

Air Force Materiel Command



AFMC Core/Workload Distribution (50/50) Reporting Process 101

HQ AFMC/A4FD
Jun 16

Deliver and Support Agile War-Winning Capabilities



Overview

- **Core**
- **50/50**
- **Compliance Management**

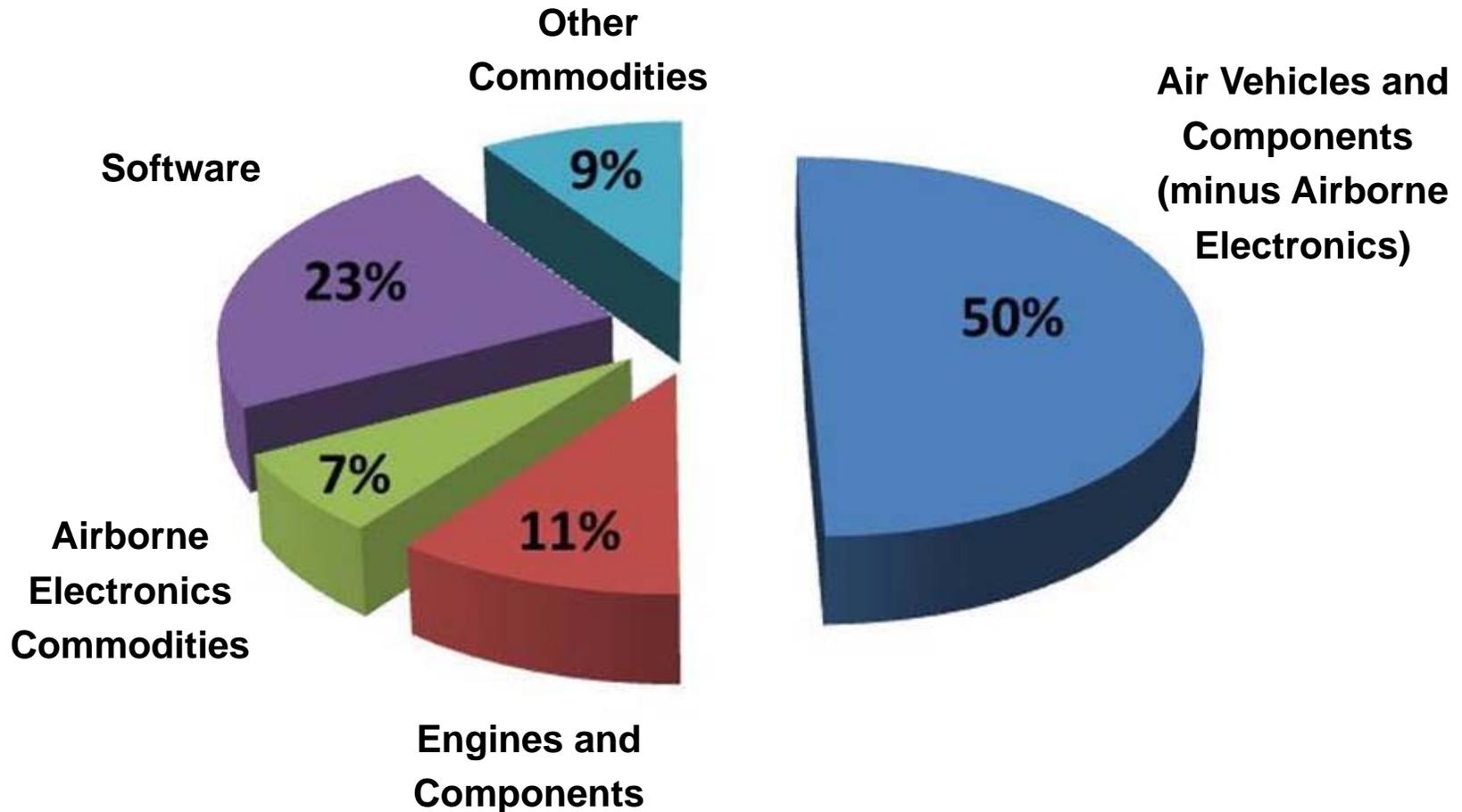


Core Defined

- **10 USC 2464: *Core Logistics Capabilities***
 - DOD must maintain capabilities and sustaining workloads that are necessary to maintain and repair the weapon systems and other military equipment
 - Government-owned and Government-operated skills, facilities, and equipment
 - Not later than four years after Initial Operational Capability
- **Based on Joint Chiefs of Staff strategic and contingency plans**
- **Core is organic depot capability and the workload required to assure mission support for war-tasked weapon systems**



