Fiscal Year 2018 President's Budget

Defense Logistics Agency (DLA)

May 2017

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Defense Logistics Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2018 President's Budget

Operation and Maintenance, Defense-Wide Summary ($ in thousands)
    Budget Activity (BA) 4: Administration and Service-Wide Activities

	FY 2016 Actual	Price Change	Program Change	FY 2017 Estimate	Price Change	Program Change	FY 2018 Estimate
DLA	375,403	6,129	-23,568	357,964	6,790	35,668	400,422

I. Description of Operations Financed:

The following is a description of the Defense Logistics Agency's (DLA) Operation and Maintenance (O&M) activities:

Administration and Service-Wide Activities: Includes contracts, supplies, equipment maintenance, communications, salaries, awards, personnel, benefits, travel, per diem, and training, the two sub categories are:

- DoD Programs which are program offices for which DLA is either the executive agent or the budget administrator

- HQ DLA Programs which are associated with the DLA logistics mission such as warstoppers, contingency logistics, maps, unemployment compensation, morale, welfare & recreation, and homeless blankets.

DoD Programs are multiple program offices for which the DLA is either the executive agent or the budget administrator. Personnel work exclusively on the respective programs. The O&M appropriation funds the contracts, supplies, equipment maintenance, communications, salaries, awards, personnel benefits, travel, per diem, and training in support of these programs. The Activity Group, described below, includes:

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

OSD Program Direction with budget administrative support from DLA

   1. Defense Property Accountability System (DPAS)
   2. Property & Equipment Policy (P&EP)
   3. Business Process Reengineering Center (BPRC)
   4. Continuity of Operations Program (COOP)/Classified Program
   5. Defense Standardization Program Office (DSPO)
   6. Logistics Transformation
   7. Automatic Identification Technology (AIT)
   8. Joint Purchase Card Program Office (JPCPO)
   9. DoD Enterprise Business Systems (DEBS)

   1. <u>Defense Property Accountability System (DPAS)</u> (FY 2018: $7.742 million). DPAS meets the property accountability requirements for the Army, Navy, Marine Corps, Air Force and 26 Defense Agencies/Field Activities (DA/FA). DPAS provides support for over 6,500 users, accountable for approximately 3.8 million assets valued at over $430 billion. DPAS is an enduring system that interfaces with Enterprise Resource Planning (ERP) and legacy accounting systems and is a critical financial feeder system for the Services and DA/FA. DPAS provides capital asset values (acquisition value minus accumulated depreciation) that are reported on Component financial statements for personal, military, heritage, and real property accounts which are required to meet the mandated audit ready date of 2017 per the National Defense Authorization Act of 2010. DPAS maintains a clean SSAE-16 audit which validates

I.   <u>**Description of Operations Financed (cont.)**</u>
controls within the system significantly reducing its customers audit requirements and is scheduled to add 8,000 new users over the next 18 months to satisfy emerging audit readiness needs. DPAS is the Fleet Management Information System for the Defense Agencies, Air Force and the Army. This provides the ability to track the maintenance actions, to include preventive and breakdown/emergency actions, usage of the assets (miles/hours/rounds fired) and the scheduling of the dispatch of the assets. An interface was created with the GSA Fleet Automotive Statistical Tool to eliminate the manual entry of data for annual reporting. To assist the Department in eliminating the material weakness identified in the Statement of Assurance, DPAS also provides the capability to manage assets that have been provided to contractors (Government furnished property). This includes an automated interface with the Wide Area Workflow to automate the identification of assets being transferred to and from the contractors. The system is web-enabled and is continually upgraded to comply with the latest business transformation initiatives. A Warehouse Management module has been added to provide support for the management of Organizational Clothing and Individual Equipment (OCIE) assets for the Marine Corps, Navy, Air Force and Army. This module is also being used to manage OM&S parts and spares in many organizations. The Under Secretary of Defense Acquisition, Technology and Logistics (OUSD(AT&L)) provides program management oversight.

2. <u>Property & Equipment Policy (P&EP)</u> (FY 2018: $1.036 million, 5 FTEs). The Property & Equipment Policy office is the lead OUSD(AT&L) office for equipment accountability, policy, and audit readiness. P&E Policy office mission areas include:

   a) Working to improve equipment life-cycle visibility from initial acquisition through final disposition processing;

I.   **Description of Operations Financed (cont.)**

   b) Examining Department policies and establishing improvement plans to obtain a higher degree of asset visibility;

   c) Establishing requirements for Accountable Property Systems of Record (APSR);

   d) Managing Federal fleet management requirements as implemented within the Department;

   e) Setting Internal Use Software (IUS) accountability requirements; and

   f) Leveraging Proper Financial Accounting Treatment for General Equipment (PFAT4GE) contract structuring with the use of Wide Area Workflow (WAWF) and the Item Unique Identification (IUID) Registry to collect valuable equipment information.

   In addition, P&EP is the responsible office for DoD Instruction (DoDI) 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," which sets accountability policy for equipment, special tools, special test equipment, or other accountable property, and DoDI 5000.xa, "Accountability and Management of Internal Use Software," which provides accountability requirements for IUS as a subset of General PP&E.

