

Fiscal Year (FY) 2004/FY 2005
Biennial Budget Estimates
Office of the Secretary of Defense (OSD)



February 2003

**Office of the Secretary of Defense
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2004/FY 2005 Biennial Budget Estimates
 Budget Activity 4: Administration and Servicewide Activities
 Appropriation Highlights
 (\$ in Millions)**

Appropriation Summary	FY 2002 Actual	FY 2003 Estimate	Price Growth	Program Growth	FY 2004 Estimate	Price Growth	Program Growth	FY 2005 Estimate
Budget Activity 4	536.133	685.308	17.776	9.483	712.567	13.458	468.138	1,194.163
Total	536.133	685.308	17.776	9.483	712.567	13.458	468.138	1,194.163

Description of Operations Financed

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

Narrative Explanation of Changes

FY 2003 to FY 2004

The program growth is relatively small, less than two per cent, and is due to Global War on Terror-driven emergent requirements being funded in OSD and to the funding of core OSD operating programs deferred in the prior year to fund higher priority items. The total of the Global War on Terror funding from the FY 2002 and FY 2003 appropriations and the FY 2003 Congressional adds not carried forward is \$188.0 million.

Major Issues

The Office of the Secretary of Defense (OSD) is focused on support of the War on Terrorism.

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

The Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I) Chief Information Officer (CIO) program provides oversight of space issues, command and control, intelligence and the integration of DoD information including information technology, information management and information security. The C3I focus is to support DoD's Transformation by ensuring all IT systems work together, DoD and Intelligence Community (IC) systems are interoperable, DoD and IC architectures are compatible, and that our military are prepared to fight joint and combined operations with our allies.

The Department continues the development of a business-process based enterprise architecture (EA). The EA will enable the Department to produce accurate and reliable financial statements and to deliver timely and relevant information to decision makers.

Many policy issues are being explored. They include studies on China's military calculations, assessments, processes, and analytic methods, her capabilities, her military writings and doctrines; expanded studies of Eurasian areas and trends, especially increasing energy requirements; force posture implications and the feasibility and practicality of the rapid dominance approach.

In order to continue transforming the way the Department uses and supports its personnel, OSD also requires contracted advisory and assistance services to develop and evaluate alternate military career lengths and career paths, including more integration between active and reserve careers. New compensation policies to support the transformed careers also need to be developed and evaluated. Further, OSD must explore further policies to underpin employer and family support for a reserve force that will need different skills and be used more intensively in the future (e.g., homeland defense/first-responder responsibilities). Finally, quality of life and family support policies require analytic efforts to ensure they are focused on the most cost-effective means of strengthening readiness and encouraging retention of military personnel.

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Summary of Increases and Decreases

		<u>BA 4</u>
1. FY 2003 President's Budget		499,943
2. Congressional Adjustments (Distributed)		
a. Clara Barton Center	3,000	
b. Pacific Command Regional Initiative	5,100	
c. Adjustment, Studies and Analysis	-1,200	
d. Feasibility Study - National Dedicated Fiber Optic Network	1,250	
f. PA&E Long Range Planning	-5,300	
g. Adjustment, Logistics Systems Modernization	-2,000	
h. C3I Mission & Analysis Fund	-4,894	
i. GWOT Transfer - Information Operations	1,500	
j. GWOT Transfer - COOP	18,000	
k. GWOT Transfer - CIP Biological Agent Security	2,000	
l. GWOT Transfer - CIP Nuclear Facility Command and Control	400	
m. GWOT Transfer - CIP Technology & Consequence Management	6,600	
n. GWOT Transfer - CIP COOP	10,500	
o. GWOT Transfer - NIPC Reserve Support	4,000	
p. GWOT Transfer - Hard & Deeply Buried Targets	3,050	
q. GWOT Transfer - Horizontal Fusion Analysis	2,000	
r. GWOT Transfer - C3I Intel Programs Centrix	14,000	
s. GWOT Transfer - Classified	9,500	
t. GWOT Transfer - C3I Classified	52,600	

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Summary of Increases and Decreases

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2. Congressional Adjustments (Distributed) (continued)		
u. Intelligence Fusion Study Confirmation	4,250	
v. Management Headquarters Reduction	-11,600	
w. IT Network Consolidation	-10,000	
x. Middle East Security Issues Program	1,500	
y. Wearable Computers	3,400	
z. Commercial Technology for Maintenance Activities	5,750	
aa. Command Information Superior Architectures (CISA)	2,800	
ab. Program Growth	-17,000	
ac. Legacy - CSS Alabama	600	
Total Congressional Adjustments (Distributed)		99,806
3. Congressional Adjustments (Undistributed)		
a. Legacy - Naval Architectural & Projects	8,400	
b. FECA Surcharge Reduction	-233	
c. Unobligated Balances	-1,014	
d. CSRS/FEHB Accrual	-10,567	
Total Congressional Adjustments (Undistributed)		-3,414
4. Congressional Adjustments (General Provisions)		
a. Section 8100 Management Efficiencies	-8,033	
b. Section 8103 Government Purchase Card	-225	
c. Section 8109 Reduce Cost Growth of IT	-787	

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4.	Congressional Adjustments (General Provisions) (continued)		
	d. Section 8129 Grant to Red Cross	2,800	
	e. Section 8129 Grant to USO	2,800	
	f. Section 8129 Grant to Intrepid Sea-Air-Space	2,500	
	g. Section 8133 Reduce growth of Travel Costs	-280	
	h. Section 8135 Inflation, revised economic assumptions	-3,345	
	Total Congressional Adjustments (General Provisions)		-4,570
5.	Congressional Earmarks		
	a. Section 8044 Indian Lands Environmental Impact	10,000	
	b. Section 8070 National D-Day Museum	3,000	
	c. Section 8148 Assistance to Victims of Domestic Violence	5,000	
	d. Indian Lands Offset	-469	
	e. National D-Day Museum Offset	-3,000	
	f. Assistance to Victims Offset	-5,000	
	Total Congressional Earmarks		9,531
6.	FY 2003 Appropriated Amount		601,296
7.	FY 2003 Baseline Amount		601,296
8.	Reprogrammings/Supplementals		0
	a. Financial Management Modernization Program from RDT&E	30,490	

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		<u>BA 4</u>
8. Reprogrammings/Supplementals (continued)		0
Total Reprogrammings/Supplementals		30,490
9. Prior Year Balance Brought Forward (02/03 GWOT)		69,801
10. Functional Transfers-In		
To Reflect Congressional Intent		
a. N/A	0	
Other Transfers-In		
a. N/A	0	
Total Transfers-In		0
11. Functional Transfers-Out		
To Reflect Congressional Intent		
a. N/A	0	
Other Functional Transfers-Out		
a. To WHS for IT Support to CIFA	-416	
b. To WHS for Support to Force Transformation	-993	
Total Transfers-Out		-1,409
12. Price Changes		0

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Summary of Increases and Decreases

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13.	Program Decreases		
	a. Changes for Emergent Requirements - Undistributed	-1,606	
	b. To WHS for IT Support to GWOT Site R	-5,400	
	c. To WHS for IT Support to GWOT COOP Alt Sites	-6,400	
	d. To WHS for IT Support to GWOT Non-COOP	-7,700	
	Total Program Decreases		-21,106
14.	Program Increases		
	a. DoD Rewards Program	2,000	
	b. Public Affairs Issues	1,148	
	c. FYDP Improvement Program	700	
	d. Lost Work Day System	2,388	
	Total Program Increases		6,236
15.	FY 2003 Current Estimate		685,308
16.	Price Changes		17,776
17.	Functional Transfers		
	a. N/A	0	
	Total Functional Transfers		0

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18. Program Increases	
a. Travel of Persons	2,919
b. Transportation of Things	44
c. Official Representation	249
d. IPA	601
e. PCS	6
f. Contract Support and Other Services	59,630
g. DCFO	1,332
h. Financial Management Modernization Program	1,625
i. Net Assessment	10,955
j. Gulf War Illnesses	1,284
k. Force Transformation Office	1,021
l. Joint National Training Center	1,339
m. ROK Scholarship Fund	103
n. Long Range Planning	6,844
o. C3I M&A	8,721
p. ISIS	1,645
q. CIO	1,803
r. GSI	146
s. Tech Security Countermeasures	809
t. Technology Development	28,018
u. Info Systems Security Program	15,174
v. Critical Infrastructure Protection	11,189

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18. Program Increases (continued)		
w. Legacy	853	
x. OSD Study Program	11	
y. Consolidated Acquisition Reporting System (CARS)	3,005	
z. Deskbook	1,609	
aa. CFO Act Compliance	2,352	
ab. Defense Reform Project for Competition	662	
ac. Acquisition Programs Support Systems	9,791	
ae. Acquisition Workforce Demonstration	867	
af. Environmental Security Cooperation	485	
ag. Logistics System Modernization Support	7,253	
ah. Commercial Practices Initiative/Acq Reform Spt & Imp	15,365	
ai. Transform Procurement Regulations	3,841	
aj. E-Business COE	12,005	
ak. Mission Capabilities/Systems Engineering	6,724	
al. BRAC Support	2,593	
am. Readiness and Range Preservation Initiative	1,500	
an. Base Information System	10,002	
Total Program Increases		234,375
19. Program Decreases		
a. CISA	-2,407	
b. Study on Intel Capabilities and Data Resources (C3I)	-4,314	

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19. Program Decreases (continued)	
c. 02/03 GWOT Carry-Over	-70,847
d. 03 GWOT	-83,695
e. Open Systems Architecture	-1,078
f. Systems Engineering	-2,304
g. Commercial Practices Initiative	-6,808
h. AMEC	-607
i. Acquisition Reform Support and Improvement	-5,770
j. Past Performance Automated Information Systems	-487
k. Native American Land Remediation	-9,864
l. DAR Automation	-571
m. Material Readiness	-726
n. Low Observable, CLO	-294
o. CTMA	-5,836
p. Wearable Computers	-3,451
q. Clara Barton Center	-3,045
r. Pacific Command Regional Initiative	-5,178
s. Grant to Intrepid Sea-Air-Space	-2,538
t. Grant to Red Cross	-2,842
u. Grant to USO	-2,842
v. Grant to D-Day Museum	-3,045
w. Assistance to Victims of Domestic Violence	-5,074
x. Feasibility Study National Dedicated Fiber Optic Ntwrk	-1,269