FY17 Core Capability Requirement



Core Sustaining Workload \$5.6B

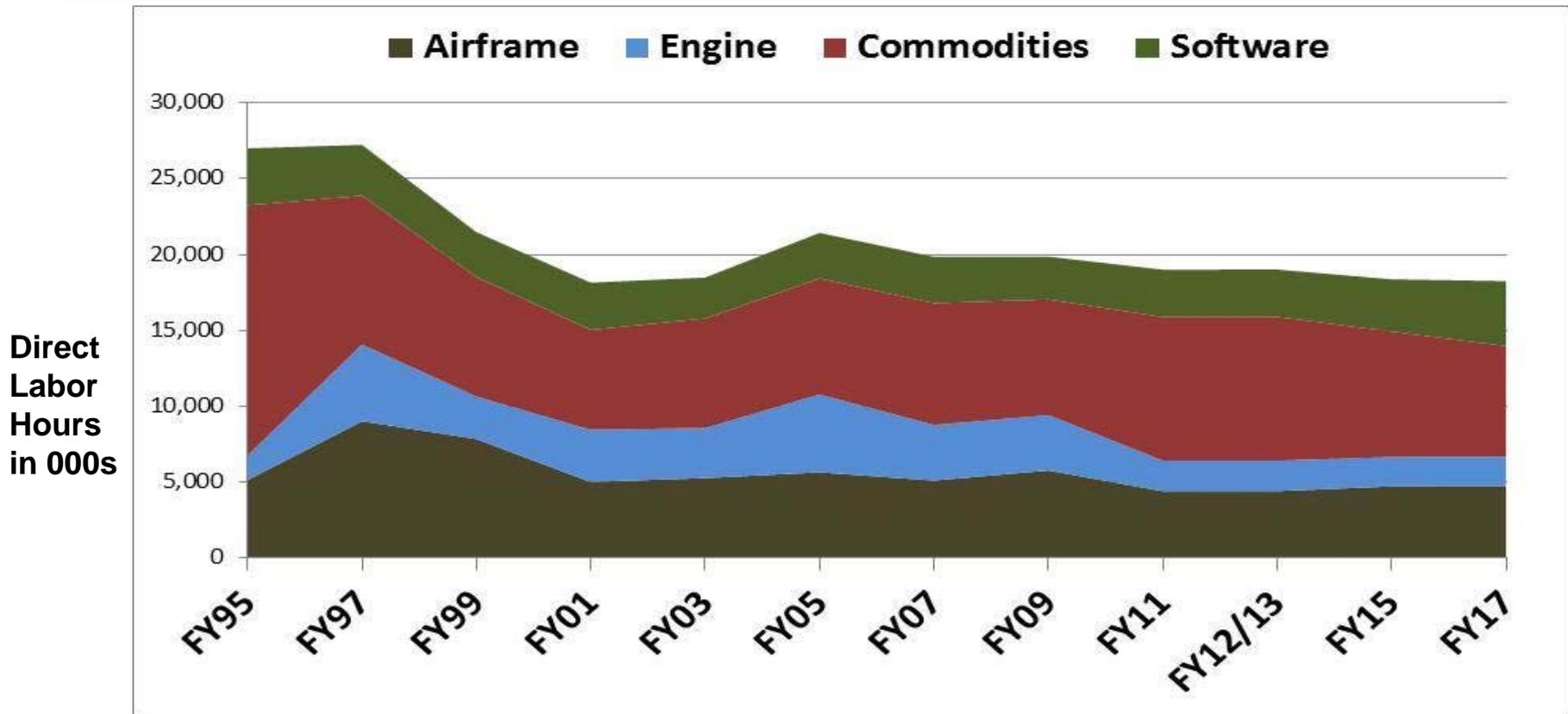


FY17 Core Computation

- **FY17 Core computation is approximately 18.3 million hours (FY15 - 18.4M hrs; FY13 - 19.0M hrs)**
 - Determined by tasked systems in the War Master Plan (WMP), Flying hours, and Total Aircraft Inventory (TAI)
 - Includes F-35 airframe and systems
- **First core cycle to fully report **Unmanned Aerial Surveillance** (UASs) (MQ-1/9 and RQ-4)**
- **Core is a ready and controlled source of depot level maintenance capability**