3. <u>Business Process Reengineering Center (BPRC)</u> (FY 2018: $2.647 million, 13 direct-funded FTEs and 8 reimbursable FTEs). BPRC is focused on a management analysis discipline that redesigns processes, organizations, and the culture of DoD activities through functional leaders who apply improvement tools and techniques. The Business Process Reengineering (BPR) technique of redesign can be radical or incremental to achieve dramatic improvements. The BPRC achieves results by analyzing processes through a cross-functional, integrated analysis of multiple activities or functions. The BPRC, chartered to support the Under Secretary of Defense

I.   Description of Operations Financed (cont.)

Acquisition, Technology and Logistics (USD (AT&L)), includes services to carry out activities such as:

a) Strategic planning, outlining vision and goals;

b) Activity modeling of current and future processes, including cross-functional and integration analyses;

c) Data modeling (including data standardization) associated with activity modeling;

d) Benchmarking to identify and evaluate best practices and their application to DoD;

e) Development of functional economic analyses;

f) Planning for BPR implementation and assessment;

g) Analysis leading to the selection of migration systems following BPR;

h) Development and identification of BPR tools.

4. Continuity of Operations (COOP/ Classified Program (FY 2018: $31.632 million, 49 direct-funded FTEs). This program is reported in accordance with Title 10, United States Code, Section 119(a)(1) in the Special Access Program Annual Report to Congress. Additional details pertaining to the justification of Special Access Programs (SAP), Military Intelligence Program (MIP), National Intelligence Program (NIP), and All Other Classified Programs are in sections 4E (Procurement), 4F (Research & Development) and 4M of this publication. In accordance with DoD Directive 5111.1 and DoD Directive 5111.13, Defense Continuity & Mission Assurance (DC&MA) was established to consolidate continuity-related policy and oversight activities within DoD in order to ensure the Secretary of Defense, the Deputy Secretary, and their senior and supporting staffs, and the DoD Components in

I. **Description of Operations Financed (cont.)**

coordination with the Chairman of the Joint Chiefs of Staff can perform their mission essential functions under all circumstances.

DC&MA provides for the Secretary of Defense policy, plans, crisis management, and oversight of Department of Defense continuity related program activities. The DC&MA's primary mission is to support the continued execution of the Department's mission essential functions across the full spectrum of threats. The threats range from major natural disasters to weapons of mass destruction in major metropolitan areas, as well as large-scale terrorist attacks.   The Executive Director, J32 Mission Support in coordination with DASD, DC&MA oversees the implementation of Defense continuity policy, including activities supporting continuity of operations, continuity of government, and enduring constitutional government.

5. Defense Standardization Program Office (DSPO) (FY 2018: $4.386 million and 12 FTEs). The Defense Standardization Program (DSP) is authorized by Sections 2451-2452 of Title 10, United States Code, and the DoDI 4120.24, which implements the DSP in the DoD. The DSPO is the Executive Agent responsible for developing DoD policy and procedures for the DSP, to include the development and use of military specifications and standards; DoD adoption of non-Government standards; Diminishing Manufacturing Sources and Material Shortages; Government-Industry Data Exchange Program; and a variety of related issues. The DSPO represents the Department to DoD communities, other Federal agencies, and the private sector by providing tools, training, and outreach with material standardization products and services that enhance and facilitate understanding, communication, and coordination to improve interoperability and logistics readiness and reduce total ownership costs. DSPO also represents the United States on NATO materiel standardization policy committees.

I. **Description of Operations Financed (cont.)**

The Government Industry Data Exchange Program (GIDEP) (FY 2018: $3.328 million) is a part of DSPO. GIDEP's mission is to foster and facilitate the exchange of technical information between government agencies and industry to increase systems safety, reliability, and readiness while reducing systems development, production, and ownership costs. Member agencies include the DoD, Army, Navy and Marine Corps, Air Force, the Department of Energy, and the National Air and Space Administration. Information exchanged has been focused on nonconforming parts (including counterfeits), obsolescence management, product change, engineering, reliability/maintainability, and metrology. GIDEP members provide information to the GIDEP database through a web interface and/or through custom reports. GIDEP has been designated by OMB Policy Letter 91-3 as the provider of the government's central database for receiving and disseminating information about nonconforming products and materials (including suspected counterfeits) and by DOD as the Diminishing Manufacturing Sources and Material Shortages (DMSMS) centralized database for sharing DMSMS information among DOD and Industry groups. Supporting a community of approximately 2,000 organizations, GIDEP users have reported approximately $2 billion to date in savings and cost avoidance through the use of this information exchange.

6. Logistics Transformation (FY 2018: $8.118 million). These resources are designed to support the logistics mission activities at an acceptable level that will move the Department towards critical improvements in logistics systems and processes. The program facilitates efforts to develop and implement effective supply chain management and logistics processes in the Department, from sources of supply to operational customers and from early acquisition planning through sustainment and disposal.

I.   Description of Operations Financed (cont.)

7. <u>Automatic Identification Technology (AIT)</u> (FY 2018: $2.536 million). AIT is a suite of technologies (e.g., bar codes, smart cards, satellite tracking systems, and RFID tags) used to capture, aggregate, and transfer data automatically to the Automated Information Systems (AIS). The use of AIT with AIS provides timely visibility of logistics assets, whether in-process, in-storage, or in-transit. Current DoD policy requires the use of active (high capacity) Radio Frequency Identification (RFID) tags to mark certain consolidated shipments and passive RFID tags for the case, pallet, and item packaging for unique identification items.

8. <u>Joint Purchase Card Program Office (JPCPO)</u> (FY 2018: $1.506 million). JPCPO function was realigned from the Army to DLA in FY 2010, to minimize purchase card related fraud, waste, and abuse and enable the transition to a procurement portfolio e-business environment. The Office of the Under Secretary of Defense, Acquisition, Technology & Logistics (OUSD (AT&L)) provides program management oversight.