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Summary of Increases and Decreases

	<u>BA 4</u>
20. Program Decreases (continued)	
Total Program Decreases	-224,892
21. Program Changes (Net)	9,483
22. FY 2004 Budget Request	712,567
23. Price Changes	13,458
24. Program Changes (Net)	468,138
25. FY 2005 Budget Request	1,194,163

OFFICE OF THE SECRETARY OF DEFENSE
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Manpower Changes in Full-Time Equivalent End Strength

	<u>US Direct Hire</u>	<u>Foreign National</u>		<u>Total</u>
		<u>US Direct Hire</u>	<u>Indirect Hire</u>	
1. FY 2002 FTE	1,379	0	0	1,379
Changes	0	0	0	0
2. FY 2003 FTE	1,492	0	0	1,492
Changes	113	0	0	113
3. FY 2004 FTE	1,419	0	0	1,419
Changes	-73	0	0	-73
4. FY 2005 FTE	1,419	0	0	1,419
Changes	0	0	0	0
5. Summary: O&M, Defense-Wide				
FY 2002				
O&M Total	1,379	0	0	1,379
Direct Funded	1,379	0	0	1,379
Reimbursable Funded	0	0	0	0
FY 2003				
O&M Total	1,492	0	0	1,492
Direct Funded	1,492	0	0	1,492
Reimbursable Funded	0	0	0	0
FY 2004				
O&M Total	1,419	0	0	1,419
Direct Funded	1,419	0	0	1,419
Reimbursable Funded	0	0	0	0
FY 2005				
O&M Total	1,419	0	0	1,419
Direct Funded	1,419	0	0	1,419

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Reimbursable Funded	0	0	0	0
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**Office of the Secretary of Defense
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 PERSONNEL SUMMARY**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Change FY 2003/ <u>FY 2004</u>	Change FY 2004/ <u>FY 2005</u>
<u>Active Military End Strength (Total)</u>						
Officer	408	406	406	406	0	0
Enlisted	77	78	78	78	0	0
<u>Civilian End Strength (Total)</u>						
US Direct Hire	1,399	1,424	1,424	1,424	0	0
<u>Active Military Average Strength (A/S) (Total)</u>						
Officer	408	406	406	406	0	0
Enlisted	77	78	78	78	0	0
<u>Civilian FTEs (Total)</u>						
US Direct Hire	1,399	1,424	1,424	1,424	0	0

Note: The increase reflects modest hiring above attrition and transfers in from DIA.

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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.

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I. Description of Operations Financed: (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; dependents' education; personnel support programs; and mobilization planning and requirements.

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I. Description of Operations Financed: (Continued)

G. Policy

Policy oversees matters relating to international security policy and political-military affairs. Functional areas: NATO, foreign military sales, arms limitation agreements, international trade and technology, peacekeeping, partnerships, regional security affairs, special operations and low-intensity conflicts, integration of plans and policies with overall national security objectives, drug control policy requirements, priorities, systems, resources, and programs, and issuance of policy guidance affecting departmental programs.

Budget Subactivity Explanations

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 Defense Reform Initiative (DRI) is not reflected separately. The budget assumes the transfer of Defense Intelligence Agency (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.

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 and from other federal agencies.

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I. Description of Operations Financed: (Continued)

A. Core Operating Program: (Continued)

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

Transportation of things 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. Director, Program Analysis and Evaluation (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.

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I. Description of Operations Financed: (Continued)

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

The C3I Mission and Analysis Fund provides resources to perform studies and technical analyses of ongoing and emerging requirements in the Department's command, control, communications, computers, intelligence, reconnaissance, and surveillance (C4ISR) and space activities. These analyses support the formulation, coordination, management and oversight of DoD policies, guidance, and plans for C4ISR space and information programs. Funding will enable the DoD to develop space, security, information operations, and counterintelligence policies capable of adapting to a rapidly changing operational environment; focused on the networked, shared-risk environment; designed to enhance situational awareness and response options with regard to evolving threats and vulnerabilities, foster systems integration and interoperability and the application of transformational technologies, and provide for necessary policy and programmatic oversight. 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, employment of space capabilities, and space policy support 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; formulation and oversight of U.S. Government National Security Policy Directives on space transportation, remote sensing, and other space related matters; and formulation and oversight of DoD policy guidance for national security space activities. Funding also provides presidential, national and strategic planning, and integration and architecture development for net-centric command and control (C2). One of the major C2 initiatives, the Unified Command System, will develop policy to guide investment and planning to produce transformation global C2 capability for the President, Secretary of Defense, and other senior leaders while accommodating selected business enterprise capabilities. In addition, C3I Mission funding supports coordination with the intelligence community on remote sensing issues; military intelligence needs; intelligence requirements, analysis and priorities; resource planning and programming; exploitation management; and intelligence data dissemination.

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I. Description of Operations Financed: (Continued)

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

The DoD CIO program has specific goals to transform the DoD from a platform-centric information technology environment to one that is custom-focused and network-centric. These goals and the strategies for achieving them are consistent with key elements of the Administration's IT and E-Government agenda - information sharing and knowledge flow; access to high quality information and services; enterprise-wide licenses for software; enterprise architectures; and the IT workforce. Funding will be used to continue support for a net-centric warfare and business environment - relying to the maximum extent possible on existing initiatives; define and refine the DoD-wide data management strategy; evolve the Global Information Grid (GIG) architecture (V.2) and compliance with it; pursue DoD enterprise software licensing opportunities; develop strategies to foster greater use of commercial-off-the-shelf technologies; and initiatives to educate and train IT personnel. This program will implement key aspects of the data management strategy; expand the Enterprise Software Initiative Program to optimize benefits already achieved; implement an expansion of the GIG architecture to include the business component; "pilot" net-centricity tools and techniques; and continue oversight of the GIG Bandwidth Expansion project.

The CISA program provides the Unified Commands 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 the reengineering and transformation that provides trans-Area of Responsibility (AOR) network centric operations required to meet JV 2020 goals implemented via the Global Information Grid (GIG). Support for the development of the GIG architecture (the Department's IT architecture required by the Clinger-Cohen Act of 1996) by the DoD CIO is also a key facet of the CISA program that supports both the Unified Commands and the Principal Support Activities (PSAs). CISA implements the CIO and C3I goal of establishing a network centric IT infrastructure, as well as the goals for a collaborative knowledge based information sharing environment, and best business practices that allow a trained workforce to effectively link net-centricity strategy to requirements generation, PPBS and acquisition processes. The CISA program is leading to common, coherent "Go to War" capabilities and identifying best business practices

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I. Description of Operations Financed: (Continued)

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

that identify differences in capabilities and interoperability issues between Unified Commands, and their multi-national partners. Specific new CISA initiatives will integrate net-centricity concept, achieve horizontal fusion of missions and business processes across the Unified Commands, their components, and multi-national partners, that will establish trans-AOR network centric operations. CISA will also perform cross-Unified Command analysis of capabilities to impact IT investment strategies to improve transition plans for the Unified Commands to reach objective architectures according to the goals of JV 2020.

The Information Superiority Integration Support (ISIS) program provides resources for program oversight and integration of, and related planning for the implementation of joint and combined end-to-end integration of command, control, communications, intelligence, surveillance, and reconnaissance (C3ISR) and space systems. Program oversight and integration are critical enabling functions required to ensure the achievement of the Department's goals of information superiority, and the improvement of Network Centric Operations. ISIS resource initiatives include improved program oversight and Department guidance for acquisition system programs to better exploit advanced technologies, reduce acquisition cycle time and cost, enhance system interoperability and advance the Department's strategic, tactical, and telecommunications Transformational goals. Program oversight analyses and management ensure integration of the Department's related disciplines including strategic vision, policy, standards, and necessary interoperability for command, control, communications, intelligence, surveillance, and reconnaissance into programs. The ISIS program also provides resources for the acquisition process oversight, direction, and technical analysis to ensure Services' and Defense Agencies' acquisition and special interest programs, information technology programs, transformation initiatives, and war efforts' advocacy are addressing acquisition milestone decisions and related programmatic requirements. Integration efforts also enable the Department to develop, implement, and support key programs, and recommend policies for improvements in C3, space control, satellite operations, satellite launch, environmental sensing and Position, Navigation and Timing.

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I. Description of Operations Financed: (Continued)

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

Integration Support will oversee the migration from stovepiped C3ISR systems to the transformational end-to-end integrated, interoperable, secure systems that comprise the Global Information Grid (GIG). The GIG, in turn, is the foundation necessary to support Net-Centric operations and to achieve information superiority.

The Technology Development Program 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) 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 Security Training and Awareness program provides resources to support the Joint Security Training Consortium (JSTC), a jointly funded DoD initiative to standardize training, strength functional skills, and enhance career development opportunities for the security workforce. Funding provides for the development and management of job and professional certification programs as well as selected training and professional development products to meet community operational needs. Funding also supports DoD security awareness initiatives, programs, and product development including major security awareness campaigns for the DoD workforce. Note: This program was previously called "Technical Security Countermeasures." The program title was changed to more accurately reflect the program functions.

The C3I Information Systems Support Program provides resources to support policy development, program oversight and integration for all DoD Information Assurance (IA) efforts, including all efforts that protect and defend information systems by ensuring their availability, integrity, authentication, confidentiality, and non-repudiation. These efforts include providing for Computer Network Defense (CND) and the restoration of information

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I. Description of Operations Financed: (Continued)

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

systems by incorporating protection, detection, analysis and reaction and response capabilities. Provides for rationalization and integration of the Information Systems Security Program (ISSP) and other IA related programs in accordance with the DoD IA Strategic Plan and Defense Planning Guidance and integrates IA program spending with DoD enterprise requirements. Focuses on technical policy development; technology program analysis and integration; IA and CND architecture development and oversight; IA and CND operations process integration, impact assessment and mitigation planning; oversight and development of IA human resource education, training and awareness; and IA program development, integration and oversight (including detailed analysis and oversight of DoD Components IA program and budget). It provides for IA support to major automated information systems (MAIS) programs, major defense acquisition programs (MDAP), risk management activities, pilot programs and demonstrations, multi-national initiatives, and short-term studies and research of critical DoD interest. Funding supports implementation of the statutorily mandated Defense-wide Information Assurance Program (10 USC 2224), the Information Assurance Scholarship Program (10 USC 2220) and the Federal Information Security Management Act of 2002 (44 USC 3544/3545) - replacing Government Information Security Reform (44 USC 3534/3535) - which requires annual IA evaluations of DoD information systems and reports on those systems.