Core Requirement Trend



	FY95	FY97	FY99	FY01	FY03	FY05	FY07	FY09	FY11	FY12/13	FY15	FY17
Airframe	5,157	9,032	7,860	5,024	5,287	5,665	5,126	5,787	4,417	4,417	4,738	4,792
Engine	1,612	5,049	2,798	3,444	3,297	5,125	3,656	3,645	2,018	2,018	1,933	1,916
Commodities	16,491	9,811	7,873	6,579	7,212	7,641	8,026	7,620	9,460	9,468	8,259	7,295
Software	3,748	3,347	2,953	3,113	2,700	3,003	3,049	2,820	3,118	3,118	3,447	4,271

Risk Based

DoD Process Changes

Redundancy Based

Public Workload



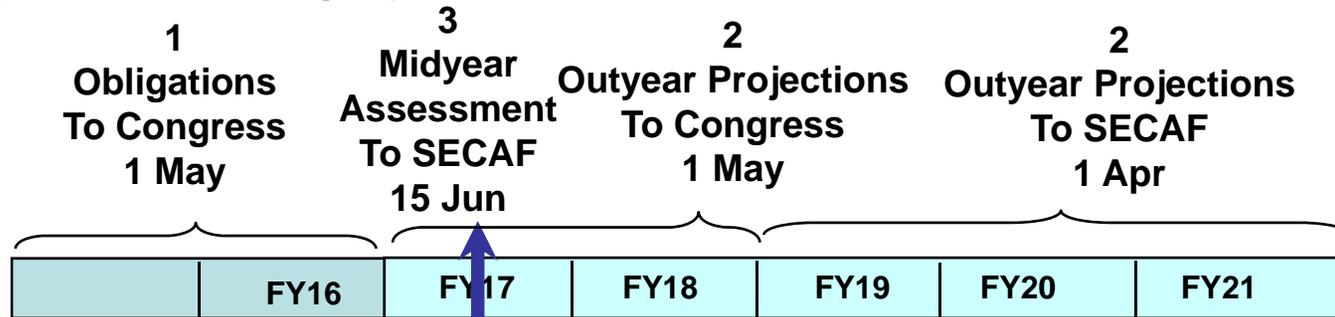
50/50 Defined

- **Section 2466: Limitations on Contract Depot Maintenance**
 - **Impacted by:**
 - Section 2460. Definition of depot-level maintenance
 - Section 2464. Core requirements
 - Section 2474. Centers of Industrial and Technical Excellence
- **Percentage limitation**
 - **“Not more than 50 percent...may be used to contract for the military department...”**
 - **Applies to all depot-level maintenance and repair (ICS, CLS, SAR, etc)**
 - **Prior to 1998 language, ICS and CLS not included**
- **Waiver of limitation**
 - **Requires SECDEF signature (2002 authorization language change)**
 - **Must be necessary for reasons of national security**
 - **Requires notification to Congress**
 - **Waiver for Section 2466 compliance used for FY00 and FY01**
- **Directs GAO oversight**



50/50 Reporting Basics

- Three part reporting cycle



- Depot maintenance

- Not just work at the depots
- Based on the type of task, not location or who is doing the work
- Applies to all types and sources of funds

- Based on Principle Perspective

- Only AF dollars funding maintenance of AF military material
- Does not include workload performed by the AF for FMS, other Services or agencies as their agent

- Workload mix reported and tracked at service level only

- Not tracked or managed at center, commodity or program level



50/50 Apr 16 AF Baseline (\$M)