9. <u>DoD Enterprise Business Systems (DEBS)</u> (FY 2018: $104.087 million and 36 direct-funded FTEs) With the disestablishment of the Business Transformation Agency (BTA), DLA Operations & Maintenance assumed responsibility for fifteen systems under the name DoD Enterprise Business Systems (DEBS) starting in FY 2012. Since the transfer: one system (Synchronized Pre-Deployment Operational Tracker (SPOT)) was transferred; one system (Virtual Interactive Processing System (VIPS)) has been terminated; three systems were transferred to Defense Working Capital Fund (DWCF), Global Exchange (GEX) and Electronic Document Access (EDA) in FY 2013 and Wide Area Workflow (WAWF) in FY 2014; and three systems transferred in FY 2017 - Business Enterprise Information System (BEIS) to DFAS and the Defense Travel System (DTS) & the Defense Information System for Security (DISS) to DHRA. Currently, six remaining systems are managed under the DEBS portfolio as follows:

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

a) DoD Enterprise Business Systems (DBSAE) Infrastructure Office: The DEBS Infrastructure Office directly oversees and provides core enterprise support to seven direct funded DoD enterprise level business systems and two reimbursable programs. This consolidated support provides key skill sets that can be shared among the programs reducing overall unique program costs and using standard and repeatable processes to manage programs throughout all phases of the acquisition life cycle.

b) Standard Procurement System (SPS): The SPS automates the contracting process from procurement request, through award and administration, to final closeout. SPS accomplishes three main functions: contract placement, procurement, and contract administration. SPS has made significant strides towards transforming the way the Department does business and impacts the following critical DoD value added outcomes: On Time Request, Cash-to-Cash, Urgent Requests, and Financial Transparency. SPS is used by nearly 27,000 procurement professionals from all the military Services and other Defense agencies world-wide. The contract placement function includes the purchasing, renting, leasing, or otherwise obtaining of supplies and services. The procurement function includes description (but not determination) of supplies or services required selection and solicitation of sources, preparation and award of contracts, and issuance of modifications. The contract administration function includes the performance of delegated contract functions, review recommendations, approval of progress payments, quality assurance, and production reporting. The SPS Joint Program Management Office (JPMO) is the acquiring office and manages the acquisition and deployment of SPS for all DoD worldwide, non-classified contract placement and

I.   <u>Description of Operations Financed (cont.)</u>
administrative contracting offices. The SPS Milestone Decision Authority is the Program Executive Officer in the Defense Logistics Agency (DLA). The Director of Defense Procurement and Acquisition Policy (DPAP) is the Principal Functional Proponent.

c) Defense Retiree and Annuitant System 2 (DRAS2): DRAS2 will be an enterprise system to pay military retirees, former spouses, and survivor beneficiaries. DRAS2 replaces the legacy DRAS system, which cannot support the growing number of retirees and annuitants that are entering the system at a rate of 2-5% per year. DRAS currently supports an annual payroll is in excess of $40B for 2.7M people.

d) Defense Agency Initiative (DAI): The objective of the DAI is to achieve auditable, CFO compliant business environments for the Defense agencies with accurate, timely, authoritative financial data. DAI will also provide Time and Labor accounting for OUSD(C). The primary goal is to deploy a standardized system solution to improve overall financial management and comply with BEA, SFIS, and OFFM requirements. Common business functions within budget execution include: e.g. procure to pay; order to cash; acquire to retire; budget to report; cost accounting; time and labor; budget formulation; re-sales accounting; and grants financial management.

e) Enterprise Funds Distribution (EFD): EFD provides a web-based application for the automated pre-planning, apportionment, reprogramming, rescission, continuing resolution, congressional tracking, and reporting of appropriated funding distributed throughout the DoD. The EFD system streamlines core funds

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

distribution capabilities across Components and provides visibility both vertically and horizontally. EFD provides OUSD(C) with an automated funds distribution system that will track congressional action, create baselines (DD 1414), and produce funding authorization and control documents for all DoD appropriations. OUSD(C) will use EFD for funds distribution for all components at distribution levels I and II, and the Defense Agencies will use EFD for funds distribution for all levels.

f) Joint Contingency Contract System (JCCS): JCCS is the primary source for Iraq and Afghanistan vendor information. JCCS is designed to provide a capability to register host nation vendors in English and Arabic, vendor past performance, allow the posting of Iraqi/Afghani reconstruction solicitations, provide a location for vendors to submit proposals, track historical reconstruction contract data, and allow oversight of in-theatre contracts to monitor cost, schedule, performance, and vendor activities. JCCS provides the CENTCOM-Joint Theater Support Contracting Command (C-JTSCC) professionals a single source of data for HN Vendor Management to include: HN Vendor Registration, Past Performance, Vetting, Invoice and Payment for contracting and financial data to support mission spend analysis, strategic sourcing and staffing requirements. JCCS produces a myriad of contract and financial reports to support the warfighter's overall acquisition forecasting. JCCS is also a platform for web services delivery of expeditionary and contingency business applications to include SPS, SPOT, EDA, GEX, and FPDS-NG, TBC, cASM, OCONTRAX and WAWF. JCCS supports contingency initiatives to include the 3in1 Handheld Device and ACSA-Global Acquisition Tracking Reporting Tool – AGATRS and Theater Business Clearance.

