

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
FY 2000/2001 Biennial Budget Estimates
Budget Activity 2

Activity Group: Warstoppers

I. Description of Operations Financed:

Funding for Warstoppers recognizes that certain supply items must be procured and critical industrial capability must be preserved to support the Department's readiness and sustainment requirements. This concept applies to items such as chemical protective suits and gloves, nerve agent antidote auto-injectors, meals-ready-to eat, and tray pack assemblies. In each instance, peacetime demand is inadequate to sustain an industrial base sufficient for readiness and mobilization. In prior years, these items or capabilities were funded through customer demand, war reserve appropriation or customer surcharges on basic items of supply. However, now the "Warstoppers" qualify for funding, not as the result of reasonable business decisions, but as a matter of national security, and, therefore, do not fall within the purview of the Defense Working Capital Fund (DWCF).

The Warstoppers program is mandated by law and is the single Agency program to preserve essential production capability, and to provide the means to invest in improving industry responsiveness. This also includes the funding of Industrial Preparedness Measures (IPM's) to allow for the "surge" of battle critical material to increase supply availability of spares and troop support items as directed in Defense planning documents. Industrial Base Maintenance Contracts currently preserve critical production capabilities for nerve agent antidote and chemical protective gloves with minimal annual investment. Industrial readiness or preparedness investments enable DLA to provide surge capability for critical weapon systems and troop support items as a more cost-effective alternative to War Reserve Materiel (WRM).

Within the Medical Readiness line, rotational stock contracts enable DLA to purchase critical drug and pharmaceutical war reserve items with short shelf life and have them stored and rotated with commercial stock by the contractor and thereby eliminate the need for continual replacement of Service WRM inventories. The rotational stocks serve as a bridge stock until industry can expand initial production to meet the wartime surge requirements. NBC Defense dollars have been used to increase the surge capability of

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nerve agent auto injector production through the purchase of injector components. In addition, funds are used to maintain unique food production equipment owned by the government to support surge requirements for combat rations.

NERVE AGENT ANTIDOTES (NAA): The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take the necessary steps to ensure the maintenance and stability of the industrial base for Nerve Agent Antidote Autoinjectors. Since 1992, the only FDA approved producer has had an Industrial Base Maintenance Contract (IBMC) to produce injectors for wartime surge and other necessary requirements. These funds maintain critical process capability and FDA certification of the sole domestic source of NAA autoinjectors. Increased funding is projected for the new NAA industrial base maintenance contract for FY99-FY01. The program growth of \$607K reflects preliminary prices that have been received from the contractor during the solicitation process. A decrease in funding in this area will prevent the Agency from being able to sustain this critical sole source supplier of NAA.

CHEMICAL GLOVES: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. The resources support Industrial Base Maintenance Contracts (IBMCs) for the only two sources of butyl gloves. Peacetime demand is insufficient to maintain these sources of supply. Funding is based on two new glove industrial base maintenance contracts negotiated for FY99-FY00 in Apr. The program increase of \$27K reflects actual negotiated prices. A decrease of funding in this area will prevent the Agency from being able to sustain these two critical suppliers of chemical protective gloves.

CHEMICAL SUITS: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. This line funds measures to ensure the

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availability of adequate industrial capability to meet wartime demand for chemical protective suits. The line has been used to purchase chemical protective suit liner material that is stored as a supply bubble to meet wartime production demand. The liner material is a long lead time item purchased from foreign sole source. A decrease of funding in this area will dramatically impact the capability of the Agency to provide for the accelerated production of chemical protective suits to meet wartime requirements.

MEALS READY TO EAT (MRE) INDUSTRIAL PREPAREDNESS MEASURES (IPM): The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. This line funds measures to ensure that adequate industrial capacity exists to meet the Services' wartime surge requirements. The \$200K program increase reflects the planned purchase of unitization equipment necessary to meet surge requirements for the Unitized Group Rations (UGR). This is reserve equipment that will be used to satisfy mobilization requirements. A decrease in funding in this area will negatively impact the capability of the Agency to meet the planned wartime requirements for the UGR.

TRAY PACK/MRE EQUIPMENT MAINTENANCE: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. The resources requested for this project will fund the storage and maintenance of unique traypack and MRE production equipment necessary to meet wartime requirements. This equipment gives the industry the capability to quickly expand production in times of war.