The Critical Infrastructure Program (CIP) will focus assessing and analyzing DOD's critical infrastructure assets including identifying and fixing potential vulnerabilities and assuring the Combatant Commanders' capability to execute the force projection mission. These transformational capabilities are critical to homeland defense and essential in defending against terrorist threats in CONUS and abroad. This is important because the United States has entered an era of new vulnerabilities. Current and future adversaries are assessing the United States' vulnerabilities and coming up with new ways to counteract U.S. military technological advantages. Terrorists will strike to cause mass casualties, and even more sophisticated adversaries are identifying U.S. soft targets that will disrupt our military operations and undermine confidence in our ability to mobilize, sustain and deploy military capability. The DoD counterweight must be a defensive strategy commensurate with its overwhelming offensive

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

capability, especially for homeland defense. Led by OSD/C3I and supported by the JPO-STC, defense infrastructure sector leads and the military services, the CIP program gets to the heart of these issues. The DoD CIP Program identifies what assets are most critical to military operations and single-points-of-failure within and between critical infrastructures - the targets of a sophisticated adversary. The Program is conducting vulnerability assessments on critical infrastructure assets in both the public and private sectors, avoiding expensive assessments of assets that are not critical to military operations. The CIP program is identifying what must be fixed first.

The Global War on Terrorism (GWOT) funding will sustain the Coalition Enterprise Regional Information Exchange System (CENTRIX), a coalition mechanism that supports the rapid exchange of intelligence information between the Theater Combat Commanders, their components, Allied/Coalition partners, and US Embassies. In addition, this funding will support the Horizontal Fusion program to expand the ability to automate data pull and fusion across geographically dispersed, multiple INT databases in order to track and target fleeting targets. This effort has direct applicability to the current military operations ongoing and contemplated in the CENTCOM AOR.

D. Acquisition, Technology and Logistics Programs:

The Office of the Under Secretary of Defense, Acquisition Technology and Logistics (OUSD(AT&L)) is responsible for the Department's technology base, research and development centers, laboratories, DoD installations, logistical base, weapons systems acquisition, and acquisition policy and procedures. OUSD(AT&L) is the focal point for a much larger acquisition workforce distributed throughout the world whose responsibilities have an enormous bearing on the readiness and capabilities of our armed forces. Programs included in this section and briefly described below request resources: to execute programs mandated by

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

Congress; to improve the Acquisition process and to provide assurance that efficiencies are implemented rapidly throughout the entire acquisition corps; to facilitate regulatory compliance and protect resources entrusted to it; to perform special analyses requested by Congress, and the administration; and to enable the Secretary and his staff to implement modern business practices to facilitate improvements in the way we do business.

The overall FY 2004 budget request for all appropriations for the Office of the Under Secretary of Defense (AT&L) is about \$900M less than the FY 2003 budget request. OUSD(AT&L), in response to the Secretary's call to transform the Department to a more efficient organization, made significant changes in the collective resource posture in the FY 2004 budget request. OUSD(AT&L) requested a total of \$1.9 billion in FY 2003 (\$216 million in Procurement, \$1.3 billion in RDT&E, \$95 million in O&M, and \$250 million in Military Construction). In FY 2004, OUSD(AT&L) is asking for a total of \$1.0 billion (procurement \$37 million, RDT&E \$697 million, O&M \$125 million, and Military Construction \$156 million). The reduction amounts to a reduction of 46% of the previous budget. In order to accomplish the mission as effectively as in the past, the programs requested in Operations and Maintenance accounts are more critical than ever. This budget request includes programs that have been increased in scope (approximately \$24 million), new programs (\$21 million), programs that have been reduced in scope (-\$16 million), programs that were terminated with some efforts retained and combined with other programs (net decrease of -\$4 million) as well as termination of programs. The O&M budget request reflects the nature of the work performed by the organization and the refocused mission support requirements, as well as an urgent increase to our O&M budget requirement owing to reallocation of resources in the previous AT&L budget accounts.

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

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: These programs help ensure that the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) conducts programs to address Congressional direction or specific laws.

CFO Act Compliance: Achieving compliance with the CFO Act (CFOA) and the Federal Financial Management Improvement Act (FFMIA) is both mandated by the Congress and one of the Secretary's top 5 priorities. 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 and fall under the purview of the OUSD(AT&L). Properly and accurately controlling, valuing and reporting PP&E, OM&S and inventory are essential to achieve compliance with the CFOA and FFMIA, as well as to achieve the objectives of the Secretary's Financial Management Modernization Program (FMMP). The OUSD(AT&L) is working closely with the DoD Comptroller to address and implement FMMP, CFOA and FFMIA requirements pertaining to PP&E, OM&S, inventory, environmental liabilities, disposal liabilities, and deferred maintenance. To become CFOA and FFMIA compliant and to achieve the objectives of the FMMP, acquisition, procurement, installation management, environmental, and logistics policies, processes, procedures, and systems must be updated or changed. The OUSD(AT&L) is ensuring that such changes are properly incorporated in the DoD

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Financial Management Enterprise Architecture (FMEA). The CFO Compliance Program provides funds to assist the OUSD(AT&L) execute a coordinated corporate approach, using subject matter experts and Public Accounting Firms, to develop and implement new policies, processes and procedures that are critical to the success of the FMMP and FMEA and compliance with the CFA and FFMIA. The OUSD(AT&L) corporate approach, which involves the DoD Components, is expected to save DoD funds and resources by eliminating duplicative (stovepipe) efforts. Outcomes from this Program include more 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.

Legacy Management Resources: Congress appropriated nearly \$9 million above the request in FY 2003 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.

Native American Land Remediation: Congress appropriated nearly \$10 million above the DoD request in FY 2003 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: A significant effort has resulted in innovations and improvements to the acquisition process. The Department remains committed to seeking and implementing actions continuously to further improve the acquisition process.

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

Defense Procurement and Acquisition Policy: The Acquisition Reform Support and Improvement Program is being combined with the Commercial Practices Initiative program. It provides funding for the Acquisition Workforce Demonstration Program; funds Workforce Management Issues such as workforce identification, counting and reporting; communicates change and helps train the acquisition workforce on how to implement the change.

The Commercial Practices Initiative program implemented change through continuous learning module development and the Change Management Center (CMC) in an effort to support the integration of best commercial practices into DoD's acquisition process.

The new combined program, Defense Procurement and Acquisition Policy (DPAP) Program, will continue to communicate and implement changes throughout the DoD acquisition, technology and logistics community in the areas of acquisition excellence and streamlining the acquisition workforce and processes. Congress 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 that direction, and to communicate and implement change throughout the DoD-wide acquisition community. Specifically funds will support Workforce Management Issues - workforce identification, counting and reporting on the workforce - required by Congress and; communication and outreach efforts concerning emerging policies and changing processes in Acquisition. Communication and outreach efforts include developing several web-based continuous learning modules, guidebooks, and push email messaging capability for the DoD-wide Acquisition workforce. Training modules are being developed to help understand commercial business practices, and how the commercial practices differ from traditional government approaches. These will be contrasted with traditional government approaches. The DPAP program will also continue to fund change management facilitated workshops on Senior Leadership directed efforts.

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

Acquisition Workforce Demonstration: The USD(AT&L) implemented the AcqDemo in February 1999 to enhance the quality, professionalism, and management of the AT&L workforce and chartered the AcqDemo Project Office to manage the effort. USD(AT&L) oversight of the AcqDemo programs ensures program visibility across the DoD-wide AT&L workforce, facilitates Senior Executive Committee direction to AT&L to recruit/develop/retain talented people, enables AT&L to leverage the AcqDemo in pursuing other AT&L initiatives, and provides a team experienced in the design, development and training of a results/outcome based personnel system.

Mission Capabilities/Systems Engineering: Open Systems Joint Task Force and Systems Engineering lines are being combined, renamed and restructured as Mission Capabilities/Systems Engineering. This new program creates a capability to foster system-of-systems acquisition processes; interoperability and network readiness including execution review and oversight processes; mission area analysis; AT&L staff participation, training and integration into the IT oversight process (e.g. resource analysis, logistics, contracting, interoperability, development testing); and Liaison with DoD and Component CIOs on acquisition matters.

In the area of Mission Capabilities, this program is assigned the mission and function of working with the Joint Staff, Services, Combatant Commands, Defense agencies, and other OSD offices to define joint integrated architectures for warfighting capability areas. Working with the Joint Staff as lead for the operational views of the architectures, this program will represent the development community in defining these operational views and then lead the development of the systems views of the architectures, defining what systems to bring together in a system-of-systems approach to meet warfighter needs. Key to the success of this effort is the application of a modular open systems approach (MOSA) at the system-of-systems level to ensure modular designs, identification of key interfaces, and implementation of open interface standards where appropriate. At the systems level, MOSA is a requirement for all acquisition programs and this effort will ensure through formulation of policy,

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

guidance documents, and program indicators that MOSA becomes an integral part of the systems engineering process across the Department and industry. Without MOSA at the systems level, the Department will not be able to maintain interoperability when upgrading in an affordable manner with less complexity. This program works with the intelligence, command, control, and communications and operational communities to sort out how best to use systems to achieve mission capability by guiding first-order capability analysis, helping lay out capability roadmaps, allocating performance and schedule exceptions to individual systems, and working to harmonize development plans and schedules. This program will also lead engagement in the PPBS program review, developing investment strategies to build mission capability and working to shape investment plans. In addition, this program will identify technology gaps and shortfalls and work with DDR&E and others to address them.