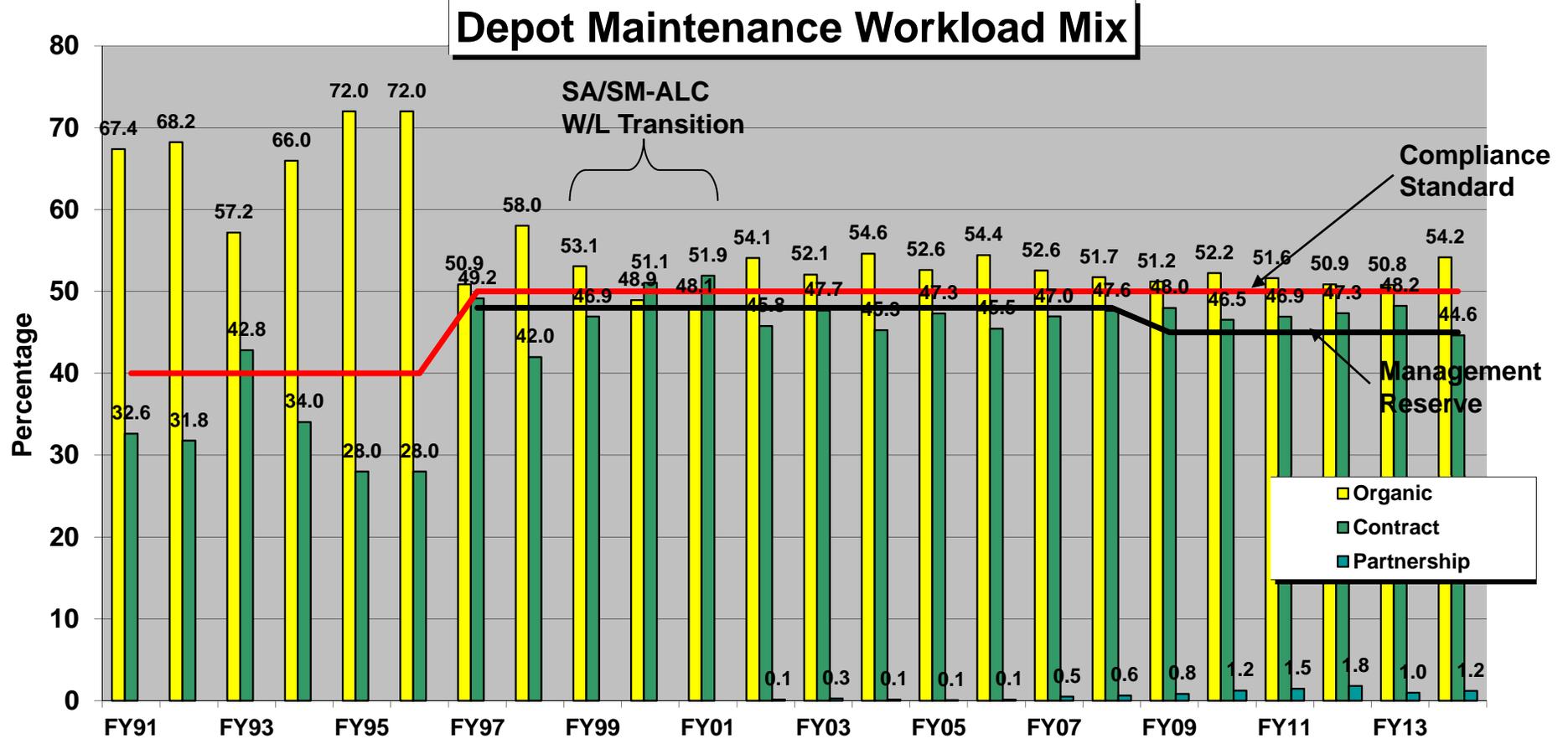
(FY15-17 period from Congressional report only)

Workload Split	FY15	FY16	FY17
Organic	\$6,658	\$7,188	\$7,147
Contract	\$5,405	\$5,378	\$6,074
Partnership Exemption	\$206	\$189	\$202
Total	\$12,270	\$12,755	\$13,423
Workload Mix Ratio			
Organic	54.27%	56.35%	53.24%
Contract	44.05%	42.16%	45.25%
Partnership Exemption	1.68%	1.49%	1.51%
Compliance Status			
Available to shift from organic to contract	\$730	\$999	\$637
Available to subtract from organic or add to contract	\$1,460	\$1,999	\$1,275