TRAY PACK IPM: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. This line funds measures to ensure that adequate industrial capacity exists to meet the Services' wartime surge requirements for tray pack rations.

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MANPOWER AND DIRECT SUPPORT: DLA, a Combat Support Agency, is directed by congress to assess the capability of the industrial base to provide wartime requirements and maintain the ability of the industrial base to produce critical Warstopper items. These funds support readiness initiatives, supporting activities, and personnel implementing DLA's Industrial Base Program (IBP) to include salaries, travel, training, tools.

DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM (DPAS): This line funds resources necessary to establish and maintain a viable DPAS program within DLA. This program promotes an efficient and effective program by providing continual training and training materials to field personnel that manage and execute the program.

NUCLEAR, BIOLOGICAL, AND CHEMICAL (NBC) DEFENSE: This line provides for mobilization preparedness of critical NBC Defense products required by the Services. DLA must maintain a "warm" military unique industrial capability that meets the Services' replenishment and sustainment requirements. Items covered are military unique biomedical defense vaccines and chemical agent defense pharmaceuticals.

INDUSTRIAL READINESS: This project focuses on funding to (1) support surge capability for critical troop support items and commodities supporting critical weapons systems, and (2) ensure actions preserving critical industrial capability can be implemented. Emphasis is being placed on new business practices and increased reliance on the commercial sector to meet these requirements. The increase is due to costs associated with the Prime Vendor (PV) Surge Initiative. This is a new initiative that provides for more rigorous surge assessments and testing of prime vendors and other long-term contracts and provides funds for investments to meet critical wartime shortfalls. A large percentage of our troop support items are provided via prime vendors, and an increasing amount of hardware and spares are being procured via Prime Vendors. The increase is necessary to ensure that assessments are made and preparedness measures implemented where appropriate to address the capability to meet the Services wartime

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requirements. This is one of the Agency's top readiness initiatives. A decrease in funding in this area will negatively impact the Agency's ability to assure the Services that their wartime requirements can be met through new business practices such as Prime Vendor.

MEDICAL READINESS: The Medical Readiness account funds preparedness measures necessary to ensure that DLA can meet the Services' surge requirements for critical pharmaceutical, medical, and surgical items. Measures such as Stock Rotation, Prime Vendor Surge, Corporate Exigency Contracts, and Vendor Managed Inventory are used to address shortfalls.

OZONE DEPLETING SUBSTANCES: The amount reflected in the budget is for the purchase of Halon 1301. The \$1.5M decrease simply reflects the maximum amount that could be allocated from a budgetary standpoint after funding competing priorities. The total requirement will be bought through year FY03. The intent is to purchase the material as quickly as possible. Year-to-year variations do not have any significance from a program standpoint.

II. Force Structure: N/A

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III. Financial Summary (\$ in Thousands):

A. <u>Subactivity Group:</u>	FY 1998	Budget	FY 1999		FY 2000
	<u>Actuals</u>	<u>Request</u>	<u>Appropriated</u>	<u>Estimate</u>	<u>Estimate</u>
Nerve Agent Antidote	6,054	6,730	7,139	7,139	7,853
Chemical Gloves	3,956	4,349	3,941	3,941	4,027
Chemical Suits	2,431	3,000	3,000	3,000	3,050
MRE IPM	405	0	0	0	200
Tray Pack/MRE Maintenance	116	200	200	200	200
Tray Pack IPM	2,800	50	50	50	50
Manpower/Direct Support	3,448	3,674	3,673	3,673	3,772
DPAS	12	30	30	30	30
NBC Defense	1,000	1,000	1,000	1,000	1,000
Industrial Readiness	5,444	10,301	7,191	7,191	10,030
Medical Readiness	5,596	6,100	6,100	6,100	6,100
Ozone Depleting Substances	3,975	3,500	3,500	3,500	2,000
TOTAL	35,237	38,934	35,824	35,824	38,312

B. Reconciliation Summary:

	<u>Change</u>	<u>Change</u>
	<u>FY 1999/1999</u>	<u>FY 1999/2000</u>
Baseline Funding	38,934	35,824
Congressional Adjustments	(3,110)	0
Supplemental Request	0	0
Price Change	(97)	537
Functional Transfers	0	0
Program Changes	97	1,951
Current Estimate	35,824	38,312