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

HQ DLA Programs includes programs associated with the DLA logistics mission as well as Departmental programs. The DLA is either the executive agent responsible for program oversight and policy guidance or the budget administrator responsible for supporting these programs, described in the paragraphs that follow:

1. Audit Readiness
2. Contingency Logistics
3. Continuing Health
4. Defense Critical Infrastructure Program (CIP)
5. Defense Finance and Accounting Service (DFAS)
6. Defense Information System Network (DISN)
7. Disability Compensation
8. Homeless Blankets
9. Law Enforcement Support Office (LESO)
10. Logistics and Manufacturing Technology
11. Mapping
12. Morale, Welfare and Recreation (MWR)
13. Procurement Technical Assistance Program (PTAP)
14. Unemployment Compensation
15. Warstoppers

I.   Description of Operations Financed (cont.)

1. Audit Readiness (FY 2018: $3.049 million). The Audit Readiness funding will be used for DLA General Fund Audit Readiness in sustainment of the Defense Enterprise Business Systems (DEBS) and other systems or micro applications identified as pertinent to DLA's Audit Readiness. This support includes: 1)Audit readiness support; 2)Business Process Controls (BPC) Support which will include Process Cycle Memorandum (PCM) Review, BPC identification and testing, Corrective Action Plans (CAP), Software Change Requests (SCR) and CAP validation and documentation remediation; 3)Service provider support which will include updated Memorandum of Agreements (MOA), Memorandum of Understanding (MOU), or Service Level Agreements (SLA) and Defense Information Systems Agency (DISA) support; 4)Other systems and micro applications, CAPs, SCRs, CAP validation and update System Assertion Work Products (SAWP).

2. Contingency Logistics (a.k.a - Price Comparability) (FY 2018: $61.116 million). The Contingency Logistics program supports military unique (DoD Mandated) tasks, such as readiness support, that a commercial distribution company would not experience. Contingency Logistics helps to keep the DLA's prices competitive with those of the private sector, which do not include overhead for DoD unique costs. For example, a commercial operation would either dispose of inventory demanded only in wartime (War Reserve Materiel) or charge the customer for the costs of retaining this inventory. By funding the cost of retaining this inventory outside customer prices, the DLA can reduce the materiel surcharge (Cost Recovery Rate) to achieve more comparable pricing. The baseline includes peacetime contingency planning and Command and Control Center costs, and the Department's hazardous and ozone depleting substances programs.

3. Continuing Health (FY 2018: $0.106 million). The Continuing Health program provides coverage for DLA employees affected by reductions-in-force and BRAC.

I.   Description of Operations Financed (cont.)

4.   <u>Defense Critical Infrastructure Program (DCIP)</u> (FY 2018: $1.149 million). DCIP supports DoD-wide risk management decisions by enabling responsible authorities to execute a wide variety of mission essential functions in support of national security objectives. The Defense Logistics Infrastructure Sector Lead Agent funding was realigned from ASD (Homeland Defense & Americas Security Affairs) in FY 2009 to DLA. This allows Logistics DCIP program management to take place closer to the execution source. DLA facilitates the identification, assessment, and risk management of DoD-wide logistics critical assets. This information is shared with the COCOMS, Services, and other Defense Agencies via a DCIP shared data environment for integrated, DoD-wide DCIP risk management. This enables the prioritization of scarce Component resources for remediation of infrastructure vulnerabilities, mitigation of impact of incidents upon infrastructure, and reconstitution of DoD infrastructure capabilities by allowing resources to be applied to Defense critical infrastructure assets essential to project, support, and sustain military forces and operations.

5.   <u>Defense Finance and Accounting Service (DFAS)</u> (FY 2018: $3.100 million). DFAS requires reimbursement for accounting services provided to the General Fund activities (DoD Programs and HQ DLA Programs).

6.   <u>Defense Information System Network (DISN)</u> (FY 2018: $8.695 million). DISN requires reimbursement for services.

7.   <u>Disability Compensation</u> (FY 2018: $0.784 million). The Disability Compensation program funding provides required funding for disability compensation for the Clothing Factory (DSCP) closed by BRAC 1993.

I. Description of Operations Financed (cont.)

8. <u>Homeless Blankets</u> (FY 2018: $3.447 million). The Stewart B. McKinley Homeless
    Assistance Act of 1987 enables DLA to provide blankets to qualified US 501(C)3
    organizations working with the homeless. Homeless shelters request blankets, which are
    issued on a first-come, first-served basis up to the amount of funding.

9. <u>Law Enforcement Support Office (LESO)</u> (FY 2018: $3.108 million and 25 FTEs). LESO
    administers the transfer of excess DoD personal property suitable for use by other
    Federal and State agencies in law enforcement activities, including counter-drug and
    counter terrorism activities under Section 1033 of the FY 1997 National Defense
    Authorization Act (10 USC 2576a); The LESO provides information and training on the
    process and procedures of the excess property program to Federal and State agencies
    annually in accordance with Section 1401 of the FY 2003 NDAA (10 USC 380). The 1033
    Program has transferred $6.3B since inception and $515M in FY 2016. More than 8,000
    law enforcement agencies nationwide currently participate in this highly visible
    program that enhances law enforcement capabilities while saving the taxpayer dollars.
    LESO has consultation and coordination of authority with the Office of the Secretary of
    Defense (OSD), Department of Justice (DOJ), and the Office of National Drug Control
    Policy (ONDCP) in an effort to aide in the National Military Strategy and the National
    Drug Control Strategy.

10. <u>Logistic and Manufacturing Technology</u> (FY 2018: $3.0 million). Expenses of
    Headquarters R&D Management, organizational management analyses, test and evaluation
    for systems sustainment personnel and command support, and product improvement within
    the current performance envelope for systems out of production are funded in the
    Operation and Maintenance (O&M) appropriations.

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

11. <u>Mapping</u> (FY 2018: $29.971 million). DLA serves as the DoD Integrated Materiel Manager and Distributor of approximately 70,000 map items that transferred from the National Geospatial-Intelligence Agency (NGA). The DLA provides a unified world-wide tailored distribution system for all geospatial products; which are no longer strictly hard copy map products but also include a wide variety of classified and unclassified hydrographic, topographic, aeronautical and digital maps, charts and various publications required to support the warfighter.