Congressional report



50/50 Compliance History

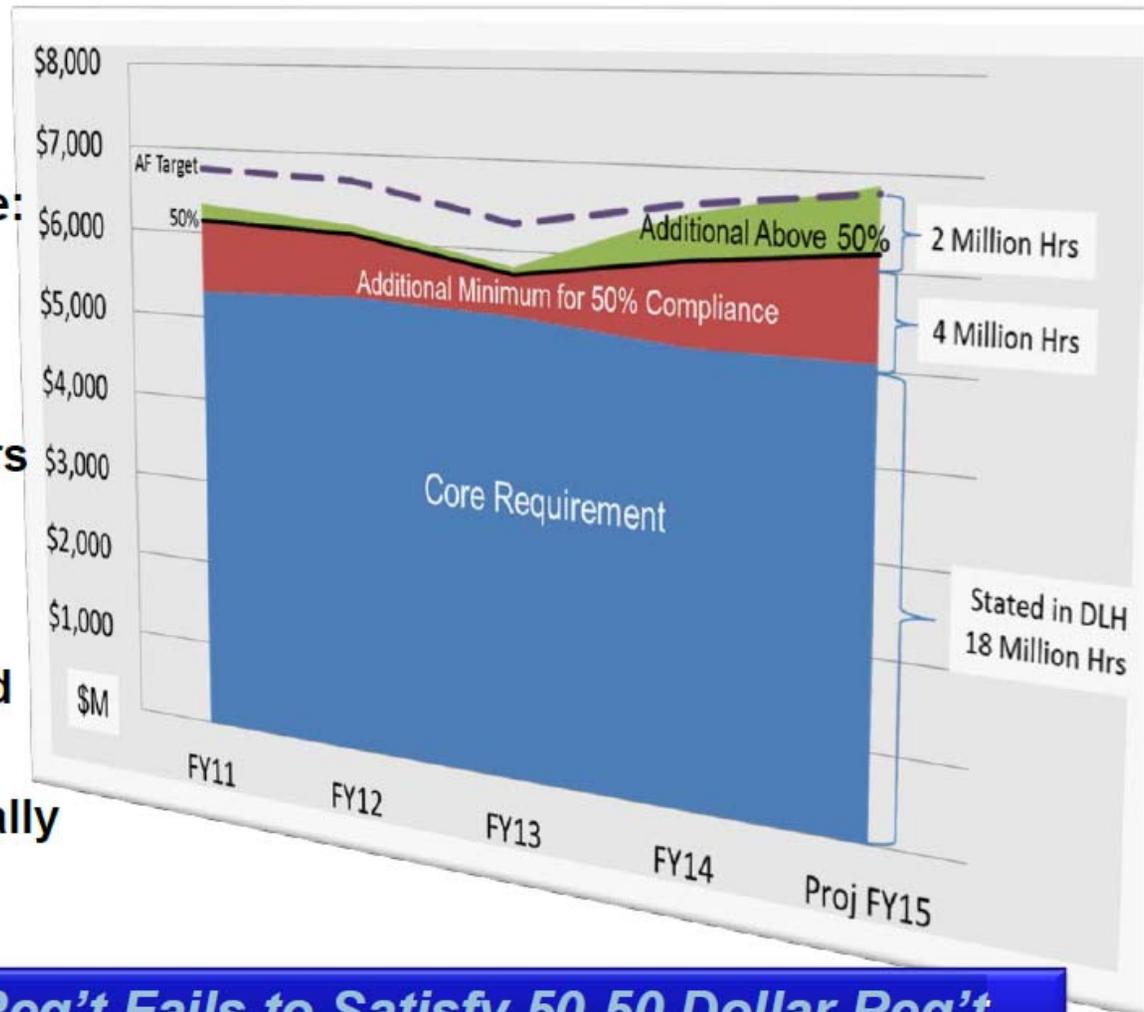




Organic Workload Requirement Core and 50-50 Compliance

Fundamental Truths

- Tasked Weapon Systems drive:
 - ❖ Core Requirements
 - ❖ Depot Activations
 - ❖ Tech Data Needs
- All Sources of depot Mx dollars drive 50-50 compliance
- Emerging weapon systems critical to maintain Core and 50/50 as organically supported legacy systems are retired
- PMs and Depots must be equally committed for compliance



Satisfying Core DLH Req't Fails to Satisfy 50-50 Dollar Req't



Summary

- **Core Computation is a logical, repeatable process**
 - Strategic core assessment
 - Identified DoD depots that should support AF platforms
 - Identified mitigation plan for core shortfalls
- **50/50 threshold directed by public law**
- **Core and 50/50 statutes are complimentary**





Backup Charts



Designation of Core Workload

What is considered Depot Maintenance and Repair

10 USC 2460

Depot maintenance and repair means any action performed on materiel or software in the conduct of inspection, repair, overhaul, or the modification or rebuild of end-items, assemblies, subassemblies, and parts that requires extensive industrial facilities, specialized tools and equipment, or uniquely experienced and trained personnel that are not available in lower echelon-level maintenance activities.

