Fiscal Year (FY) 2003 Budget Estimates

Office of the Secretary of Defense (OSD)

February 2002

Office of the Secretary of Defense
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity 4: Administration and Servicewide Activities

I. Description of Operations Financed:

Mission and Functions

A. Overall

   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.

I. <u>Description of Operations Financed</u>: (Continued)

  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, 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,

I. <u>Description of Operations Financed</u>: (Continued)

international trade and technology, peacekeeping, partnerships, regional security affairs, special operations and low-intensity conflicts, integration of plans and policies with overall national security objectives, drug control policy requirements, priorities, systems, resources, and programs, and issuance of policy guidance affecting departmental programs.

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

<u>Budget Subactivity Explanations</u>

A. <u>Core Operating Program</u>

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.

A. <u>Core Operating Program</u>: (Continued)

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 (RD).

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

I. <u>Description of Operations Financed</u>: (Continued)

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.

B. <u>Director, Program Analysis and Evaluation</u> (PA&E):

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 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.

C. <u>Command, Control Communication and Intelligence</u> (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) and space activities. These analyses support the formulation, coordination, management and oversight of DoD policies, guidance, and plans for for C4ISR space and information programs. 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; designed to enhance situational awareness with regard to evolving threats and vulnerabilities, and provide for necessary policy and programmatic oversight. Analyses will continue to support implementation of the DoD Critical Infrastructure Protection (CIP) plan in support of Defense-wide operational capabilities, CINC operations,

I. <u>Description of Operations Financed</u>: (Continued)

   C. <u>Command, Control Communication and Intelligence</u> (C3I): (Continued

and homeland security/homeland defense. Funding will support continued development of spectrum management strategy, spectrum analysis, radio frequency spectrum strategic planning and policy development, and support to World Radio Conferences. Other analyses include development of policy and guidance for operational planning and employment of space capabilities for the global war on terrorism; guidance and plans for enhancing security, survivability, and operational continuity of space systems employed for national decision making and military operations; and formulation and oversight of DoD policy guidance for national security space activities. 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.

   A key goal of the DoD Chief Information Officer's program is to make information available on a network that people depend on and trust. The foundation for a revolutionary approach to DoD-wide network-centric operations is: coherent planning and results-based management and execution; sound and effective policies; and diligent program oversight and evaluation to assure the effective allocation of resources consistent with plans, policies, and performance. The increased level of funding being requested will be used to lay such a foundation and provide a solid basis for: building a secure and robust network that encourages information sharing; eliminating bandwidth, frequency and computing capability limitations; deploying collaborative capabilities and other performance support tools; securing and assuring the network and information; and maintaining a well-trained, highly motivated, professional information technology workforce.

   The Command Information Superiority Architectures (CISA) program provides CINCs with a structured planning process based on Information Technology (IT) best business practices to define current and objective command capabilities to provide IT support to assigned missions. The CISA process is leading to reengineering and transformation to network-centric operations needed to meet JV 2020 goals as being implemented in the Global Information Grid (GIG). Support for the development of the GIG Architecture (the department's IT Architecture required

I. <u>Description of Operations Financed</u>: (Continued)

   C. <u>Command, Control Communication and Intelligence</u> (C3I): (Continued)

by the Clinger-Cohen Act of 1996) by the DoD CIO is also a key facet of the CISA program that supports both the warfighting commands and the PSAs (e.g., Health Affairs, Comptroller). CISA implements the CIO and C3I goal of building a coherent global network, as well as the goals for supporting the continuity of mission-essential DoD operations (COOP), and planning for end-to-end integration of IT assets and support for information assurance. The CISA program is leading to common, coherent CINC "go to war" capabilities and identifying differences in capabilities and interoperability issues between CINCs, and their multi-national partners. Specific new CISA initiatives will address the full spectrum of C4ISR across the CINCs with added emphasis on Homeland Security/Defense, COOP, counter-terrorism, and multi-national operations, deploy automated tools to enable CINCs and PSAs to develop architectures that depict their "go to war" capabilities and business processes, 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 according to the goals of JV 2020.

    The Technical Security Counter Measures (TSCM) program provides resources to establish the Joint Security Training Consortium (JSTC), evaluate the existing Department of Energy Foreign Visitor System for its application in DoD, and support development and implementation of security awareness training for the DoD workforce.

    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 and improve Network Centric Operations. 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. Funds

the key command and control (C2) and communications vital to supporting DoD transformation to
I. Description of Operations Financed: (Continued)

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

21st century leadership decision-making, tactics, and telecommunications' advances necessary for critical battlefield operations. The ISIS program provides resources for policy, oversight, and direction, and technical analysis of Services' and Defense Agencies' acquisition and special interest programs, transformation initiatives and war efforts' advocacy. Analyses will also enable the Department to develop and support key programs and policies for improvements in space control, satellite operations, satellite launch, environmental sensing and Position, Navigation and Timing. In addition, this program will foster the development of an advanced technology plan for information superiority.

The Technology Development Program, under C3I, is funded beginning in FY 2002. This is a classified program, the details of which are available only on a need to know basis, in accordance with established procedures.