Systems Engineering promotes the application of sound and effective systems engineering principles and practices in acquisition programs throughout the DoD. Systems Engineering ensures that program managers apply good practices in the planning and execution of programs, and assesses the performance of those who carry out the programs. This program defines what constitutes good systems engineering in practice and then captures, shares and ensures the application of the best practices in design, development, production, and support. It also promotes the use of sound engineering management tools and methods through collaboration with the Services, academia, professional associations, and industry. This program will promote acquisition learning in the area of systems engineering, both for the government and within the private sector. It is the responsibility of this program to set policy for systems engineering practices and see to their implementation including leading, as needed, assessments of engineering capability and progress; independent expert program review support to program managers as requested; and systematic analysis of acquisition issues to identify causal factors contributing to capability delivery problems.

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

This program is assigned the mission and function to provide Systems Engineering policy (e.g., 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 include the capability maturity model integration (CMMI), which consists of the integrated systems engineering capability maturity model (CMM), the IPPD CMM, and the software CMM.

The program funding also supports management of the education and training requirements for the following career fields, accounting for approximately 40% of the Defense Acquisition Workforce Improvement Act (DAWIA) acquisition workforce: Systems, Planning, Research, Development and Engineering (SPRDE); Production, Quality, and Manufacturing (PQM); and T&E. Defense Acquisition University (DAU) training in these fields must integrate program, technical, and business management practices. Systems Engineering leads the Defense Acquisition University (DAU) course reviews, initiating course revisions through the Functional Advisor and Functional Integrated Product Teams (FIPTs); and it will ensure that the content is in line with the Department's Acquisition Excellence (formerly Acquisition Reform) initiatives.

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

Funding will also support technical risk 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. Assessments focus on operational 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.

Low Observable/Counter Low Observable Export Control: 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 database. This database will allow trend analysis by U.S. firm, requesting country, technology requested for export, and previous restrictions applied to similar

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

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 Technology Security Agency (DTSA), 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 DTSA 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: In order to comply with regulatory requirements, OUSD(AT&L) must develop and/or improve programs that address the intent of the requirements. These requested funds will allow the Department to better respond to statutory reporting requirements.

Consolidated Acquisition Reporting System (CARS): The Consolidated Acquisition Reporting System program provides information to satisfy DoD oversight and management needs, and improves field report software. CARS must continue to enable the Department to meet statutory reporting requirements and provide information on the status of Secretary of Defense and USD(AT&L) metrics (including those related to the Government Performance Results Act goals).

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

These requirements include the Selected Acquisition Report (SAR), the Unit Cost Report (UCR), and the Acquisition Program Baseline (APB) for major defense acquisition programs, as mandated by Title 10, U.S. Code. To better respond to these requirements, the CARS effort will completely redesign the CARS field software. The redesigned system will enforce data integrity and current business rules, thereby improving the quality of the data and simplifying the preparation of the APB, SAR and Defense Acquisition Executive System (DAES) (which includes the UCR). It will also provide for automatic data downloads and uploads to the CARS centralized database via an Internet/SIPRNET enabled application, which will eliminate the use of floppy diskettes for data transfer, further simplify the preparation of the documents, facilitate the consistency of information in the Department acquisition reports, and improve the timeliness of the data. In addition, the FY 2004-2005 efforts will also provide Contract Analysis Performance ("Earned Value") tools to the field for the first time.

In response to high priority DoD oversight requirements, the CARS program will continue the spiral development of an Executive Information System (EIS) for DoD Senior Management. This includes efforts to evolve the current DAES process into a "Virtual DAES," by further developing the FY 2003 effort of providing OSD and PM program assessments via a web based application; the identification of data query and retrieval requirements, and the development of user friendly pre-programmed query tools; providing for data warehousing and mining opportunities; and providing a capability that will allow for relatively easy access to summary and detailed (via drill down capability) program acquisition information. Additional requirements of the OSD EIS will be added as they are identified.

Defense Management Initiative: The Defense Management Initiative program (formerly titled Reform Project for Competition & Infrastructure) improves the management of the services and facilities (including housing) on defense installations and ensures effective

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

implementation of selected defense reform initiatives for competition and eliminating I. 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.

Promulgating Policy: In many cases, policies established by the Department and the Administration must be supported through OUSD(AT&L) oversight and efforts. These funds ensure the effective and efficient implementation of these policies.

Deskbook: The Deskbook program funds support development, implementation and maintenance of a new Acquisition, Technology and Logistics (AT&L) Knowledge Sharing System (AKSS), and the transition of the legacy Deskbook information into AKSS. The AKSS/Deskbook is the single source of up-to-date material on AT&L policies and practices, while at the same time providing the AT&L workforce, including DoD's industry partners, access to expertise and on-line knowledge communities. The AKSS provides a single gateway to knowledge and expertise provided and submitted by OSD, DAU, Services, Agencies, and Industry. The AKSS advanced internet system is updated continuously based on customer feedback and additional knowledge being added by customer organizations. The AKSS will evolve from a simple internet gateway into a single portal to AT&L policy, knowledge and expertise, customizable to individual and organizational needs. A CD version is released quarterly to the AT&L community for contingency situations where the internet is not available.

Environmental Security Cooperation: 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

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democratic societies to adjust to concepts such as civilian oversight, public accountability, openness, and cooperation with civilian agencies.

Arctic Military Environmental Cooperation (AMEC): The AMEC program conducts a limited number of technology demonstrations in support of Norway, a key NATO ally. These demonstrations address Russian pollution of prime fishing grounds with both radiological and non-radiological waste. Projects are also designed to enhance the security of stored radioactive material, decreasing the potential for diversion and possible use in the manufacture of "dirty bombs." This program has a proven track record and is a cost effective and efficient means of constructive involvement with the military forces of Norway and Russia.

Transform Procurement Regulations: The Defense Acquisition Regulations (DAR) Transformation Initiative is a new initiative to increase the efficiency and improve the quality and effectiveness of the DoD's procurement regulatory process and rulemaking capability. The work of the DAR Council touches all contract awards, transactions and the administration of DoD contracts valued in excess of \$150 Billion per year issued from locations around the world. The Defense Federal Acquisition Regulation Supplement to the Federal Acquisition Regulation and the processes to generate and maintain these regulations have far reaching implications for industry, small businesses, Congress and all members of the Acquisition workforce.

The DAR Transformation Initiative will dramatically improve the processes and provide the tools to move the development, implementation, publication and communication of hundreds of policies, laws and needed changes in the Federal Acquisition Regulation (FAR) and DoD FAR Supplement (DFARS) from a bureaucratic, lengthy and paper-based process to an electronic, web-based, far-reaching capability.

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A DFARS transformation Task Force is working on a value-based review of the DFARS to identify improvements and reductions to procurement policies, procedures and processes. Products for FY 2004 include a final validated business process model, development of a to-be business process model, the conduct of a competitive concept development/requirements development program leading to competitive demonstrations and a down-selection to a single contractor to integrate technologies to meet our business process needs. The objective of this project is to obtain a "user-friendly" IT system to support the DAR System that facilitates collaboration and effective communication among all the stakeholders in the acquisition process and includes a knowledge management structure that will enable effective document management and permit open dissemination of information to facilitate sound business decision making.

The targeted end-state is an integrated IT solution that incorporates the following high level capabilities.

- Paperless environment that is PC-based and web enabled to the maximum extent practicable.
- Collaboration tool to facilitate communication, and decision making.
- Work-flow and management information reporting.
- Document management of current and past DoD contracting regulations, documents, guidance with all supporting materials and files.
- Open distribution of contracting regulations and guidance with library functions to facilitate search and retrievals in a timely manner.
- Integration of the E-Gov initiatives in Electronic Rulemaking (i.e. E-Docket system).
- Leverage DoD Knowledge Management goals and initiatives.

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

This program represents a value-based process re-engineering effort with the judicious application of technology tools with expected outcomes: dramatically reduce the size of the current DFARS; improve transparency, accountability, and participation by the field in rulemaking; and increase efficiencies in the rulemaking process.

Perform Special Technical Analysis for all OSD Staff: These funds support requirements for special analyses and/or contractor support, especially in areas where the Department lacks specific funding and/or expertise.

OSD Study Program: The OSD Studies and Analysis Program supports requirements for analyses and contractor assistance within OSD and the Joint Staff, 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: In this age of rapidly changing and improving technology, and the enormous sources of information available, OUSD(AT&L) must be able to provide sufficient information technology assets to the staff. These assets improve the work and information flow, both within and outside the Department.

Electronic Business Center of Excellence: To transform how the Department acquires weapon systems, goods, and services to support warfighting strength, technological capabilities and efficiencies must be brought to bear to a far greater degree than in the past. Electronic business (EB) implements business technologies and transforms business processes. The Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L)

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directed the establishment of an EB office in AT&L to be the engine of change. The EB office focus will be twofold - external and internal. Funds will provide resources to the AT&L mission, throughout the DoD acquisition/procurement community, and with our trading partners in the private sector.

The external focus EB office will lead the transformation of the acquisition/procurement business environment of the AT&L enterprise and external business partners through electronic business governance, the application of technology, and alignment within the Department's business modernization programs and within the CIOs initiatives. The office will support the President's Management Agenda and eGovernment initiatives including the Federal Acquisition Environment. It will establish:

- EB guidelines and standards to create accessible, efficient, effective, seamless and collaborative acquisition process.
- The governance of EB across the DoD acquisition community to support the integrated acquisition end state and the forthcoming Federal Management Enterprise Architecture.
- The review, approval, and enforcement of standards, constraints, guidelines, processes, and products for use within the acquisition community.

Products will include:

- Transition plan to identify and phase out unneeded legacy acquisition/procurement information systems while building on the needed systems to create an integrated DoD-wide EB system.
- Support for an Integrated Digital Environment that will link industry, program offices and oversight offices in a way that all share the same, validated data.
- A structure for knowledge management and change management to implement EB DoD-wide.
- Concepts of operation for procurement and purchase cards.
- Oversight of systemic changes in purchase card processes to minimize fraud and waste.
- Portfolio management of all acquisition/procurement information systems.