12. <u>Morale, Welfare and Recreation (MWR)</u> (FY 2018: $25.941 million). MWR programs provide support the DLA military, civilians, military retirees and their families. MWR enhances DLAs readiness and resilience by offering services that reduce stress, and promote self-confidence and foster strong esprit de corps. Included are family programs, child and youth programs, recreation and sports programs, and leisure activities. Funding is based on cost estimates for operating the DLA MWR activities.

13. <u>Procurement Technical Assistance Program (PTAP)</u> (FY 2018: $24.158 million). 10 USC Chapter 142 authorizes the Secretary of Defense, acting through the Director, DLA, to enter into cost sharing cooperative agreements with state and local governments, nonprofit organizations, Indian tribal organizations and Indian economic enterprises to establish and maintain procurement technical assistance centers. The purpose of the program is to enhance the industrial base, improve local economies and generate employment by assisting businesses in obtaining and performing under contracts with DoD as well as other federal agencies and state and local governments. Under the PTAP statute, DLA can pay up to $.75 million for statewide programs and $.45 million for regional (less than statewide) programs during the fiscal year.

I.   Description of Operations Financed (cont.)

14. Unemployment Compensation (FY 2018: $11.025 million). DLA pays the Unemployment
Compensation for all Defense Agencies.

15. Warstoppers Program (FY 2018: $47.940 million) The Warstoppers Program implements
specific industrial preparedness measures for certain supply items, and preserves
critical industrial capabilities to support the Department's readiness and sustainment
requirements. These measures are applied to selected items such as chemical protective
suits, nerve agent antidote auto-injectors, meals-ready-to eat, and some specialty
steels. Peacetime demand for these items is inadequate to sustain an industrial base
sufficient to meet readiness and mobilization requirements. The DLA uses a rigorous
business case evaluation to obtain a return on investment that maximizes warfighter
benefits. The Warstopper Program is the single Agency program for the preservation of
essential production capability. It provides the means to invest in improving industry
responsiveness, typically without purchasing finished goods inventory. It includes the
funding of Industrial Preparedness Measures (IPMs) that support the "surge" of go-to-
war material to increase supply availability of DLA procured items and provides for War
Reserve Material (WRM) offsets items as directed in Defense planning documents. The
Warstoppers Program has led to cumulative inventory costs avoidance of nearly $6B
through the investment of approximately $927M over the program's lifetime.

Defense Logistics Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2018 President's Budget

II. <u>Force Structure Summary</u>:

N/A

III. Financial Summary ($ in thousands)

| A. BA Subactivities | FY 2016 Actual | Budget Request | FY 2017 Congressional Action | | | Current Estimate | FY 2018 Estimate |
			Amount	Percent	Appropriated		
BA4 Administration and Service-Wide Activities: DoD Programs	**69,207**	**54,100**	**0**	**0.0**	**0**	**54,100**	**62,930**
Automatic Identification Technology	800	2,449	0	0.0	0	2,449	2,536
Business Process Reengineering Center	2,641	2,338	0	0.0	0	2,338	2,647
Continuity of Operations	37,382	24,353	0	0.0	0	24,353	31,632
Defense Property Accountability System	11,271	8,484	0	0.0	0	8,484	7,742
Defense Standardization Program Office	9,341	7,418	0	0.0	0	7,418	7,713
Joint Purchase Card Program Office	1,313	1,453	0	0.0	0	1,453	1,506
Logistics Transformation	6,459	7,605	0	0.0	0	7,605	8,118
Property & Equipment Policy	0	0	0	0.0	0	0	1,036
BA4. Administration and Service-Wide Activities: DoD Programs - DoD Enterprise Business Systems	**83,132**	**79,742**	**0**	**0.0**	**0**	**79,742**	**104,086**
Business Systems	6,359	0	0	0.0	0	0	0

III. Financial Summary ($ in thousands)

			FY 2017				
			Congressional Action				
A. BA Subactivities	**FY 2016 Actual**	**Budget Request**	**Amount**	**Percent**	**Appropriated**	**Current Estimate**	**FY 2018 Estimate**
Center of Excellence Defense Agency Initiative	33,884	38,966	0	0.0	0	38,966	58,222
Defense Information System for Security	9,560	0	0	0.0	0	0	0
Defense Retiree and Annuitant System 2	2,381	5,796	0	0.0	0	5,796	5,707
Defense Travel System	6,686	0	0	0.0	0	0	0
DoD Enterprise Business Systems	7,910	9,352	0	0.0	0	9,352	15,484
Enterprise Funds Distribution	1,881	3,363	0	0.0	0	3,363	7,318
Joint Contingency Contract System	0	8,030	0	0.0	0	8,030	2,404
Standard Procurement System	14,471	14,235	0	0.0	0	14,235	14,951
BA4. Administration and Service-Wide Activities:	**223,064**	**224,122**	**0**	**0.0**	**0**	**224,122**	**233,406**
HQ DLA Programs							
Agile Transportation – USTRANSCOM	851	0	0	0.0	0	0	0
Audit Readiness	4,559	3,607	0	0.0	0	3,607	3,049
Contingency Logistics	63,459	61,432	0	0.0	0	61,432	61,117
Continuing Health	99	101	0	0.0	0	101	106
Counter Drug	539	0	0	0.0	0	0	0
Defense Critical Infrastructure Program	786	1,107	0	0.0	0	1,107	1,149

