.	-4,989
(7) 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 in the unlikely event funding ceases.	-12,186

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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 2002 (Continued)

(8) OSD Studies and Analysis - The FY 2002 program decreases modestly in support of study and analysis requirements of the 30-35 principals across the Office of the Secretary of Defense and the Joint Staff.	-403
(9) Defense Environmental Security Corporate Information Management (DESCIM) - Nine million dollars was transferred to the Army.	-94
(10) Native American/Indian Lands Remediation - This is a perennial congressional increase for DoD, and the small budget is to ensure administration until completion of projects funded in prior years in the unlikely event funding ceases.	-10,149
(11) Commercial Technology for Maintenance Activities (CTMA)- This program is a congressional increase not continued in FY 2002.	-6,089
(12) CTMA, Wearable Computers - This program is a congressional increase not continued in FY 2002.	-849
(13) Energy Savings - This program is a congressional increase not continued in FY 2002.	-4,058

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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 2002 (Continued)

(14) Pacific Command (PACOM) - This program is a congressional increase not continued in FY 2002.	-20,295	
(15) Middle East Regional Security Issues - This program is a congressional increase not continued in FY 2002.	-1,015	
(16) Clara Barton Center - This program is a congressional increase not continued in FY 2002.	-1,522	
(17) Grant for the USO - This program is a congressional increase not continued in FY 2002.	-7,610	
(18) Grant for the Red Cross - This program is a congressional increase not continued in FY 2001.	-5,074	
(19) Grant to the National Flag Foundation - This program is a congressional increase not continued in FY 2002.	-1,015	
(20) MASINT Feasibility Studies - This program is a congressional increase not continued in FY 2002.	-10,148	
(21) FIRES Data Capture Program - This program is a congressional increase not continued in FY 2002.	-4,059	
(22) Center for the Preservation of Democracy - This program is a congressional increase not continued in FY 2002.	-20,295	
(23) D Day Museum - This program is a congressional increase not continued in FY 2002.	-2,131	

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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 2002 (Continued)	
(24) Bosque Redondo - This program is a congressional increase not budgeted in FY 2002.	-2,030
(25) Oakland Military Institute (X-Year) - This program is a congressional increase not budgeted in FY 2002.	-2,030
(26) Indian Lands (X-Year) This is another congressional increase not continued.	-234
Total Program Decreases	-123,140
19. Program Changes (Net)	-80,907
20. FY 2002 Budget Request	437,141

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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>.

The Planning, Programming and Budgeting System (PPBS) allocates resources to meet the Department's goals. One of the OSD offices, the Office of the Under Secretary of Defense (Comptroller) (OUSDC), 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:

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2000/</u> <u>FY 2001</u>	<u>FY 2001/</u> <u>FY 2002</u>
<u>Military End Strength</u>					
Officer	400	395	405	-5	+20
Enlisted	89	79	76	-10	-3
Total	489	474	481	-15	+17
 <u>Civilian End Strength</u>					
US Direct Hire	1,391	1,475	1,490	+84	+15
 <u>Military Workyears</u>					
Officer	400	395	405	-5	+20
Enlisted	89	79	76	-10	-3
Total	489	474	481	-15	+17
 <u>Civilian Workyears (FTE)</u>					
US Direct Hire	1,396	1,455	1,483	+59	+28

Note: DIA is reimbursed for 50 additional FTE. These are 50 of the +59 shown above.

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

<u>to FY2002</u>	<u>Change from</u> <u>FY2000 to FY2001</u>			<u>Change from</u> <u>FY2001 to FY2002</u>			<u>FY2001</u>
	<u>FY 2000</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2001</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2002</u> <u>Estimate</u>
EX. Gen. & Spec. Schedules	159,227	7,337	1,322	167,886	9,518	1,210	178,614
Wage Board	448	18	0	466	17	0	483
Disability Comp.	613	50	0	663	0	0	663
Travel of Persons	14,972	239	-774	14,437	245	54	14,736
Transportation	32	0	68	100	1	110	211
SLUC/GSA Rent	111	1	0	112	1	0	113
Purchased Communications	129	2	0	131	2	-1	132
Printing & Repro.	9	0	0	9	0	0	9
Equip. Maintenance	1,506	24	0	1,530	26	-4	1,552
Equipment Purchases	60	0	0	60	1	-1	60
Contract Consultants	235	3	0	238	4	-1	241
Mgmt/Prof Support Svcs	112,207	1,795	5,201	119,203	2,026	-21,562	99,667
Studies, Anal. & Eval.	70,807	1,132	3,096	75,035	1,275	-19,101	57,209
Eng. & Tech. Svcs.	22,209	355	928	23,492	399	-5,700	18,191
Other Intra-gov't Pur	28,031	448	1,238	29,717	505	-7,601	22,621
Grants	30,608	489	5,503	36,600	622	-37,222	0
Other Contracts	33,930	542	0	34,472	586	-5,058	30,000
Other Costs	12,233	195	0	12,428	211	0	12,639
Total	487,367	12,630	16,582	516,579	15,439	-94,877	437,141