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- Integration with federal e-Government architectures and transition of DoD systems to government-wide use.
- Execute responsibilities of a domain owner under the DoD(C) Financial/business Management Modernization Program.
- Using C4ISR modeling, link the Financial Management Enterprise Architecture to procurement CONOPS and implemented EB systems.
- Complete the Standard Procurement System Analysis-of-Alternatives.
- Initiate transformational pilots and quick wins in acquisition/procurement EB.

The internal focus EB office will lead the implementation of the new AT&L E-Business Initiative for all electronic business systems controlled and operational within the OSD AT&L staff organization. The initiatives will directly support the USD(AT&L) goals and objectives to improve productivity of the staff, to increase the collaboration capability of the AT&L staff with organizations and staff external to AT&L and to meet external e-government guidance from OMB and the OSD CIO. These initiatives include:

- The establishment of the AT&L Portfolio Management Program to identify all electronic business in the AT&L organization, establishing a registry of this information, and setting up a systematic set of procedures to develop business cases tailored to the size and scope of the projects.
- The establishment of a set of metrics to allow senior managers to evaluate the true added value of both legacy and new e-business projects within AT&L.
- The establishment of a systematic program to evaluate new appropriate technologies and apply those technologies in small pilot programs for potential future implementation in various business processes in AT&L.

Acquisition Programs Support Systems: The Acquisition Programs Support Systems program provides resources to support internal staff mission requirements and improve the sharing and

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I. Description of Operations Financed: (Continued)

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

knowledge flow and use of mission-essential information. Funding will be used to provide contract and resource management analysis, technical analysis, systems administration and engineering, administrative support to various mission applications areas and functions, and a new Portal technology capability.

The increase in this program provides remedy for insufficient IT funding to fully fund required levels of IT infrastructure and business applications support due to cost growth in the market place for IT support services; increase in requirement to sustain COOP capabilities established since September 11, 2001; and increase in requirement for analysis support for contract and resource management execution, information technology management, appropriation accounts reconciliation, major project master planning, and online research supporting Congressional testimony, program and budget justifications, and major acquisition program reviews. Analysis is required in the mission areas of international technology security, industrial policy, procurement, small and disadvantaged businesses, software intensive systems, and information technology management.

Additionally, increase will provide for new classified and unclassified IT infrastructure, COTS software licensing, and systems integration support to establish a Portal technology capability. The Under Secretary of Defense (AT&L) directed that a Portal capability be implemented to provide increased information sharing and knowledge flow that would lead to a substantive increase in productivity of the AT&L staff. The goals of the Portal capability are to make information in DoD databases interactively accessible to the DoD community, Federal, and Public sectors where appropriate; and, to provide closer, more convenient online collaboration among AT&L staff to meet mission requirements.

This technology will provide integrated access to mission-essential business process information on weapon systems, nuclear proliferation, acquisition policy, small business application grants, base closures, and other AT&L functional areas to a broader community of interest. This capability will greatly improve the ability of the Public to obtain relevant

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

detailed information in these areas and greatly reduce AT&L manpower requirements to answer Public sector requests for information.

Mission requirements have been evaluated in AT&L to determine which business process requirements could be met by applying Portal technology. The application of Portal technology to successfully meet business process requirements has emerged in such areas as: initiatives include:

1. Nuclear Proliferation. Access to large databases maintained by AT&L can be provided via a Portal to the State Department and other DoD Components for appropriate collaboration and editing. The State Department Portal and the AT&L Portal would be linked since both use the same software.

2. Acquisition "Ask the Expert" System. The DoD vendor community would use the Portal to navigate to appropriate policy guidance and best practices data interactively, and then automatically refer questions to the appropriate subject matter expert in the AT&L community to obtain authoritative answers.

3. DoD Small Business Application Grants. The Portal would be used much like the commercial "TURBOTAX" product. The Portal would interactively guide the small business applicant through the grant application process and give the applicant access to databases relevant to the applicant's business area of interest.

Logistics, Material Readiness

Logistics System Modernization: The Deputy Under Secretary of Defense (Logistics, Material Readiness) (DUSD/L&MR) formulates logistics business systems policy, program

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I. Description of Operations Financed: (Continued)

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

integration, interoperability, standardization, and technology improvements. Advanced Information Technology capability has created unique opportunities to improve logistics support to the war fighter dramatically. New information paradigms have emerged, allowing the Services and Agencies to implement 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 FY 2004 funds will provide the resources to support this essential DUSD/L&MR mission requirement.

The FY 2004 Logistics System Modernization program will accomplish the following objectives: 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) 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.

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

Base Information System: The FY 2003 start up efforts were budgeted within the AT&L budget line and approved by Congress to establish a Base Information System (BIS) to support installation management decisions. The BIS improves the reliability of real property management and accounting systems. The Installation Visual Tool (IVT) module of the BIS will provide an expanded information tool to support installation management decisions by integrating data from existing real property sources with geographical imagery to graphically view operational and physical characteristics related to installations and facilities. Examples include encroachment (environmental/urban), explosive safety arcs, and noise restriction patterns. The increase between the FY 2003 and FY 2004 requirement accelerates certain components of the tool development to support future infrastructure decisions by senior DoD leadership.

Readiness and Range Preservation Initiative: This new program addresses encroachment, which is severely straining DoD's 1) access to its test and training ranges and 2) ability to prepare forces for combat. The program responds to the President's submission of the Readiness and Range Preservation Initiative to Congress in April 2002, and to two recent GAO audits on encroachment. OSD will initially fund scientific studies, planning, coordination, and public outreach activities.

Base Realignment and Closure Support (BRAC): The Department must initiate advance activities to meet the statutory requirements in the National Defense Authorization Act for FY 2002 which provided BRAC 2005 authority. Funding these advance activities is critical to ensure a timely and comprehensive BRAC 2005 analysis.

Defense Procurement and Acquisition Policy: The Acquisition Reform Support and Improvement Program is being combined with the Commercial Practices Initiative program. Historically, the Acquisition Reform Support and Improvement Program provided funding for the

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

Acquisition Workforce Demonstration Program; funded Workforce Management Issues such as workforce identification, counting and reporting; communicated change and helped train the acquisition workforce on how to implement the change.

The Commercial Practices Initiative program implemented change through continuous learning module development and the Change Management Center (CMC) in an effort to support the integration of best commercial practices into DoD's acquisition process.

The new combined program, Defense Procurement and Acquisition Policy (DPAP) Program, will continue to communicate and implement changes throughout the DoD acquisition, technology and logistics community in the areas of acquisition excellence and streamlining the acquisition workforce and processes. In the National Defense Authorization Act for FY 2003, Public Law 107-314, Section 813, Congress asked the Secretary of Defense to submit a plan for improving the personnel management policies and procedures applicable to the Department of Defense (DoD) civilian acquisition workforce. The plan is based on the results of the DoD Civilian Acquisition Workforce Personnel Demonstration Project. This program is focused to follow the Secretary's Plan and congressional direction, and to communicate and implement change throughout the DoD-wide acquisition community. Funds will support Workforce Management Issues - workforce identification, counting and reporting on the workforce - required by Congress, and communication and outreach efforts concerning emerging policies and changing processes in Acquisition. Communication and outreach efforts include developing several web-based continuous learning modules, guidebooks, and push email messaging capability for the DoD-wide Acquisition workforce. Module development and execution are designed to form the basis of understanding commercial business practices and how they differ from traditional government approaches. The DPAP program will also continue to fund change management facilitated workshops on Senior Leadership-directed efforts.

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

Acquisition Workforce Demonstration: The USD(AT&L) implemented the AcqDemo in February 1999 to enhance the quality, professionalism, and management of the AT&L workforce and chartered the AcqDemo Project Office to manage the effort. USD (AT&L) chartered an OSD Program Office with the authority to implement and oversee the execution of this joint program across all the Services and AT&L Agencies. USD(AT&L) oversight of the AcqDemo programs:

- Ensures program visibility across the DoD-wide AT&L workforce;
- Facilitates Senior Executive Committee direction to AT&L to recruit/develop/retain talented people, as the Program Manager provides frequent status reports to the Senior Executive Committee comprised of Senior Acquisition Leaders across AT&L;
- Enables AT&L to leverage the AcqDemo in pursuing other AT&L initiatives, by applying core principles to innovative applications such as Streamlined Hiring, Expanded Education and Training Opportunities, Performance/Contribution-Based Performance Management System); and
- Provides a team experienced in the design, development and training of a results/outcome based personnel system. The Program offers training to new organizations entering the Program and legacy organizations currently participating in the Program. Approximately 8,000-10,000 new employees will enter the Program in FY 2003. AcqDemo locations in the continental United States receive training, typically 1-3 days per activity. Training is more frequent in locations with a high concentration of the acquisition workforce (San Diego, Edwards AFB, Warren, MI, Huntsville, AL, and National Capital Region).

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E. Other DoD Programs and Initiatives:

The Deputy Chief Financial Officer (DCFO) program funds support tasks related to the Administration's, and the Department's, goal of obtaining a clean audit opinion on financial statements. 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 to improve the Department's financial management and related operations.

The Deployment Health Support Directorate under the DUSD (Health Affairs), previously the Office of the Special Assistant for Medical Readiness, Military Deployments and Gulf War Illnesses, manages the Gulf War Illnesses Initiative. The mission now includes the examination of all past, present and future deployments as they relate to, or foster a better understanding of, the various factors that affect the health of deployed soldiers. The Directorate's mission has three main tiers: promote the implementation of DoD programs and policy to protect the health of all those involved in deployments; assess deployments for traditional and non-traditional threats to health and assure rapid integration of force health protection lessons learned; and actively conduct outreach programs to keep service members, their families, veterans, service organizations and the American public informed of DoD efforts to protect the health of the deployed force.

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 explore near- and long-term problems and opportunities for U.S. military forces and policy, including the Revolution in Military Affairs, wargaming, and simulation.