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 during each fiscal year.

   D. 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

I. Description of Operations Financed: (Continued)

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

4.   Perform Special Technical Analysis for all OSD Staff
5.   Support OSD Staff

Executing Congressional Mandates

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 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 $11 million above the request in FY 2002 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.

I. <u>**Description of Operations Financed**</u>: (Continued)

    D. <u>**Acquisition, Technology and Logistics Programs:**</u> (Continued)

    Congress appropriated $10 million above the DoD request in FY 2002 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.

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

I. <u>**Description of Operations Financed**</u>: (Continued)

   D. <u>**Acquisition, Technology and Logistics Programs:**</u> (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 policy, cultural and other changes necessary to establish and accelerate DoD's transition to an open systems approach for weapons systems acquisitions. An open systems approach has significant potential to reduce total ownership costs, enhance system interoperability and reduce cycle time by leveraging the commercial marketplace through use of non-proprietary

I. <u>**Description of Operations Financed**</u>: (Continued)

  D. <u>**Acquisition, Technology and Logistics Programs:**</u> (Continued)

commercial interface standards. The Task Force currently has seven focus areas where funds are committed: (1) pilot programs and "proof-of-concept" demonstrations to capture lessons learned; (2) policy development; (3) coordination with national and international industry standards bodies and consortia; (4) architecture tools and frameworks for system-of-systems interoperability and design; (5) education, training and outreach; (6) industry steering group to identify business issues; and (7) administration. The Task Force relies on its Service representatives and support contractors to develop, document, and implement an open systems approach through collaboration with OSD organizations, the individual Service 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 define, promulgate and assist in the proper implementation of state-of-the-art engineering methodologies, practices and tools. Tools will include the

I. <u>Description of Operations Financed</u>: (Continued)

   D. <u>Acquisition, Technology and Logistics Programs:</u> (Continued)

capability maturity model integration (CMMI), which consists of the integrated systems engineering capability maturity model (CMM), the IPPD CMM, and the software CMM.

     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 Functional Advisor and Functional Integrated Product Teams (IPTs); and it will ensure that the content is in line with the Department's Acquisition Excellence (Formerly Acquisition Reform) 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 (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 <u>new</u> position within the DoD Organization, namely the Deputy Under Secretary of Defense for Logistics and Materiel Readiness. This position requires appointment 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

I. <u>**Description of Operations Financed**</u>: (Continued)

    D. <u>**Acquisition, Technology and Logistics Programs**</u>: (Continued)

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 forthcoming export licensing process changes a pilot program that was initiated in FY 1999; the program described below is a follow on to that pilot effort.

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

I. <u>**Description of Operations Financed**</u>: (Continued)

    D. <u>**Acquisition, Technology and Logistics Programs**</u>: (Continued)

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.

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.

I. <u>**Description of Operations Financed**</u>: (Continued)

    D. <u>**Acquisition, Technology and Logistics Programs**</u>: (Continued)

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 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.

    The Defense Acquisition Regulation (DAR) Automation program provides funding to support the President's management goal to create an electronic government that is more accessible, accountable, efficient, and responsive to the needs of the American People. The program reengineers 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.

I. <u>**Description of Operations Financed**</u>: (Continued)

   D. <u>**Acquisition, Technology and Logistics Programs:**</u> (Continued)

Perform Special Technical Analysis for all OSD Staff

     The USD (AT&L) manages a centralized account to accomplish about one hundred efforts for studies, analyses, management, and technical support efforts for the entire staff of the Office of the Secretary of Defense and the Joint Staff. Projects funded are to improve and support policy development, decision-making, management and administration of DoD programs and activities. Specific projects address a variety of complex issues and dynamic problems from the highest macro point of view, and cutting across functional/organizational/programmatic areas. They respond to the requirements of the Under Secretary of Defense for Acquisition, Technology & Logistics [USD (AT&L)], Under Secretary of Defense for Policy [USD (P)], Under Secretary of Defense for Personnel and Readiness [USD (P&R)], Assistant Secretary of Defense for Command, Control, Communications and Intelligence [ASD (C3I)], Director for Program Analysis and Evaluation (D, PA&E), the Joint Staff and Unified Command Commanders.

     Studies and analyses will examine the implications and consequences of current and alternative strategies, forces, policies, plans, operations, and budgeting systems, and are essential for gaining insight into the complex multifaceted international, political, technological, economic, military, and acquisition environments in which defense plans and decisions operate. Operations research and metrics for transformation initiatives and other major defense systems create a tremendous return on the investment represented by these analyses.