Truths

10 USC 2464 & DoDI 4151.20

- A process to determine depot maintenance capability that is government-owned and operated (facilities, equipment, and personnel) required to assure mission support – based on war plans (JCS Tasked Weapon Systems) - to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements
- Core capability established not later than 4-years after initial operational capability (IOC) (i.e., GH/Pred/Reaper)
- Biennial report submitted to Congress by 1 April of each even numbered year (core capability requirements expressed in direct labor hours (DLHs) and core sustaining workloads expressed in DLHs & cost)
- 10 USC 2366a: Requires determination of core logistics requirements be completed prior to program Milestone A approval
- 10 USC 2366b: Requires an estimation of requirements for core logistics capabilities be completed prior to program Milestone B approval

Core Decision Tree Analysis for SORAs

- Is the information adequate for comprehensive evaluation?
 - Does SORA provide adequate information?
- Is the system/technology excluded from core?
 - Special access programs, nuclear aircraft carriers, and commercial items (items that have been sold or leased in substantial quantities to the general public and are purchased without modification in the same form that they are sold in the commercial marketplace, or with minor modifications to meet Federal Government requirements)
- Does the system/technology replace an existing capability?
- Does it support a JCS tasking?
 - As identified by the Secretary, in consultation with the Chairman of the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the strategic and contingency plans prepared by the Chairman of the Joint Chiefs of Staff
- Is there a core shortfall for this technology?
 - Based on current AF Biennial Core Report

Myths

- Designation of core workload does not necessarily indicate that 100% of the workload will be core
- Cost effectiveness of standing up organic capability does not take place during the initial SORA Core Decision Analysis
 - Determining cost effectiveness requires a business case analysis reviewed during SORA Phase II and the DMAWG processes



Which Side of the Equation?

What is considered Depot Maintenance and Repair

10 USC 2460

Depot maintenance and repair means material maintenance or repair requiring overhaul, upgrading, or rebuilding of parts, assemblies or sub-assemblies, and the testing and reclamation of equipment, as necessary, regardless of the source of funds for maintenance or repair, or the location at which the maintenance or repair is performed.

What's In (Counted in Air Force 50/50 report)

Organic

10 USC 2466

- All work performed by Government personnel, period
- All workload in the ALCs by Government personnel
- Government personnel performing work at ALCs under partnerships (Direct Sales/Workshare Agreements)
- Depot field teams
- Government employees performing work at Contractor owner facilities off base from an ALC (i.e. Maintenance, Repair & Operation (MRO); Georgia-Robins Aerospace Maintenance Partnership (GRAMP))
- Government employees performing work funded by Air Force dollars at other Service depots
- All direct labor, materials, and other factors of production associated with organic workload

Contract

10 USC 2466

- All work performed by contractors – exception is Public-Private Partnership workload at CITE locations
- Depot maintenance workload performed by contractors under CLS, ICS, DPEM, or MSD-funded contracts
- Contract augmentees at ALCs
- Contract field teams
- Foreign military depots
- Contract personnel performing work at Government-owned or leased facilities other than CITE locations
- Contract employees performing Air Force work at other Service depots

Not counted as contract or organic depot mx workload--neutral for 50/50 reporting

10 USC 2474

- All depot maintenance workload performed by contractors located on a Center of Industrial and Technical Excellence (CITE) in performance of a public-private partnership
- Includes all factors of production (e.g. labor, material, parts, indirect, and overhead)

What's Out (Not Counted in Air Force 50/50 report)

- USSOCOM Unique Funds (i.e. MFP 11 funds)
- Depot Maintenance and Repair Supporting Foreign Military Sales
- Workload from other Services or Government Agencies (Army, Navy, DIA, NSA, etc.)