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I. Description of Operations Financed: (Continued)

E. Other DoD Programs and Initiatives: (Continued)

The Republic of Korea Scholarship program provides for scholarships as a memorial to Korean nationals who lost their lives at Nogun-Ri during the Korean Conflict.

The Office of Force Transformation support program, established under the 2001 Quadrennial Defense Review, 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) which is under OUSD (Personnel and Readiness).

The Contracts and Other Support Services program provides for contracts, consulting and other support requirements of the OSD components not supported by the separately described 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	Financial Management Modernization Program
FYDP Improvement (Comptroller/PA&E)	Director, Administration and Management
Director for Defense Reform	Historian
General Counsel	Organizational and Management Planning
Personnel and Readiness (P&R)	Quality Management Office
Work Work Days System (P&R)	Training Transformation (T2)
Distance Learning (P&R)	Homeland Defense

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Program Analysis and Evaluation
Reserve Affairs
Defense Reform Office
Legislative Affairs

Health Affairs
Small Rewards Program (SOLIC/Policy)
Middle East Security Issues (Policy)

The funded requirements 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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	FY 2002 <u>Actuals</u>	FY 2003		FY 2003 <u>Estimate</u>	FY 2004 <u>Estimate</u>	FY2005 <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	180,955	198,616	186,569	186,569	196,872	202,084
b. DIA Comp & Benes	5,680	-	-	-	-	-
c. Travel of Persons	12,248	14,938	11,687	11,687	14,781	17,286
d. Transportation	216	80	70	70	115	122
e. Official Representation Funds	2,044	2,902	2,555	2,555	2,842	3,091
f. IPA/Reimb. Details	2,283	3,827	2,332	2,332	2,968	3,242
g. PCS	110	104	98	98	98	130
Subtotal	203,116	220,467	203,304	203,304	217,676	225,955
2. <u>Other DoD Programs and Initiatives</u>						
a. OSD Contracts and Other Support Serv.	35,391	23,497	39,136	39,136	99,352	77,852
b. DCFO	7,000	6,674	5,450	5,450	6,864	6,819
c. Net Assessment	14,766	11,338	9,981	9,981	11,565	11,796
d. Financial Management Modernization Program	-	-	25,000	25,000	27,000	27,000
e. Counternarcotics	872	-	-	-	-	-
f. Gulf War Illnesses	8,757	10,310	8,666	8,666	10,080	11,275
g. Jt. Natl Training Ctr	0	2,400	1,420	1,420	2,900	3,400
h. Force Transformation	9,052	14,847	11,975	11,975	13,176	12,848
i. Emerging Initiatives	-	-	-	-	-	500,000
j. ROK Scholarship Fund	-	560	429	429	538	528
Subtotal	75,838	69,626	102,057	102,057	180,875	660,623

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

	<u>FY 2002</u>	<u>Budget</u>	<u>FY 2003</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
	<u>Actuals</u>	<u>Request</u>	<u>Current</u>	<u>FY 2003</u>	<u>Estimate</u>	<u>Estimate</u>
			<u>Approp</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
3. <u>Program Analysis and Evaluation Program</u>						
a. Long-Range Planning	21,354	26,812	16,836	16,836	23,933	23,823
4. <u>Command, Control, Communications and Intelligence Programs</u>						
a. C3I Mission & Analysis Fund	39,103	38,334	28,235	28,235	37,379	37,535
b. CISA	7,247	5,160	7,342	7,342	5,045	5,052
c. ISIS	10,060	12,979	10,881	10,881	12,689	12,709
d. Chief Info. Officer	11,096	13,915	11,627	11,627	13,604	13,625
e. Gulf States Initiative (GSI)	1,007	1,197	1,020	1,010	1,171	1,172
f. Study on Intel Capabilities & Data	5,000	-	4,250	4,250	-	-
g. Tech Security CM	923	2,500	1,800	1,800	2,636	2,640
h. Technology Dev.	17,762	14,293	10,383	10,383	38,556	38,677
i. Information Systems Sys Sec Prg	-	-	15,173	-	15,173	15,447
j. Info Assurance Scholarship	6,900	-	-	-	-	-
k. 02/03 GWOT	1,665	-	-	69,801	-	-
l. Critical Infrastructure Protection	-	-	-	-	11,188	11,108
m. 03 GWOT/DERF Tail	-	-	93,198	93,198	10,900	14,200
Subtotal	100,763	88,378	168,826	238,527	148,341	152,165

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

	FY 2002	FY 2003		FY 2003	FY 2004	FY 2005
	<u>Actuals</u>	<u>Budget</u>	<u>Current</u>	<u>FY 2003</u>	<u>Estimate</u>	<u>Estimate</u>
		<u>Request</u>	<u>Approp</u>	<u>Estimate</u>		<u>Estimate</u>
5. <u>Acquisition and Technology Programs</u>						
a. Base Info. System	-	15,000	11,300	11,300	21,471	15,400
b. OSD Study Program	21,039	21,088	18,935	18,935	19,230	18,822
c. Logistics Systems Modernization	-	11,527	8,403	8,403	15,782	20,234
d. Def Proc & Acq Policy	-	-	-	-	15,365	15,058
e. Commercial Practices Initiative	8,058	9,179	6,707	6,707	-	-
f. Acquisition Reform Support & Improvement	5,947	7,735	5,685	5,685	-	-
g. E Business COE	-	-	-	-	12,005	13,596
h. Acquisition Programs Support Systems	4,055	2,666	2,066	2,066	11,888	9,366
i. Legacy Resource Mgt.	12,449	287	9,000	9,000	9,988	9,974
j. Mission Capabilities/ Systems Engineering	-	-	-	-	6,724	6,588
k. Open Systems Arch.	2,779	3,254	1,062	1,062	-	-
l. Systems Engineering	1,580	3,070	2,270	2,270	-	-
m. CARS	674	1,255	905	905	3,924	3,269
n. CFO Act Compliance/ Property, Plant & Equipment	1,043	2,004	1,504	1,504	3,879	2,009
o. Transform Procurement Regulations	-	-	-	-	3,841	3,764
p. Defense Acquisition Regulation Automation	330	763	-	-	-	-

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	<u>FY 2002</u> <u>Actuals</u>	<u>FY 2003</u>		<u>FY 2003</u> <u>Estimate</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
		<u>Budget</u> <u>Request</u>	<u>Current</u> <u>Approp</u>			
<u>5. Acquisition and Technology Programs (Continued)</u>						
q. Acquisition Workforce						
Demonstration	1,673	3,965	2,965	2,965	3,879	2,823
r. Deskbook	944	3,382	1,672	1,672	3,306	3,295
s. Defense Reform Proj. for Competition	2,272	2,638	1,888	1,888	2,578	2,733
t. BRAC Support	-	-	-	-	2,593	2,306
u. Environmental Security Cooperation	1,191	1,923	1,373	1,373	1,879	1,816
v. Sustainable Range Init	900	-	-	-	1,500	-
w. Arctic Military Environmental Cooperation	2,620	2,666	1,946	1,946	1,368	-
x. Native American Land Remediation	13,133	298	10,000	10,000	286	280
y. L0/CLO Export Process	216	265	545	545	259	264
z. CTMA	-	-	5,750	5,750	-	-
aa. Wearable Computers	1,690	-	3,400	3,400	-	-
ab. Past Performance Auto- mated Info. Sys.	-	680	480	480	-	-
ac. Material Readiness	841	1,015	715	715	-	-
ad. Environmental Restor.	2,910	-	-	-	-	-
Subtotal	90,965	94,660	99,134	99,134	141,742	131,597

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	<u>FY 2002</u> <u>Actuals</u>	<u>FY 2003</u>		<u>FY 2003</u> <u>Estimate</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</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:</u>						
a. Clara Barton Center	1,000	-	3,000	3,000	-	-
b. Pacific Command Regional Initiative	5,952	-	3,100	5,100	-	-
c. Reserve Component Joint Professional Mil. Training	3,100	-	-	-	-	-
d. Grant to Red Cross	3,500	-	2,800	2,800	-	-
e. Grant to USO	8,500	-	2,800	2,800	-	-
f. Grant to D-Day Museum	4,250	-	3,000	3,000	-	-
g. Grant to Eisenhower Memorial	2,600	-	-	-	-	-
h. Pagett Thomas Barracks (Citadel)	15,000	-	-	-	-	-
i. Somerset County PA 9/11 Memorial	1,000	-	-	-	-	-
j. Armed Forces Retire- ment Home	5,200	-	-	-	-	-
k. Intrepid Sea-Air- Space	-	-	2,500	2,500	-	-
l. Assist Victims of Domestic Violence	-	-	5,000	5,000	-	-
m. Feasibility Study Natl. Fiber Optic Network	-	-	1,250	1,250	-	-

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	<u>FY 2002</u>	<u>Budget</u>	<u>FY 2003</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
	<u>Actuals</u>	<u>Request</u>	<u>Current</u>	<u>FY 2003</u>	<u>Estimate</u>	<u>Estimate</u>
			<u>Approp</u>	<u>Estimate</u>		<u>Estimate</u>
6. <u>Programs Added by Congress Not Otherwise Listed: (Continued)</u>						
n. Congressional Strategic						
o. Wargaming Ctr.	2,100	=	=	=	=	=
Subtotal	48,602	=	25,450	25,450	=	=
Total	536,133	499,943	615,507	685,308	712,567	1,194,163

NOTE: X-Year Programs Included in FY 2002.