Execute Congressional Mandates

     The OSD Studies & Analysis Program will also fund several million dollars to fulfill the will of Congress and specific mandates in several areas across the entire OSD staff, beyond the OUSD(AT&L):

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

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

- Non-US Force and Economic Trends:

  (1) Assessment of allied nation burdensharing contributions, to support the Administration's goal of enhancing host nation support and increasing the allies' sharing of collective security responsibilities.
  (2) Assessments of allies' abilities to provide direct military assistance, logistics, and assistance-in-kind contributions to the War on Terrorism.
  (3) Assessments and analyses of NATO allies' progress toward implementing the Defense Capabilities Initiative (DCI) objectives established at the Washington Summit, including methodologies and portrayals designed to track allied improvements.
  (4) NATO enlargement evaluations, including assessments of military implications and costs, allocation of costs among members, and program/budget impacts on DoD; evaluation of NATO requirements and shortfalls in regional reinforcement; and proposals to quantify NATO planning guidance and force goals in order to improve implementation and analysis.
  (5) Study of Allied Contributions to the Common Defense and assessments of NATO allies' performance in major capability areas.
  (6) Assessments of PFP (Partnership For Peace) countries' Planning and Review Process Commercial Activities Management Information System (CAMIS)--to implement and enhance the web-based on-line CAMIS for more accurate savings and execution data for 3 DoD congressional reporting requirements, GAO's Commercial Activities Panel, and other DoD requirements for A-76 related data.
- Competitive sourcing costing software (COMPARE)--technical support for software maintenance of the most current cost information available (e.g., inflation factors, tax codes, OPM wage rates, etc.) for public-private competitions, to ensure A-76 decisions are cost effective
- "SHARE A-76!"--technical support of the official DoD A-76 Cost Comparison knowledge management web site, which centralizes all A-76 related guidance and laws for all stakeholders (e.g., field technicians, management, private sector, employees, unions).
- Update the Facilities Sustainment Model, and its corresponding databases, and construction/ sustainment cost factors, used to evaluate Services' facilities budgets.

I. Description of Operations Financed: (Continued)

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

• Update the Defense Science & Technology Strategy with its supporting plans—the Basic Research Plan, the Defense Technology Area Plan, the Joint Warfighting Science and Technology Plan, and the Defense Technology Objectives.
• Phase 2 funding for National Academy of Sciences research to determine the effectiveness of the SBIR—Small Business Innovative Research program
• Complete the comprehensive review of Active and Reserve Forces mix, organization, priority missions, and associated resources.
• Two major Department-wide personnel surveys will continue evaluations — Equal Opportunity and sexual harassment.
• Recurring annual Reports to Congress on environmental quality, unexploded ordnance, and housing requirements determination software.

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 managers for 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.

Logistics, Material Readiness

   The Deputy Under Secretary of Defense (Logistics, Material Readiness) (DUSD/L&MR) formulates logistics business systems policy, program integration, interoperability, standardization, and technology improvements. Advanced Information Technology capability has created unique opportunities to dramatically improve logistics support to the war fighter. New information paradigms have emerged allowing the Services and Agencies to implement

I. Description of Operations Financed: (Continued)

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

logistics systems based on various successful commercial-off-the-shelf software packages that provide enterprise-wide information sharing and interoperability. The rapid pace of technology coupled with extraordinary demand to modernize outdated legacy systems will result in disjointed or duplicative deployments of enterprise integration software unless the DUSD/L&MR provides adequate policy, direction, and oversight.

    The DUSD/L&MR has determined that these enterprise systems are the foundation upon which both logistics excellence and savings rest. The funds identified above will provide the resources to support this essential DUSD/L&MR mission requirement. Specifically, the Deputy Director of Logistics Systems Management (LSM) will: 1) Prepare instructions, DoD publications and directive memoranda to the Services regarding the enterprise integration for logistics systems; 2) Ensure synchronization of the various enterprise integration programs under way within the Services and Agencies; 3) Establish liaison with and provide functional representation to the newly created Program Office within the Under Secretary of Defense (Comptroller and Chief Financial Officer) overseeing implementation of Enterprise Resource Planning (ERP) systems within the Department; 4) Coordinate the information technology requirements and functional capability within the DUSD/L&MR electronic commerce and electronic business activity; 5) Develop and facilitate objective measurement by the Services and Agencies of appropriate metrics to achieve the return on investment from enterprise integration activity within logistics; 6) Develop and maintain the OSD roadmap for enterprise integration supporting the logistics community; 7) Establish a formal integration and qualification structure to accelerate enterprise integration development and ERP deployment activities within the Services and Agencies.

    The Base Information System Project begins in FY 2003 to provide reliable real property inventory data in a timely manner for decision makers and analysts.

    E. 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

I. Description of Operations Financed: (Continued)

  E. Other DoD Programs and Initiatives: (Continued)

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 is now the Special Assistant for Gulf War Illnesses, Medical Readiness and Military Deployments and it 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. This initiative is within the purview of the Under Secretary of Defense for Personnel and Readiness.

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

    Established under the 2001 Quadrennial Defense Review, the Office of Force Transformation support program will facilitate the office's transformational discovery, innovation and exploration. These activities will include training, travel, contract support, information technology, research, experimentation and exercise assessment, prototyping, publications, multi-media and transportation.

    The Joint National Training Center will initially study and provide recommendations on developing a joint operability training capability that includes an effective mix of simulated and live operations. Later, these recommendations will be implemented. This program will fall under the DUSD (Readiness).