III. Financial Summary ($ in thousands)

A. BA Subactivities	FY 2016 Actual	Budget Request	FY 2017 Congressional Action			Current Estimate	FY 2018 Estimate
			Amount	Percent	Appropriated		
Defense Environmental Restoration Account	6,671	0	0	0.0	0	0	0
Defense Finance & Accounting Service	2,619	1,865	0	0.0	0	1,865	3,100
Defense Information System Network	0	10,374	0	0.0	0	10,374	8,695
Disability Compensation	753	763	0	0.0	0	763	784
Homeless Blankets	3,336	3,324	0	0.0	0	3,324	3,447
Joint Contingency Acquisition Support Office	0	0	0	0.0	0	0	6,793
Law Enforcement Support Office	2,685	2,927	0	0.0	0	2,927	3,108
Logistics & Manufacturing Technology	0	0	0	0.0	0	0	3,000
Managerial Support	1	22	0	0.0	0	22	23
Mapping	28,671	28,876	0	0.0	0	28,876	29,971
Morale, Welfare & Recreation	25,545	27,906	0	0.0	0	27,906	25,941
Procurement Technical Assistance Program	36,061	23,264	0	0.0	0	23,264	24,158
Unemployment Compensation	10,493	10,680	0	0.0	0	10,680	11,025
Warstoppers	35,936	47,874	0	0.0	0	47,874	47,940
Total	**375,403**	**357,964**	**0**	**0.0**	**0**	**357,964**	**400,422**

III. <u>Financial Summary</u> ($ in thousands)

B. <u>Reconciliation Summary</u>	Change <u>FY 2017/FY 2017</u>	Change <u>FY 2017/FY 2018</u>
Baseline Funding	**357,964**	**357,964**
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	**357,964**	
Fact-of-Life Changes (2017 to 2017 Only)		
Subtotal Baseline Funding	**357,964**	
Supplemental		
Reprogrammings		
Price Changes		6,790
Functional Transfers		
Program Changes		35,668
Current Estimate	**357,964**	**400,422**
Less: Wartime Supplemental		
Normalized Current Estimate	**357,964**	

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III. <u>Financial Summary</u> ($ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2017 President's Budget Request (Amended, if applicable)		**357,964**
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2017 Appropriated Amount		**357,964**
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2017 Baseline Funding		**357,964**
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2017 Estimate		**357,964**
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2017 Normalized Current Estimate		**357,964**
6. Price Change		6,790
7. Functional Transfers		
8. Program Increases		50,023
a. Annualization of New FY 2017 Program		
b. One-Time FY 2018 Increases		
c. Program Growth in FY 2018		
1) DAI	18,483	
Beginning of DAI Increment 3 (FY 2017 Baseline: $38,966 thousand; -2 FTEs)		
2) COOP	6,796	
PDM 7000A1 increased FY 18; increase in contract requirements (FY 2017 Baseline: $24,353 thousand)		
3) JCASO	6,793	
Properly realigning to O&M from DWCF		

III. <u>Financial Summary</u> ($ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
(FY 2017 Baseline: $0 thousand)		
4) DEBS Infrastructure	5,945	
Increase was provided in RMD (FY 2017 Baseline: $9,352 thousand)		
5) EFD	3,888	
Increase in reimbursable costs needed for the sustainment of program: DISA & DFAS. (FY 2017 Baseline: $3,363 thousand; +0 FTEs)		
6) Log & Man-Tech	3,000	
Realigning funding from RDT&E to fund PMO support (FY 2017 Baseline: $0 thousand)		
7) DFAS	1,326	
Increase support in workcounts and additional system billings (FY 2017 Baseline: $3,100 thousand)		
8) P&EP	1,036	
P&EP mission being separated out from DPAS (FY 2017 Baseline: $1,030 thousand; +5 FTEs)		
9) Mapping	517	
Increase in contracting requirements (FY 2017 Baseline: $28,876 thousand)		
10) SPS	432	
Increase in contracting dollars needed for sustainment of the program. (FY 2017 Baseline: $14,235 thousand; -3 FTEs)		
11) PTAP	429	
Increase in Grant requirements (FY 2017 Baseline: $23,264 thousand)		
12) Logistics Transformation	361	
Increase in contracting requirements (FY 2017		

III. <u>Financial Summary</u> ($ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
Baseline: $7,605 thousand)		
13) Unemployment	345	
Overall increases estimated for the Department of Defense's unemployment needs. (FY 2017 Baseline: $10,680 thousand)		
14) BPRC	263	
Program growth is an increase of 1 FTE and realigning non-labor to labor to support current FTEs (FY 2017 Baseline: $2,338 thousand; +1 FTEs)		
15) DSPO & GIDEP	148	
Increase in contract requirements (FY 2017 Baseline: $7,418 thousand; +0 FTEs)		
16) LESO	123	
Increase to FTEs (FY 2017 Baseline: $2,927 thousand; +1 FTEs)		
17) Blankets	56	
Increase to program requirement (FY 2017 Baseline: $3,324 thousand)		
18) AIT	38	
Increase in contract requirements (FY 2017 Baseline: $2,449 thousand; +0 FTEs)		
19) PCOLS	24	
Increase in contract requirements (FY 2017 Baseline: $1,453 thousand)		
20) DCIP	20	
Increase in contract requirements (FY 2017 Baseline: $1,107 thousand)		
9. Program Decreases		-14,355
a. Annualization of FY 2017 Program Decreases		