Somerset County PA,		
9/11 Memorial	1,000	X-year
Eisenhower Memorial	2,600	X-year

B. Reconciliation Summary:

	Change	Change	Change
	<u>FY 2003/FY 2003</u>	<u>FY 2003/FY 2004</u>	<u>FY 2004/2005</u>
1. Baseline Funding	499,943	685,308	544,984
2. Congressional Adjustments			
a. Distributed	99,806	-	-
b. Undistributed	-3,414	-	-
c. Gen. Provisions	-4,570	-	-
d. Earmarks	18,000	-	-
e. Earmarks (Billpayers)	-8,469	-	-
3. Appropriated Amount (Subtotal)	601,296	-	-
4. Reprogramming from RDT&E (FMMP)	30,490	-	-
5. PY Balance Brought Forward	69,801	-	-

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B. Reconciliation Summary: (Continued)

6. Price Changes	-	17,776	13,458
7. Functional Transfers	-1,409	-	-
8. Program Changes	-14,870	9,483	468,138
9. Current Estimate	685,308	712,567	1,194,163

C. Reconciliation of Increases & Decreases:

1. FY 2003 President's Budget Request		499,943
2. Congressional Adjustments (Specified)		
a. Clara Barton Center	3,000	
b. Pacific Command Regional Initiatives	5,100	
c. Pricing Adjustment, Studies and Analysis	-1,200	
d. Feasibility Study - National Dedicated Fiber Optic Network	1,250	
e. PA&E Long-Range Planning	-5,300	
f. Pricing Adjustment, Logistics System Modernization	-2,000	
g. C3I Mission and Analysis Fund	-4,894	
h. GWOT Transfer - Information Operations	1,500	
i. GWOT Transfer - COOP	18,000	
j. GWOT Transfer - CIP Biological Agent Security	2,000	
k. GWOT Transfer - CIP Nuclear Facility C2	400	
l. GWOT Transfer - CIP Technology & Consequence Mgt.	6,600	
m. GWOT Transfer - CIP COOP	10,500	
n. GWOT Transfer - NIPC Reserve Support	4,000	
o. GWOT Transfer - Hard and Deeply Buried Targets	3,050	
p. GWOT Transfer - Horizontal Fusion Analysis	2,000	
q. GWOT Transfer - C3I Intel Programs Centrix	14,000	
r. GWOT Transfer - Classified	9,500	
s. GWOT Transfer - C3I Classified	52,600	

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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)	
	t. Intelligence Fusion Study Confirmation	4,250
	u. Management Headquarters Reduction	-11,600
	v. IT Network Consolidation	-10,000
	w. Middle East Security Issues Program	1,500
	x. Wearable Computers	3,400
	y. Commercial Technology for Maintenance Activities	5,750
	z. Command Info Superiority Architecture (CISA)	2,800
	aa. Program Growth	-17,000
	ab. Legacy - CSS Alabama	600
	Total Congressional Adjustments (Specified)	99,806
3.	Congressional Adjustments (Undistributed)	
	a. Legacy - Naval Architectural & Projects	8,400
	b. FECA Surcharge Reduction	-233
	c. Unobligated Balances	-1,014
	d. CSRS/FEHB Accrual	-10,567
	Total Congressional Adjustments (Undistributed)	-3,414
4.	Congressional Adjustments (General Provisions)	
	a. Section 8100 Management Efficiencies	-8,033
	b. Section 8103 Government Purchase Card	-225
	c. Section 8109 Reduce Cost Growth of IT	-787
	d. Section 8129 Grant to Red Cross	2,800
	e. Section 8129 Grant to USO	2,800
	f. Section 8129 Grant to Intrepid Sea-Air-Space	2,500
	g. Section 8133 Reduce growth of Travel Costs	-280
	h. Section 8135 Inflation, revised economic assump.	-3,345
	Total Congressional Adjustments (General Provisions)	-4,570

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

C. Reconciliation of Increases & Decreases: (Continued)

5. Congressional Earmarks			
a. Section 8044 Indian Lands Environmental Impact	10,000		
b. Section 8070 National D-Day Museum	3,000		
c. Section 8148 Assistance to Victims of Domestic Violence	5,000		
d. Indian Lands Offset	-469		
e. National D-Day Museum Offset	-3,000		
f. Assistance to Victims of Domestic Violence Offset	-5,000		
Total Congressional Earmarks		9,531	
6. FY 2003 Appropriated Amount			601,296
7. FY 2003 Baseline Amount			601,296
8. Reprogrammings/Supplementals			
a. Financial Management Modernization Program	-25,000		
b. Federal Accounting Standards Advisory Board	-5,490		
Total Reprogrammings/Supplementals			-30,490
9. Prior Year Balance Brought Forward (02/03 GWOT)			69,801
10. Functional Transfers-Out			
a. To WHS for IT Support to CIFA	-416		
b. To WHS for Support to Force Transformation	-993		
Total Transfers-Out			-1,409
11. Price Changes			-
12. Program Decreases			-
a. Changes for Emergent Requirements - Undistributed	-1,606		
b. To WHS for IT Support to GWOT Site R	-5,400		
c. To WHS for IT Support to GWOT COOT Atl Sites	-6,400		
d. To WHS for IT Support to GWOT Non-COOP	-7,700		
Total Program Increases			-21,106

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

C. Reconciliation of Increases & Decreases: (Continued)

13. Program Increases		
a. DoD Rewards Program	2,000	
b. Public Affairs Issues	1,148	
c. FYDP Improvement Program	700	
d. Lost Work Day System	2,388	
Total Program Increases		6,236
14. FY 2003 Current Estimate		685,308
15. Price Growth		17,776
16. Functional Transfers		
a. N/A	-	
b. N/A	-	
Total Functional Transfers		-
17. Program Increases		
a. Program Growth in FY 2004		
(1) Travel - Increased to reflect SECDEF related fact of life requirements and new organizations under OSD.		2,919
(2) Transportation of Things - Increase for anticipated personnel requirements.		44
(3) Official Representation - Increase for fact of life requirements in OSD.		249
(4) IPA - Increase for fact of life need for outside DoD expertise.		601
(5) PCS - Small increase for additional IPAs.		6

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

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases

a. Program Growth in FY 2004 (Continued)

(6) Contracts and Other Support Services (COSS) - Additional program support related to GWOT driven emergent requirements under OSD offices supported under COSS as follows: Public Affairs Web Integration, Satellite Uplink, Contract Research, Joint Training/ Professional Development, Joint Public Affairs Task Force, and Defense News Network (\$23 million). Information Support to SOLIC, under OUSD(Policy) to Support DoD participation in the National Information Campaign (\$23 million), Personnel and Readiness (P&R) Lost Work Day System (\$3 million) P&R Defense Readiness Reporting System (\$3 million) and P&R Training Transformation (T2) Oversight (\$6.5 million), P&R Joint Distance Learning (\$4.5 million), Homeland Defense (\$1 million), and Rewards Program (\$1 million) Without this, COSS is decreasing.	59,630
(7) DCFO - The increase is to restore prior year deferred program.	1,332
(8) Financial Management Modernization Program - This is second year under OSD O&M. The increase was programmed as part of the progression to full execution of the program.	1,625
(9) Net Assessment - \$10 million is for SECDEF directed studies beginning in FY 2004 while the remainder restores deferred program.	10,955

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

B. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases

a. Program Growth in FY 2004 (Continued)

(10) Gulf War Illnesses - The growth restores deferred program. 1,284

(11) Force Transformation Office - This increase reflects undistributed reductions in the prior year. 1,021

(12) Long-Range Planning - The increase restores program requirements deferred due to congressional reductions in FY 2003. 6,844

(13) Joint National Training Center - This increase is attributable to undistributed decreases to the prior year budget amount. 1,339

(14) ROK Scholarship Fund - This increase is also due to undistributed reductions in the prior year. 103

(15) C3I Mission and Analysis - The program increase will fund efforts to improve information technology infrastructures to achieve a ubiquitous, secure, and robust global military information network that increases information sharing and significantly improves situational awareness. Activities include integrating Defense unique and commercial satellite communications to extend connectivity from command post to tactical and mobile users, optimize the use

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

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases

a. Program Growth in FY 2004 (Continued)

(15) C3I Mission and Analysis - (Continued)
of commercial information technology, integrate security to provide uniform accreditation and strong authentication procedures for all elements and users of the network. To guarantee availability of the network, funds will be used to provide for network surge, redundancy and recovery capabilities. The additional funds will be used to develop enterprise level data strategy and the appropriate DoD governance infrastructure with supporting data service to support the Global Information Grid network centric operations. Particular efforts include effectively linking the net-centric strategy to requirements, generating acquisition milestones and the programming and budgeting cycle, developing structured and systematic ways of obtaining feedback on how well net centric strategies are being implemented. The program increase will also support continuity planning between and among the intelligence agencies, active and reserve military intelligence centers, and other locations to backup critical data and applications to ensure the availability of intelligence products and services to decision makers in the event of attack, natural disaster, or other catastrophic outage. Funding will support a comprehensive review of the feasibility and advantage of integrating/consolidating/updating security policies to enhance the nation's security

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

C. Reconciliation of Increases & Decreases: (Continued)

17. Program Increases

a. Program Growth in FY 2004 (Continued)

(15) C3I Mission and Analysis - (Continued)
posture for the 21st Century. Additional funding will allow for increasing space policy support to contingency planning, continued involvement in interagency and intelligence community remote sensing working groups, and anticipated revisions to National and Dod-wide space policy, directives, and instructions in response to the Global War on Terrorism. A significant portion of the program growth is the direct result of reductions to the FY 2003 program.