I. <u>**Description of Operations Financed**</u>: (Continued)

    E. <u>**Other DoD Programs and Initiatives**</u>: (Continued)

    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
C3I	Public Affairs
Transformation Office	Intelligence Oversight
Comptroller/Chief Financial Officer	Administration and Management
Director for Defense Reform	Historian
General Counsel	Organizational and Management Planning
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 2002			
	FY 2001 Actuals	Budget Request	Current Approp	FY 2002 Estimate	FY 2003 Estimate
A. Activity Group:					
1. Core Operating Program					
a. Compensation and Benefits	160,428	179,760	177,482	177,482	196,277
b. DIA Comp & Benes	6,065	-	-	-	-
c. Travel of Persons	11,639	14,736	13,065	13,065	16,615
d. Transportation	78	211	185	185	80
e. Official Representation Funds	2,236	2,886	2,865	2,865	2,902
f. IPA/Reimb. Details	3,563	2,517	2,233	2,233	3,748
g. PCS	78	396	351	351	104
Subtotal	184,473	200,506	196,181	196,181	219,829
2. Other DoD Programs and Initiatives					
a. National Performance Review	987	-	-	-	-
b. OSD Contracts and Other Support Serv.	29,463	19,875	19,256	19,256	20,663
c. Deputy Chief Financial Officer	5,042	8,608	7,408	7,408	8,987
d. Net Assessment	12,130	10,023	12,440	12,440	11,338
e. Force Transformation	-	5,000	14,435	14,435	15,000
f. Counternarcotics	1,075	-	-	-	-
g. Memorial Services	-	-	1,330	1,330	-
h. GWI, Medical Readiness Mil. Deployments	16,643	9,875	8,760	8,760	10,310
i. ROK Scholarship Fund	1,750	1,500	1,330	1,330	1,566
Subtotal	67,090	54,881	65,419	65,419	67,864

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II. <u>**Financial Summary (O&M: $ in Thousands)**</u>: (Continued)

	FY 2001 Actuals	FY 2002 Budget Request	FY 2002 Current Approp	FY 2002 Estimate	FY 2003 Estimate
3. <u>Program Analysis and Evaluation Program</u>					
a. Long-Range Planning	22,169	25,682	21,594	21,594	26,812
4. <u>Command, Control, Communications and Intelligence Programs</u>					
a. C3I Mission & Analysis Fund	39,208	36,718	32,373	32,373	38,334
b. CISA	13,839	4,943	7,684	7,684	5,160
c. ISIS	11,635	12,432	10,934	10,934	12,979
d. ITC	1,059	-	-	-	-
e. Chief Info. Officer	12,846	13,329	11,588	11,588	13,915
f. Gulf States Initiative (GSI)	1,017	1,187	1,030	1,030	1,197
g. Tech Security CM	-	2,050	1,101	1,101	2,500
h. MASINT Feasibility	9,976	-	-	-	-
i. FIRES Data Capture	4,000	-	-	-	-
j. Technology Devel.	-	-	6,591	6,591	14,293
k. Intel. Capabilities St.	-	-	5,000	5,000	14,293
l. Info. Assurance Sch.	-	-	6,100	6,100	-
Subtotal	93,580	82,943	82,401	82,401	88,378

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

		FY 2002			
	FY 2001 Actuals	Budget Request	Current Approp	FY 2002 Estimate	FY 2003 Estimate

5.   Acquisition and Technology Programs

		FY 2001 Actuals	Budget Request	Current Approp	FY 2002 Estimate	FY 2003 Estimate
a.	Legacy Resource Mgt.	12,267	289	11,000	11,000	287
b.	Legacy – CSS Alabama	–	–	1,000	1,000	–
c.	Legacy – CSS Hunley	–	–	900	900	–
d.	OSD Study Program	18,706	21,938	19,583	19,583	21,088
e.	Open Systems Arch.	4,821	5,891	3,508	3,508	3,254
d.	CARS	1,158	1,228	1,385	1,385	1,255
e.	Systems Engineering	1,232	2,078	2,490	2,490	3,070
f.	Deskbook	2,601	3,299	2,571	2,571	3,382
g.	Commercial Practices Initiative	9,566	11,321	9,617	9,617	9,179
h.	Def. Environmental Restoration Prog	2,524	–	–	–	–
i.	DESCIM	8,942	–	–	–	–
j.	Arctic Military Environmental Cooperation	4,255	5,522	3,170	3,170	2,666
k.	CFO Act Compliance/ Property, Plant & Equipment	1,255	1,920	1,578	1,578	2,004
l.	Defense Reform Proj. for Competition	2,366	2,687	2,238	2,238	2,638
m.	Acquisition Programs Support Systems	2,288	2,609	2,068	2,068	2,666

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

	FY 2001 Actuals	FY 2002 Budget Request	FY 2002 Current Approp	FY 2002 Estimate	FY 2003 Estimate