III. <u>Financial Summary</u> ($ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
b. One-Time FY 2017 Increases		
c. Program Decreases in FY 2018		
1) JCCS	-5,786	
Program is going to be partially funded via reimbursable MIPR, and OCO. (FY 2017 Baseline: $8,030 thousand; +0 FTEs)		
2) MWR	-2,523	
Decrease in contract support due to insourcing CDCs (FY 2017 Baseline: $27,906 thousand)		
3) DISN	-1,876	
Funding is based on estimated consumption of DISN services (FY 2017 Baseline: $10,374 thousand)		
4) Contingency Logistics	-1,535	
Realigned funding to support other program requirements (FY 2017 Baseline: $61,432 thousand)		
5) DPAS	-909	
FTE transfer to P (FY 2017 Baseline: $7,454 thousand; -7 FTEs)		
6) Warstoppers	-891	
Reprogramming to support other program shortfalls. (FY 2017 Baseline: $47,874 thousand)		
7) Audit Readiness	-630	
Decrease in contract support (FY 2017 Baseline: $3,607 thousand)		
8) DRAS2	-205	
Reduction in contracting cost. (FY 2017 Baseline: $5,796 thousand; +1 FTEs)		
FY 2018 Budget Request		**400,422**

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

<u>DoD Programs</u>

<u>Defense Property Accountability System (DPAS)</u>:   DPAS currently supports 3.8 million assets worth $430 billion. DPAS is utilized by Military Services and Agencies as the solution for tracking Government Furnished Equipment and accountable property in accordance with DoD Instruction (DoDI) 5000.64. The DPAS is an enduring business management system for providing accounting and accountability of DoD property and equipment for the Army, Air Force, Navy, Marine Corps, and 26 Defense Agencies. DPAS maintains a clean SSAE-16 audit which validates controls within the system significantly reducing its customers audit requirements. The DPAS supports the Services' and Defense Agencies' audit readiness status as a critical financial feeding system through interfaces with Enterprise Resource Planning systems and other legacy accounting systems. The DPAS is scheduled to add 8,000 new users over the next 18 months to satisfy emerging audit readiness needs. The DPAS is the only equipment management system that fully meets the definition of an accountable property system of record (APSR) per DoDI 5000.64, by providing equipment transparency and accountability throughout the asset's lifecycle—from acquisition through delivery, use, re-use, and final disposition processing. The DPAS interfaces with nine accounting systems, the Wide Area Work Flow (WAWF), the Item Unique Identification (IUID) Registry, and the Real Property UID (RPUID) Registry. This PKI compliant, web-based capability provides the best commercial practices functionality for equipment management. The DPAS is also a Fleet Management Information System, providing the Department the ability to manage the usage of non-tactical vehicles and other assets, track all maintenance performed, and manage the dispatch of the assets. An interface exists with the GSA Fleet Automotive Statistical Tool, eliminating the annual manual entry for the required reporting. A Warehouse Management module exists to manage the issue and stowage of Organizational Clothing and Individual Equipment. This module is

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

also utilized to manage the storage of OM&S parts and spares. DPAS metrics provide statistics on several categories such as IUID registry usage and compliance, inventory frequency and compliance with industry standards, and capital asset reporting, as well as having audit capabilities on several life cycle stages.

<u>Business Process Reengineering Center (BPRC)</u>: BPRC proposes redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. It contributes to improvements in the E-business areas of logistics systems modernization, acquisition reporting, information technology (IT), and internal processes and business practices. Performance measures track the development of network architecture, support to the Future Logistics Enterprise, end-to-end procurement process integration and modernization, integrated digital environment acquisition life-cycle, and the Acquisition Technology & Logistics (AT&L) IT modernization and knowledge management portal capability. Metrics include execution of the planned redesign and streamline functions to reduce inefficiencies in AT&L.

<u>Defense Standardization Program Office (DSPO)</u>: DSPO develops policies, procedures, and guidance ensuring standardized policy across the Military Departments and Defense Agencies. The qualitative performance indicators for the DSPO are:

- Effectiveness of the DSP as a single source for information exchange and coordination of all defense standardization efforts, measured by increased number of organizations participating in information exchange, and increased customer satisfaction based on survey results; and

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

- Success in institutionalized development and use of performance and Non-Government Standards (NGSs) in the DoD, measured by increased usage of performance and NGSs, and decreased usage of military-unique specifications and standards.

<u>Logistics Transformation</u>: Logistics Transformation is measured by the Department's wartime readiness to improve the Department's ability to prepare and oversee execution of a rigorous "To-Be" Capability Roadmap, in coordination with the Joint Staff, Military Departments, Combatant Commands, and Defense Agencies to include ongoing assessments stemming from the Quadrennial Review (QDR). The ability to monitor and enhance the Department's logistics performance and resource application, through continuous process improvement for the end-to-end value chain, will provide a cost-effective logistics and material readiness program. These metrics will provide the basis to issue, validate, and revise policy. The policies will provide guidance for the implementation of RFID (Radio Frequency Identification Tags) in the Supply Chain. This will support both the current active Intransient Visibility/Total Asset Visibility RFID capability in support of ongoing Combatant Command operations and future emerging passive RFID capabilities in support of improvements to the integrated end-to-end DoD Enterprise.

HQ DLA Programs

Performance evaluation of the HQ DLA programs is primarily based on funding execution. Monthly Obligation Plans (MOPs) are developed and actual execution is reported each month. Programs that are 5% off plan must provide senior management an explanation and

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

corrective action plan with a projected completion date. The following programs have additional metrics for performance evaluations:

<u>Law Enforcement Support Office (LESO)</u>: This high visibility program will retain focus on inventory control and accountability through Program Compliance Reviews, identifying and implementing enhancements to the Federal Excess Property Management Information System (FEPMIS) and sustaining the inventory reconciliation process. On average, 26 Program Compliance Reviews are executed annually; each includes a minimum of 20% weapons inventory and 100% inventory on high visibility property such as Aircraft and Tactical Vehicles.