8,721

(16) ISIS - The program increase will support emphasis on oversight and compliance of critical command, control, communications, intelligence, surveillance, and reconnaissance capabilities, advancing the vision of the Global Information Grid through integrated legacy C4ISR systems while ensuring use of appropriate commercial information management and transport technologies; 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, IT Acquisition Rapid Improvement Team (RIT) pilot programs, and transformation initiatives. The Department will initiate the Net-centric Enterprise Services program that will provide the basic Information Technology services across the

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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 2004 (Continued)

(16) ISIS - (continued)enterprise; and this new effort will require close oversight by OSD to ensure development consistent with the GIG vision and architecture. 1,645

(17) CIO - The program increase reflects the need to fund requirements that were deferred from FY 2003 (e.g. implement commercial IT policies, guidelines, and metrics; C4I Support Plan management and processes). Moreover, increases reflect the phased, incremental and spiral nature of the program where each increment or a logical group of increments achieves a specific part of the net-centricity goals and strategy. 1,803

(18) GSI - The modest program increase will support continued law enforcement activities. 146

(19) Tech Security Countermeasures - Increased due to prior year deferrals. 809

(20) Technology Development - The program increase will support classified initiatives. 28,018

(21) Information Systems Support Program - Funding was transferred to this program beginning

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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 2004 (Continued)

(21) Information Systems Support Program - (continued) in FY 2004 to realign funds for proper execution. These funds were originally appropriated in RDT&E for Information Assurance and Computer Network Defense Support, Training, and Equipment activities that should have been financed in the O&M appropriation. FY 2003 funding was transferred to O&M through an internal reprogramming action.	15,174
(22) Critical Infrastructure Protection - Funding was transferred to this program beginning in FY 2004 to realign funds for proper execution. These funds were originally appropriated in RDT&E for CIP Computer Network Defense and Vulnerability Assessments that should have been financed in the O&M appropriation. FY 2003 funding was transferred to O&M through an internal reprogramming action.	11,189
(23) Legacy - Increased to support the Integrated Natural Resource Management Plan required by the Sykes Act.	853
(24) OSD Study Program - Increased modestly for labor increases.	11

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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 2004 (Continued)

(25) Acquisition Program Support Systems - The increase funds increased requirements to sustain continuity of operations capabilities established since September 11, 2001; new classified and unclassified IT infrastructure; COTS software licensing; and systems integration support to establish a portal technology capability.	9,791
(26) Acquisition Workforce Demonstration - Offers training to new employees entering the system.	867
(27) Environmental Security Cooperation - The growth restores deferred program.	485
(28) Consolidated Acq. Reporting Sys. - The increase allows the Department to meet statutory reporting requirements and provide information on metrics, including those relate to the Government Performance Results Act goals. The increase will redesign the CARS field software, enforce data integrity and current business rules, and improve the quality of the data. FY 2004 efforts will also provide Earned Value tools to the field for the first time.	3,005

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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 2004 (Continued)

(29) Deskbook - Increased to support development, implementation and maintenance of a new Acquisition, Technology and Logistics (AT&L) Knowledge Sharing System (AKSS), and the Transition of the legacy Deskbook information To AKSS.

1,609

(30) CFO Act Compliance - The increase funds new mandatory requirements necessary to comply

(30) CFO Act Compliance - (Continued) with the Chief Financial Officers Act and the Federal Financial Management Improvement Act.

2,352

(31) Defense Reform Project for Competition has been renamed Defense Management Initiative. The increase restores efforts deferred as a result of undistributed Congressional reductions to OSD programs applied in part against this Program.

662

(32) Defense Procurement and Acquisition Policy - These funds reflect the merging of the Commercial Practices Initiative and Acquisition Reform Support and Improvement. The increase will allow for Congressionally required reporting on the workforce, streamlining of the acquisition workforce

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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 2004 (Continued)

and processes, and outreach efforts including web-based continuous learning modules and guidebooks. Commercial Practices Initiative and Acquisition Reform Support and Improvement had prior year funding of \$6.7 Million and \$5.7 million respectively. The net program change after price growth adjustment would be a program increase of \$2.777 million. 15,365

(33) Transform Procurement Regulations - This is a new program in FY 2004 to increase the efficiency and improve the quality and effectiveness of the DoD's procurement regulatory process and rulemaking capability. 3,841

(32) E-Business COE - This program, new in FY 2004, is focused on implementing business technologies and transforming business processes to enable the DoD to acquire weapon systems, goods, and services to support warfighting strength, technological capabilities and efficiencies to a far greater degree than in the past. 12,005

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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 2004 (Continued)

(33) Mission Capabilities/Systems

Engineering - This program merges Open Systems Architecture and Systems Engineering to better support Systems Integration and Systems Engineering while emphasizing Open Systems Architectures. The increased effort is to create a mission context to make decisions on appropriate system-of-systems integrated architectures, as well as individual acquisition programs, to drive good systems engineering practice back into the way AT&L does business, and to build truly interoperable forces.

6,724

(34) BRAC 2005 Support Implementation - The increase funds the initiation of efforts to ensure a timely and comprehensive BRAC 2005 analysis.

2,593

(35) Readiness and Range Preservation Initiative - This is a new program under OSD for studies, planning, coordination, and public outreach activities addressing range encroachment.

1,500

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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 2004 (Continued)

(36) Base Information System - Increase provides for acceleration of certain components of the tool development to support future infrastructure decisions by senior DoD officials.

10,002

(37) Logistics System Modernization - The increase will allow the Department to implement enterprise-wide information sharing systems. These enterprise systems are the foundation for both logistics excellence and savings.

7,253

Total Program Increases

234,375

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

C. Reconciliation of Increases & Decreases: (Continued)

18. Program Decreases

a. Program Reduction in FY 2004

(1) CISA - The program decrease is the result of a Congressional Add provided in FY 2003 and not carried forward into FY 2004.	-2,407
(2) Study on Intelligence Capabilities and Data Resources (C3I) - A congressional increase not funded in FY 2004.	-4,314
(3) 02/03 GWOT Carry-Over - Funding in FY 2003 not carried forward into FY 2004.	-70,847
(4) 03 GWOT - The bulk of GWOT is not carried forward into FY 2004 resulting in this program decrease.	-83,695
(5) Open Systems Architecture - This program was merged with Systems Engineering in FY 2004 and retitled Mission Capabilities/Systems Engineering.	-1,078
(6) Systems Engineering - This program merges Open Systems Architecture in FY 2004 and retitled Mission Capabilities/Systems Engineering.	-2,304

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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 2004 (Continued)

(7) Commercial Practices Initiative - This program is merged with Acquisition Reform Support and Improvement Program in FY 2004 to gain efficiencies in the two programs.	-6,808
(8) AMEC - This decrease reflects reduced efforts as this program is phased out and discontinued at the end of FY 2005.	-607
(9) Acquisition Reform Support and Improvement - This program merges with Commercial Practices Initiative in FY 2004 in an effort to gain efficiencies in the two programs.	-5,770
(10) Past Performance Automated Information Systems - This program is terminated in OSD	-487
(11) Native American Land Remediation - This is a perennial congressional increase not carried forward.	-9,864
(12) DAR Automation - This program is terminated in OSD.	-571

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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 2004 (Continued)

(13) Material Readiness - This program is terminated in OSD.	-726
(14) Low Observable, CLO - This program is terminated in OSD.	-294
(15) Commercial Technology Maintenance Activities - (CTMA) This is a congressional add not carried forward.	-5,836
(16) Wearable Computers - This is a congressional add not carried forward.	-3,451
(17) Clara Barton Center - This is a congressional add not carried forward.	-3,045
(18) Pacific Command Regional Initiative - This is a congressional add not carried forward.	-5,178
(19) Grant to Intrepid Sea-Air-Space - This is a congressional add not carried forward.	-2,538
(20) Grant to Red Cross - This is a congressional add not carried forward.	-2,842
(21) Grant to USO - This is a congressional add not carried forward.	-2,842

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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 2004 (Continued)	
(22) Grant to D-Day Museum - This is a congressional add not carried forward.	-3,045
(23) Assistance to Victims of Domestic Violence - This is a congressional add not carried forward.	-5,074
(24) Feasibility Study, National Fiber Optic Network - This is a congressional add not carried Forward.	-1,269
Total Program Decreases	-224,893
19. Program Changes (Net)	9,483
20. FY 2004 Budget Request	712,567
21. Price Changes	13,443
22. Program Changes (Net)	468,153
23. FY 2005 Budget Request	1,194,163

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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.defenselink.mil/execsec>. (It is the Government Performance and Results Act Appendix.)

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. There is currently another 15% Headquarters reduction underway.

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IV. Personnel Summary:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2003/ FY 2004</u>
<u>Active Military</u>					
<u>End Strength (E/S) (Total)</u>					
Officer	409	409	409	409	0
Enlisted	77	77	77	77	0
 <u>Civilian End Strength (Total)</u>					
US Direct Hire	1,379	1,492	1,419	1,419	-73
<u>Active Average</u>					
<u>Strength (A/S) (Total)</u>					
Officer	408	406	406	406	0
Enlisted	77	78	78	78	0
 <u>Civilian FTEs (Total)</u>					
US Direct Hire	1,379	1,492	1,419	1,419	-73

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

	FY 2002 Actuals	Change from FY2002 to FY2003		FY 2003 Estimate	Change from FY2003 to FY2004		FY 2004 Estimate	Change from FY2004 to FY2005		FY 2005 Estimate
		Price Growth	Program Growth		Price Growth	Program Growth		Price Growth	Program Growth	
EX. Gen. & Spec.										
Schedules	179,627	716	5,132	185,475	10,284	-	195,759	5,194	-	200,953
Wage Board	521	17	-	538	19	-	557	18	-	575
Benes. to Former Pers.	251	-	-251	-	-	-	-	-	-	-
Disability Comp.	556	-	-	556	-	-	556	-	-	556
Travel of Persons	12,248	134	-695	11,687	175	2,919	14,781	236	2,269	17,286
Transportation	216	2	-148	70	1	44	115	1	6	122
SLUC/GSA Rent	9	-	-	9	-	-	9	-	-	9
Purchased Communications	86	-	1	87	1	-	88	1	-	89
Printing & Repro	12	-	-	12	-	-	12	-	-	12
Equip. Maintenance	908	9	4	921	13	-	934	14	-	948
Equipment Purchases	184	2	-	186	2	-	188	3	-1	-
Contract Consultants	602	6	3	611	9	-	620	9	-	629
Mgmt/Prof Support Svcs	71,245	783	29,681	101,709	1,525	6,829	110,063	1,761	-111	111,713
Studies, Anal. & Eval.	181,595	1,997	107,571	291,163	4,366	21,064	316,593	5,064	-33,950	287,707
Eng. & Tech. Svcs.	26,454	290	11,117	37,861	567	2,581	41,009	656	-41	41,624
Other Intra-gov't Pur	12,140	133	49	12,322	184	-	12,506	200	-13	12,693
Grants	31,250	343	-7,993	23,600	354	-23,954	-	-	-	-
Other Contracts	446	4	2	452	6	-	458	7	-1	464
Other Costs	17,783	195	71	18,049	270	-	18,319	293	499,981	518,593
Total	536,133	4,631	144,544	685,308	17,776	9,483	712,567	13,458	468,138	1,194,163