5. Acquisition and Technology Programs (Continued)

	FY 2001 Actuals	Budget Request	Current Approp	FY 2002 Estimate	FY 2003 Estimate
n. Acquisition Reform Support & Improvement	6,779	7,635	6,871	6,871	7,735
o. Acquisition Workforce Demonstration	2,043	1,632	1,469	1,469	3,965
p. Past Performance Auto-mated Info. Sys.	–	–	–	–	680
q. Native American Land Remediation	10,272	298	10,000	10,000	298
r. Environmental International Cooperation	800	1,923	1,391	1,391	1,923
s. DAR Automation	608	1,592	353	353	763
t. Material Readiness	–	1,000	900	900	1,015
u. Logistics Systems Modernization	–	–	–	–	11,527
v. Low Observable/CLO	100	257	231	231	265
w. Material Readiness Spt.	–	–	–	–	1,015
y. Worker Safety Demo	5,000	–	–	–	–
z. Energy Savings	4,000	–	–	–	–
aa. Energy Demand Red. (2-Yr)	–	–	6,800	6,800	–
ab. Sustainable Range	–	–	1,100	1,100	–
ac. CTMA	–	–	6,000	6,000	–
ad. Wearable Computers	–	–	1,700	1,700	–

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

	FY 2001 Actuals	FY 2002 Budget Request	FY 2002 Current Approp	FY 2002 Estimate	FY 2003 Estimate
5. Acquisition and Technology Programs (Continued)					
ae. Energy Sustainable Audits	-	-	1,500	1,500	-
af. Freemarkets	-	-	1,400	1,400	-
ag. Base Information System	-	-	-	-	15,000
Subtotal	102,769	73,119	100,823	100,823	94,660
6. Programs Not Otherwise Listed:					
a. Pacific Cmd. Regional Initiative (CinCPAC)	19,956	-	6,000	6,000	-
b. Middle East Regional Security Issues	998	-	-	-	-
c. Clara Barton Center	1,497	-	1,000	1,000	-
d. Grant to USO	7,483	-	8,500	8,500	-
e. Grant to Red Cross	4,989	-	3,500	3,500	-
f. Center for Preservation of Democracy	20,000	-	-	-	-
g. D Day Museum	2,100	-	-	-	-
h. Bosque Redondo Mem.	1,996	-	4,250	4,250	-
i. Reserve Jt. Professional Military Education	-	-	3,100	3,100	-
j. Bosque Redondo Mem.	1,996	-	-	-	-
k. Eisenhower Mem. (X-Yr)	-	-	2,600	2,600	-

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

	FY 2001 Actuals	Budget Request	FY 2002 Current Approp	FY 2002 Estimate	FY 2003 Estimate
6. Programs Not Otherwise Listed: (Continued)					
l. Regional Defense Counter-terror Program (X-Yr)	–	–	17,900	17,900	–
m. Pagett Thomas Barracks, Citadel	–	–	15,000	15,000	–
n. Somerset Cty. PA 9/11/01 Memorial (X-Yr)	–	–	1,000	1,000	–
o. Armed Forces Retirement Home	–	–	5,200	5,200	–
p. Joint National Training Center	–	–	–	–	2,400
Subtotal	58,843	–	68,050	68,050	2,400
Total	528,924	437,141	534,668	534,468	499,943

Note: Total FY 2002 X-Year: $21,500,000
      FY '01/02 Carry-over from FY 2001: $ 6,800,000

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III. <u>Financial Summary (O&M $ in Thousands)</u>: (Continued)

B.	<u>Reconciliation Summary</u>:	Change FY 2002/FY 2002	Change FY 2002/FY 2003
1.	Baseline Funding	437,141	534,468
2.	Congressional Adjustments		
	a. Distributed	10,800	-
	b. Undistributed	-3,857	-
	c. General Provisions	53,516	-
	d. Earmarks	11,000	-
	e. Earmarks (Billpayers)	-384	-
2.	Appropriated Amt. (Subtotal)	508,216	-
3.	PY Balance Brought Forward (FY 01/02)	6,800	-
4.	Price Changes	21,152	24,157
6.	Functional Transfers	-1,700	-
7.	Program Changes	-	-58,682
8.	Current Estimate	534,468	499,943

C. <u>Reconciliation of Increases & Decreases</u>:

1.	FY 2002 President's Budget Request	437,141
2.	Congressional Adjustments (Distributed)	
	a. Program Growth	-15,000
	b. Studies and Analysis	-5,000
	c. CTMA	6,000
	d. ADUSD (MPP&R) Wearable Computers	1,700
	e. CISA	3,500
	f. Energy Sustainability Audits	1,500
	g. Information Assurance Scholarship	6,100
	h. Clara Barton Center	1,000

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

    C. Reconciliation of Increases & Decreases: (Continued)

        2. Congressional Adjustments (Distributed) (Continued)

i. Pacific Command Regional Initiative	6,000
j. Study on Intelligence Capabilities and Data Resources	5,000
Total Congressional Adjustments (Distributed)	10,800

        3. Congressional Adjustments (Undistributed)

a. Legacy	11,000	
b. Legacy – CSS Alabama	1,000	
c. Legacy – CSS Hunley	900	
d. Management Headquarters Reduction	-20,360	
e. Tier One Rate	-500	
f. Reserve Component Joint Professional Military Education	3,100	
g. Freemarkets	1,400	
h. DJAS	-397	
Total Congressional Adjustments (Undistributed)		-3,857