<u>Morale, Welfare & Recreation (MWR)</u>: MWR performance metrics track readiness support as it relates to quality child care, physical fitness and family support programs and relocation assistance; Non-Appropriated Fund accountability and reinvestment; and customer service provided in the areas of recreation activities such as lodging, pools, dining facilities and information, ticketing and reservations.

<u>Procurement Technical Assistance Program (PTAP)</u>:   PTAP awards stipulate recipient responsibilities for monitoring performance and reporting results to DLA. Performance reports received under the program allow the DLA to compare actual accomplishments with established goals, capture other quantitative performance data and monitor developments that could have a significant impact on awards. The data reported to DLA is validated during performance reviews.

<u>Warstoppers Program</u>: Warstoppers Program metrics are requirements validation, industry capability validation, requirements offset capability, and resource availability/

IV. **Performance Criteria and Evaluation Summary**:

management and percent of items with surge coverage. The metrics account for coverage of war reserve requirements, surge testing, and return on investment which is calculated against the offset of unfunded War Reserve Requirements identified by the Services.

V. **Personnel Summary**	FY 2016	FY 2017	FY 2018	Change FY 2016/ FY 2017	Change FY 2017/ FY 2018
Active Military End Strength (E/S) (Total)	58	58	58	0	0
Officer	17	16	17	-1	1
Enlisted	41	42	41	1	-1
Civilian End Strength (Total)	166	183	201	17	18
U.S. Direct Hire	126	145	144	19	-1
Total Direct Hire	126	145	144	19	-1
Reimbursable Civilians	40	38	57	-2	19
Active Military Average Strength (A/S) (Total)	58	58	58	0	0
Officer	17	16	17	-1	1
Enlisted	41	42	41	1	-1
Civilian FTEs (Total)	163	183	201	20	18
U.S. Direct Hire	134	145	144	11	-1
Total Direct Hire	134	145	144	11	-1
Reimbursable Civilians	29	38	57	9	19
Average Annual Civilian Salary ($ in thousands)	241.6	250.2	244.8	8.6	-5.4
Contractor FTEs (Total)	171	137	138	-34	1

Footnote: The DLA average salary amount includes unemployment compensation for all of the Defense Agencies.

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

	FY 2016	Change FY 2016/FY 2017		FY 2017	Change FY 2017/FY 2018		FY 2018
OP 32 Line	Actual	Price	Program	Estimate	Price	Program	Estimate
101 Exec, Gen'l & Spec Scheds	21,827	411	3,356	25,594	500	-1,875	24,219
106 Benefit to Fmr Employees	10,553	0	127	10,680	0	345	11,025
199 Total Civ Compensation	**32,380**	**411**	**3,483**	**36,274**	**500**	**-1,530**	**35,244**
308 Travel of Persons	557	11	38	606	12	202	820
399 Total Travel	**557**	**11**	**38**	**606**	**12**	**202**	**820**
416 GSA Supplies & Materials	34	1	78	113	2	-57	58
499 Total Supplies & Materials	**34**	**1**	**78**	**113**	**2**	**-57**	**58**
647 DISA Enterprise Computing Centers	3,962	-396	11,348	14,914	283	1,053	16,250
671 DISA DISN Subscription Services (DSS)	0	0	12	12	0	-12	0
679 Cost Reimbursable Purchase	35,757	679	4,395	40,831	817	-3,023	38,625
695 DFAS Financial Operations (DLA)	4,848	-237	-2,746	1,865	-91	3,126	4,900
699 Total DWCF Purchases	**44,567**	**46**	**13,009**	**57,622**	**1,009**	**1,144**	**59,775**
771 Commercial Transport	28	1	40	69	1	-1	69
799 Total Transportation	**28**	**1**	**40**	**69**	**1**	**-1**	**69**
912 Rental Payments to GSA (SLUC)	54	1	2,964	3,019	60	-1,680	1,399
914 Purchased Communications (Non-Fund)	315	6	-313	8	0	312	320
915 Rents (Non-GSA)	0	0	2,660	2,660	53	-2,146	567
920 Supplies & Materials (Non-Fund)	0	0	22	22	0	-22	0
921 Printing & Reproduction	17	0	30	47	1	-1	47
922 Equipment Maintenance By Contract	2	0	7,410	7,412	148	-6,560	1,000
923 Facilities Sust, Rest, & Mod by Contract	5,241	100	-5,341	0	0	5,590	5,590
925 Equipment Purchases (Non-Fund)	0	0	6,494	6,494	130	-6,624	0
930 Other Depot Maintenance (Non-Fund)	8,920	169	-6,788	2,301	46	7,501	9,848
932 Mgt Prof Support Svcs	5,003	95	4,693	9,791	196	1,223	11,210

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	FY 2016	Change FY 2016/FY 2017		FY 2017	Change FY 2017/FY 2018		FY 2018
OP 32 Line	Actual	Price	Program	Estimate	Price	Program	Estimate
933 Studies, Analysis & Eval	0	0	7,605	7,605	152	-6,114	1,643
934 Engineering & Tech Svcs	63,647	1,209	-52,076	12,780	256	39,891	52,927
960 Other Costs (Interest and Dividends)	7	0	-3	4	0	0	4
987 Other Intra-Govt Purch	161,448	3,068	14,670	179,186	3,584	9,353	192,123
988 Grants	35,146	668	-13,271	22,543	451	434	23,428
989 Other Services	18,037	343	-16,798	1,582	32	2,736	4,350
990 IT Contract Support Services	0	0	7,826	7,826	157	-7,983	0
999 Total Other Purchases	**297,837**	**5,659**	**-40,216**	**263,280**	**5,266**	**35,910**	**304,456**
Total	**375,403**	**6,129**	**-23,568**	**357,964**	**6,790**	**35,668**	**400,422**