

Department of the Navy
Operation and Maintenance, Navy Reserve
FY 2005 President's Budget Submission
1A5A Aircraft Depot Maintenance
Exhibit OP-5

I. Description of Operations Financed:

Airframe Rework – This program provides inspection, repair, reconfiguration and conversion of fleet aircraft. Through periodic return to depot level maintenance activities, aircraft major structures and airframe systems are maintained in a safe flyable condition. The Aircraft Service Period Adjustment (ASPA) Program adjusts individual aircraft period end dates for selected aircraft when material condition warrants. Under ASPA guidelines, only aircraft that upon inspection cannot safely be extended for another 12-month tour are inducted in the depot for Standard Depot Level Maintenance (SDLM). Depot maintenance is conducted under the SDLM concept in which maintenance is performed only to the level that is technically justified and cost effective. Depot maintenance is currently being performed under both the SDLM and Integrated Maintenance Concept (IMC) programs. Currently, the F/A-18, F-5, H-1, H-53, H-60, and P-3 aircraft programs have been incorporated under the IMC concept. The IMC concept uses Planned Maintenance Intervals (PMI), performing more frequent depot maintenance, with smaller work packages, reducing out of service time. The goal of this program is to improve readiness while reducing operating and support costs. NAVAIR's Industrial Strategy in the downsizing environment is to maintain only the minimum level of organic capacity, consistent with force levels, necessary to sustain peacetime readiness and warfighting surge capability. NAVAIR will work in partnership with private industry to make maximum use of industry's production capabilities and capacity for non-CORE related aviation depot level maintenance.

Engine Rework – The engine rework program accomplishes the repair, modification and overhaul of aircraft engines, gearboxes, and torque meters. The program objective is to return depot-repairable engines to ready-for-issue status to support fleet engine pool requirements. Under the Engine Analytical Maintenance Program (EAMP), engines are repaired at the lowest echelon of maintenance. Only engines that are beyond the repair capability of intermediate maintenance activities are scheduled for induction in the depots. Depot-level maintenance may also be performed concurrent with aircraft SDLM if such maintenance is operationally necessary and cost effective. Engine field team assistance is included in this budget submission to provide on-site depot level maintenance on an as-needed basis.

II. Force Structure Summary:

Aircraft Depot Maintenance – Aircraft Rework and Maintenance is performed at Naval Aviation Depots, commercially and as interservice agreements with Army and Air Force in support of the following end-of-year aircraft inventory:

<u>Fiscal Year</u>	<u>Inventory</u>
FY 2003	409
FY 2004	385
FY 2005	378

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III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group Total

FY 2003	FY 2004	FY 2004	FY 2004	FY 2005
<u>Actual</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
132,240	138,135	137,473	137,473	131,607

B. Reconciliation Summary

	<u>Change</u>	<u>Change</u>
	<u>FY 2004/2004</u>	<u>FY 2004/2005</u>
Baseline Funding	138,135	137,473
Congressional Adjustments - Distributed	0	0
Congressional Adjustments - Undistributed	0	0
Adjustments to Meet Congressional Intent	0	0
Congressional Adjustments - General Provisions	-662	0
Subtotal Appropriation Amount	137,473	0
Emergency Supplemental Carryover	0	0
Program Changes (Current Year to Current Year)	0	0
Subtotal Baseline Funding	137,473	0
Anticipated Supplemental	0	0
Reprogrammings	0	0
Price Change	0	3,524
Functional Transfers	0	0
Program Changes	0	-9,390
Normalized Current Estimate	137,473	0
Current Estimate	0	131,607

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C. Reconciliation of Increases and Decreases

1. FY 2004 President Budget Request.		138,135
2. Congressional Adjustment (General Provision).		-662
a) Sec. 8126: Efficiencies/Revised Economic Assumptions.	-662	
3. FY 2004 Appropriated Amount.		137,473
4. Baseline Funding (subtotal).		137,473
5. Revised FY 2004 Current Estimate.		137,473
6. Normalized Current Estimate for FY 2004.		137,473
7. FY 2005 Price Change.		3,524
8. Program Decrease in FY 2005.		-9,390
a) Decrease in three Airframe and five Engine depot inductions.	-9,390	
9. FY 2005 Budget Request.		131,607

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IV. Performance Criteria and Evaluation Summary :

<u>Type of Maintenance</u>	<u>FY 2003</u>				<u>FY 2004</u>				<u>FY 2005</u>		
	<u>Budget</u>		<u>Actual Inductions</u>		<u>Budget</u>		<u>Est Inductions</u>		<u>Request</u>		
	<u>Qty</u>	<u>(\$M)</u>	<u>Qty</u>	<u>(\$M)</u>	<u>Qty</u>	<u>(\$M)</u>	<u>Qty</u>	<u>(\$M)</u>	<u>Qty</u>	<u>(\$M)</u>	
Aircraft Depot Maintenance											
Airframe Maintenance	92	92.6	79	95.4	106	104.6	97	104	94	99.9	
Engine Maintenance	219	36.9	209	36.8	196	33.5	210	33.4	205	31.7	
TOTAL	311	129.5	288	132.2	302	138.1	307	137.4	299	131.6	

Explanation of Performance Variances:

Prior Year:

Airframes: Obligation increase associated with higher costs for PDM/IMC/PMI's, Air Worthiness Inspections, A/C Support actions, Special Rework Actions, Emergency Repairs, and ASPA Inspections. Quantity decrease associated with 5 less SDLMs, 6 less PDM / IMC / PMI's, 2 less A/C Support actions.

Engines: Funding increase and quantity decrease associated with performing 11 additional Engine Overhauls, 22 less Engine Repairs, 4 additional Special Repairs and 3 less Gear Box/Torque Meter Overhauls, in addition to higher costs for Gear Box / Torque Motor repairs.

Current Year:

Airframes: Decrease associated with 3 less SDLM's, 3 less PDM/IMC/PMI's and 34 less A/C Support actions.

Engines: Increase associated with 3 additional Engine Overhauls, 8 Engine Repairs, and 3 Gear Box / Torque Motor overhauls.

V. Personnel Summary :

There are no civilian or military personnel associated with this sub-activity group.

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VI. Summary of Price and Program Growth (OP-32):

	FY-03 Program Total	FY-04 Price Growth	FY-04 Program Growth	FY-04 Program Total	FY-05 Price Growth	FY-05 Program Growth	FY-05 Program Total
1A5A							
04 WCF Supplies & Materials Purchases							
0412 Navy Managed Purchases	14	1	0	15	0	-1	14
TOTAL 04 WCF Supplies & Materials Purchases	14	1	0	15	0	-1	14
06 Other WCF Purchases (Excl Transportation)							
0602 Army Depot Sys Command-Maintenance	5,394	448	-31	5,811	87	-1,193	4,705
0613 Naval Aviation Depots	50,401	427	2,005	52,833	1,638	-3,769	50,702
0661 Depot Maintenance Air Force - Organic	16,192	3,336	-6,639	12,889	876	4,671	18,436
TOTAL 06 Other WCF Purchases (Excl Transportation)	71,987	4,211	-4,665	71,533	2,601	-291	73,843
09 OTHER PURCHASES							
0929 Aircraft Rework by Contract	60,239	783	4,903	65,925	923	-9,098	57,750
TOTAL 09 OTHER PURCHASES	60,239	783	4,903	65,925	923	-9,098	57,750
Total 1A5A Aircraft Depot Maintenance	132,240	4,995	238	137,473	3,524	-9,390	131,607