        4. Congressional Adjustments (General Provisions)

a. S. 8087 Grant to Red Cross	3,500	
b. S. 8098 Legislative Affairs	-1,979	
c. S. 8102 Reduction in Travel Costs	-274	
d. S. 8111 Grant to USO	8,500	
e. S. 8117 Grant to National D-Day Museum	4,250	
f. S. 8120 Grant to Eisenhower Memorial (X-Year)	2,600	
g. S. 8121 Fossil Energy Research	1,700	
h. S. 8125 Regional Defense Counter Terrorism Program (X-Year)	17,900	
i. S. 8158 Padgett Thomas Barracks (Citadel)	15,000	
j. S. 8163 Armed Forces Retirement Home	5,200	
k. S. 8123 Management Efficiencies	-2,881	
Total Congressional Adjustments (General Provisions)		53,516

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II. <u>Financial Summary (O&M $ in Thousands)</u>: (Continued)

   C. <u>Reconciliation of Increases & Decreases</u>: (Continued)

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      5.  Congressional Earmarks
          a.  S. 8047 Indian Lands Mitigation              10,000
          b.  S. 8155 Somerset County, PA Memorial
              to 9/11/02 (X-Year)                           1,000
              Total Congressional Earmarks                          11,000
      6.  Congressional Earmarks (Bill Payers)
          a.  S. 8047 Indian Lands Mitigation                -306
          b.  S. 8054 Commission on Future of US
              Aerospace Industry (X-Year)                     -45
          c.  S. 8155 Somerset County, PA Memorial
              to 9/11/02 (X-Year)                             -33
              Total Congressional Earmarks                             -384
      7.  FY 2002 Appropriated Amount                                508,216
      8.  Prior Year Balance Brought Forward                           6,800
      9.  Program Increases
          a.  FY 2001 and FY 2002 9-11 Commemoration Ceremonies.  1,790
          b.  Wargaming Center.                              2,100
          c.  Force Transformation Directorate.            10,000
              Total Program Increases                               13,890
     10.  Program Decreases
          a.  S. 8123 Management Efficiencies Decrease       -96
              Total Program Decreases                                  -96
     11.  Reprogramming
          a.  Management Headquarters Redistribution        7,099
          b.  Legislative Affairs Redistribution             259
              Total Reprogramming                                   7,358
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II. **Financial Summary (O&M $ in Thousands)**: (Continued)

    C. Reconciliation of Increases & Decreases: (Continued)

        13. Functional Transfer Out
            a. Fossil Energy R&D per Section 8121 of P.L. 107-117
                of the FY 2002 DoD Appropriations Act.   -1,700
        14. FY 2002 Current Estimate   534,468
        15. Price Growth   24,157
        16. Program Increases
            a. Program Growth in FY 2003
                (1) Travel – Increased to return to normal
                travel following the aftermath of terrorist
                attacks on the U.S.   3,354
                (2) Intergovernmental Personnel Act/
                Reimbursable Detail - Increased to meet the
                demand for expertise not available in OSD and
                for pay increases above inflation.   1,585
                (3) Contract Support and Other Services –
                increase for DISA Tier I support ($500)
                and to meet the urgent demand for specialized
                contractor advice and expertise ($618).   1,118
                (4) Deputy Chief Financial Officer – Increased
                to obtain expert assistance in order to comply
                with the Federal Financial Management
                Improvement Act (FFMIA).   1,468
                (5) Gulf War Illnesses – Increase related to
                the decision not to sunset this organization
                and increasing responsibilties.   1,419
                (6) Force Transformation Office – Increased
                to obtain additional expert advice and
                services, established per QDR.   348

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

    C. Reconciliation of Increases & Decreases: (Continued)

        16. Program Increases (Continued)
           a. Program Growth in FY 2003 (Continued)

(7) Republic of Korea Scholarships - increase for additional scholarships.	216
(8) Long-Range Planning – Program Analysis and Evaluation (PA&E) relies of contractors for analytic and modeling support. Lack of these resources will affect the ability of PA&E to provide the Secretary with honest, unbiased analysis.	4,894
(9) Command, Control, Communications, and Intelligence Mission and Analysis Fund – Increase will support a new initiative that provides presidential, national and strategic planning, and integration and architecture analyses required to enable adequate command and control for the NCA and senior leaders. Analyses will address critical NCA network deficiencies and integration requirements. In addition, this program increase will support continued improvement to spectrum policy and technical analysis; enhanced information assurance policy activities; and oversight of a joint reserve personnel intelligence capability within OSD.	5,475
(10) Information Superiority Integration Support - Increase will support critical emphasis on C2 and communications required to support the warfighter and the real-world war on terrorism; accomplishing the network centric	

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

    C. Reconciliation of Increases & Decreases: (Continued)

        16. Program Increases (Continued)
           b. Program Growth in FY 2003 (Continued)
               objectives of getting data to the user in a
timely and protected manner; and greater
oversight of major space acquisition programs,
special interest programs, and transformation
initiatives.   1,881
(11) Chief Information Officer – The increase in
funding will be used to lay the foundation for:

- A revolutionary approach to DoD-wide
  network-centric operations; and
- Reflecting the FY 02 lessons-learned in
  existing emphasis areas and strategies; and
- Pursuing new emphasis areas called for by the
  need to transform today's platform-centric
  environment into a network-centric one.   2,153
(12) Gulf States Initiative - Provides an increase
to support continued planning and law enforcement
activities.   152
(13) Technical Security Countermeasures –
Increase will support critical emphasis on C2
and communications required to support the
warfighter and the real-world war on terrorism;
accomplishing the network centric objectives of
getting data to the user in a timely and protected
manner; and greater oversight of major space
acquisition programs, special interest programs,
and transformation initiatives.   1,382

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

   C. Reconciliation of Increases & Decreases: (Continued)

      16. Program Increases (Continued)
         c. Program Growth in FY 2003 (Continued)
               (14) Technology Development – Provides increased
               support to classified mission activities.   7,603
               (15) OSD Study Program – This program is
               increased to provide expert advice and
               services needed by components of the OSD.   1,211
               (16) Systems Engineering – Increased to fund
               interoperability assessments, reengineering
               configuration management/data management
               acquisition policy, and updating Defense
               Acquisition University course content
               For the DoD Acquisition workforce.   543
               (17) Deskbook – Increased to provide
               Knowledge Management tools.   772
               (18) Chief Financial Officer's Act Compliance
               – Increased to accelerate compliance.   402
               (19) Defense Reform Project for Competition –
               increased to improve analytical tools.   366
               (20) Acquisition Programs Support Systems –
               increased to provide the needed level of
               contractor support for improved data
               management and data security.   567
               (21) Acquisition Reform Support and
               Improvement – Increased to track
               implementation of improvements in the
               Acquisition program.   761

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

C. Reconciliation of Increases & Decreases: (Continued)

    16. Program Increases (Continued)
        a. Program Growth in FY 2003 (Continued)

(22) Acquisition Workforce Demonstration – Increased for the requirement to train new participants and to publish a new/revised Federal Register with the anticipated increase of participants in the project.	2,474
(23) Past Performance Automated Information Systems – Is a new program using reallocated resources.	680
(24) Environmental International Cooperation – Increased to fund cooperation with other countries on Environmental Security.	511
(25) Defense Acquisition Reform Automation – Increased due the need to automate and Reduce paperwork.	405
(26) Material Readiness – Increased to improve OSD guidance of service material readiness and sustainment support.	101
(27) Logistics Systems Modernization Support – Started to improve OSD guidance to the effort to modernize service logistics systems. This is a new program expected to rise significantly in following years.	11,527
(28) Low Observable/Counter Low Observable - Acquisition Workforce Demonstration – Increased to improve oversight of the effort to field low observable vehicles and countermeasures to those fielded by others.	31

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

    C.   Reconciliation of Increases & Decreases: (Continued)

        16. Program Increases (Continued)
           a.   Program Growth in FY 2003 (Continued)

(29) Joint National Training Center – Established to improve Joint operations through the appropriate training.	2,400
(30) Base Information System – Established to provide accurate and reliable real property inventory data to enable the department to make informed financial decisions.	15,000
Total Program Increases	70,799

        17. Program Decreases
           a.   Program Reduction in FY 2003

(1) Transportation of Things – Reduced to reflect falling requirements for paying the cost of personnel moves.	-108
(2) Official Representation – Modestly decreased to reflect falling requirements for hosting foreign dignitaries.	-6
(3) Permanent Change of Station - Reduced to reflect falling requirements for Relocation support.	-252
(4) Net Assessment – Reduced to reflect the completion of one-time studies assigned by the current administration.	-1,289

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

    C. <u>Reconciliation of Increases & Decreases</u>: (Continued)

        17. Program Decreases (Continued)
          a. Program Reduction in FY 2003 (Continued)

(5) Memorial Services – There are two services, the one-month and one-year anniversaries of the September 11, 2001 terrorist attack on the Pentagon, held 10/11/01 and planned 9/11/02.	-1,817
(6) Command Information Superiority Architecture – The decrease is the result of a Congressional plus-up in FY 2002 that specifically addressed adding homeland security, continuity of government operations, and counter-terrorism efforts.	-2,639
(7) Information Assurance Scholarship – This program is a one-year FY 2002 Congressional add.	-6,192
(8) Study on Intelligence Capabilities and Data Resources – This is a one-year FY 2002 Congressional Add.	-5,075
(9) Legacy – This is a perennial Congressional add with only the administrative expense tail budgeted.	-10,878
(10) Legacy – CSS Alabama. This is a one-year FY 2002 Congressional add.	-1,015
(11) Legacy – CSS Hunley. This is a one-year FY 2002 Congressional add.	-914
(12) Open Systems Architecture – This program is decreased to reflect progress made through increases in execution.	-307
(13) Consolidated Acquisition Reporting System – Reduced due to increases in execution in the prior year and resulting progress.	-151

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

    C. <u>Reconciliation of Increases & Decreases</u>: (Continued)

        17. Program Decreases (Continued)
           a. Program Reduction in FY 2003 (Continued)

(14) Commercial Practices Initiative – Reduced to reflect progress made through Increases in execution.	-582
(15) Arctic Military Environmental Cooperation - Reduced to reflect the planned sunset of this program.	-552
(16) Native American Land Remediation - This is a perennial Congressional earmark with only the administrative expense tail budgeted.	-9,852
(17) Energy Demand Reduction - This is a one-time FY 2001 Congressional add expiring in FY 2002.	-6,902
(18) Sustainable Range Initiative - This is a one-year FY 2002 Congressional add to establish advance planning to ensure training ranges are protected from encroachment and ensure better management of Unexploded Ordnance.	-1,117
(19) Commercial Technology for Maintenance Activities - This is a one-year FY 2002 Congressional add.	-6,090
(20) AUSD (MPP&R) Wearable Computers - This is a one-year FY 2002 Congressional add.	-1,726
(21) Energy Sustainability Audits - This is a one-year FY 2002 Congressional add.	-1,523
(22) Freemarkets - This is a one-year FY 2002 Congressional add.	-1,421
(23) Clara Barton Center - This is a one-year FY 2002 Congressional add.	-1,015

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

    C. Reconciliation of Increases & Decreases: (Continued)

        17. Program Decreases (Continued)
            a. Program Reduction in FY 2003 (Continued)

(24) Pacific Command Regional Initiative - This is a one-year FY 2002 Congressional add.	-6,090
(25) Reserve Component Joint Professional Military Education – This is a one-year FY 2002 Congressional add.	-3,147
(26) S. 8087 Grant to Red Cross - This is a one-year FY 2002 Congressional add.	-3,553
(27) S. 8111 Grant to United Service Organization - This is a one-year FY 2002 Congressional add.	-8,628
(28) S. 8117 Grant to D-Day Museum - This is a one-year FY 2002 Congressional add.	-4,314
(29) S. 8120 Grant to Eisenhower Museum – This is a one-year FY 2002 Congressional add.	-2,639
(30) S. 8125 Regional Defense Counter Terror Initiative - This is a one-year FY 2002 Congressional add.	-18,169
(31) S. 8158 Grant to the Citadel for the Pagett Thomas Barracks - This is a one-year FY 2002 Congressional add.	-15,225

            b. Program Reduction in FY 2003 (Continued)

(32) S. 8155 Grant to the Eisenhower Museum – This is a one-year FY 2002 Congressional add.	-1,015
(33) S. 8163 Grant to the Armed Forces Retirement Home.	-5,278
Total Program Decreases	-129,481
18. Program Changes (Net)	-58,682
19. FY 2003 Budget Request	499,943

III. <u>Performance Criteria and Evaluation Summary</u>:

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) (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.

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IV. **Personnel Summary**:

	FY 2001	FY 2002	FY 2003	FY 2002/ FY 2003
Active Military End Strength (E/S) (Total)				
Officer	390	408	406	-2
Enlisted	79	77	78	+1
Civilian End Strength (Total)				
US Direct Hire	1,455	1,471	1,496	+25
Active Average Strength (A/S) (Total)				
Officer	390	408	406	-2
Enlisted	79	77	78	+1
Civilian FTEs (Total)				
US Direct Hire	1,455	1,471	1,496	+25

Note: 48 Civilian FTE and 48 Civilian End Stength for which DIA is reimbursed are included.

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

	FY 2001 Actuals	Change from FY2001 to FY2002		FY 2002 Estimate	Change from FY2002 to FY2003		FY 2003 Estimate
		Price Growth	Program Growth		Price Growth	Program Growth	
EX. Gen. & Spec. Schedules	159,771	16,631	0	176,402	18,746	0	195,148
Wage Board	380	13	0	393	21	0	414
Disability Comp.	663	24	0	687	28	0	715
Travel of Persons	11,639	186	1,240	13,065	195	3,355	16,615
Transportation	78	1	106	185	2	-107	80
SLUC/GSA Rent	112	1	0	113	1	1	115
Purchased Communications	131	2	-1	132	1	1	134
Printing & Repro.	9	0	0	9	0	0	9
Equip. Maintenance	1,530	24	-2	1,552	23	17	1,592
Equipment Purchases	60	0	0	60	0	1	61
Contract Consultants	238	3	0	241	3	1	245
Mgmt/Prof Support Svcs	134,496	2,151	-6,140	130,507	1,966	-3,695	128,778
Studies, Anal. & Eval.	77,043	1,232	-7,554	70,721	1,066	-2,384	69,403
Eng. & Tech. Svcs.	23,492	375	-5,676	18,191	272	646	19,109
Other Intra-gov't Pur	29,717	475	-7,571	22,621	339	803	23,763
Grants	36,600	585	19,765	56,950	854	-57,804	0
Other Contracts	34,472	551	-5,023	30,000	450	340	30,790
Other Costs	18,493	277	-6,131	12,639	189	144	12,972
Total	528,924	22,532	-16,988	534,468	24,157	-58,682	499,943