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III. Financial Summary (\$ in Thousands) (Continued):

C. Reconciliation of Increases and Decreases:

1. FY 1999 President's Budget Request	38,934
2. Congressional Adjustments (Distributed)	(3,000)
3. Congressional Adjustments (Undistributed)	
a. Section 8105 - DRI Savings	(37)
b. Section 8108 - Revised Economic Assumptions	(44)
c. Congressional Earmark Billpayer	(29)
Total Congressional Adjustments (Undistributed)	(110)
4. FY 1999 Appropriated Amount	35,824
5. Price Change	(97)
6. Total Program Increases	97
7. Total Program Decreases	0
8. Revised FY 1999 Current Estimate	35,824
9. Price Growth	537

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III. Financial Summary (\$ in Thousands) (Continued):

C. Reconciliation of Increases and Decreases (Continued):

10. Program Increases:

a. Nerve Agent Antidote (Contractor Prices)	607
b. Chemical Gloves (New Contract Negotiations)	27
c. Chemical Suits (Ensure Adequate Availability)	5
d. MRE IPM (To meet surge requirements)	200
e. Manpower/Dir Spt for readiness initiatives	44
f. Indust'l Read - Prime Vendor Initiative	2,731

Total Program Increases		3,614
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11. Program Decreases

Program adjustments in Tray Pack IPM, NBC Defense, Medical Readiness, and Ozone Depleting Substances Due to the leveling of project requirements.	(1,663)
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12. FY 2000 Budget Request	38,312
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IV. Performance Criteria and Evaluation Summary: N/A

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V. Personnel Summary: N/A

VI. OP-32 Line Items as Applicable (\$ in Thousands):

		FY 1998 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1999 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2000 <u>Estimate</u>
989	Other Contracts	35,237	388	199	35,824	537	1,951	38,312
	TOTAL	35,237	388	199	35,824	537	1,951	38,312

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Activity Group: Contract Management

I. Description of Operations Financed:

CONTRACT ADMINISTRATION SERVICES (CAS): DCMC provides customer-focused contract management services throughout the acquisition life cycle, around the clock, around the world. As DoD's independent CAS agent, DCMC represents the interests of the Government with industry, thereby protecting the rights of the Government, obtaining maximum value for taxpayers' dollars and providing responsive support to the Military Departments as well as to civilian agency customers. DCMC's major responsibilities are: ensuring contractor compliance with cost, delivery, technical, quality and other terms of contracts assigned for administration; accepting products and services on behalf of the Government; providing program and technical support; and ensuring that contractors are paid. DCMC serves as DoD's information broker in contractors' plants worldwide, providing the Military Departments and civilian agency customers with invaluable insight in both preaward and postaward contract management.

DCMC aims to be the provider of choice for contract management for DoD and other Federal and international organizations, and a valued customer to our suppliers. DCMC's strategic objectives include: providing the right item at the right time for the right price, teaming with our business partners to achieve customer results, serving as a catalyst for the revolution in business affairs, accelerating acquisition reform by applying commercial processes and practices, leveraging information technology to improve business results, investing to develop and sustain the right talent, and building and maintaining a positive work environment.

DCMC has already made major reductions in staffing between FY 1991 and FY 1997. This budget continues that trend and reflects a reduction of over 1,500 personnel from FY 1998 to FY 2000, which equates to an eleven percent reduction. In addition to personnel reductions, DCMC has made significant reductions in nonlabor in order to fund basic personnel costs, which include pay raises, locality pay, and mandatory step increases not completely funded by the Department. DCMC realized a \$20M increase in FY 1998 over funded rates.

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I. Description of Operations Financed (continued):

STANDARD PROCUREMENT SYSTEM (SPS):The SPS program objective is deploying SPS to users in the functional area of defense contracting. There are approximately 46,000+ users at approximately 1,000 sites worldwide, and the full operational capability threshold schedule date is the end of fourth quarter FY 2001. The purpose of SPS is to standardize the automated procurement functions across the Army, Navy, Air Force, Marine Corps, Defense Logistics Agency, DCMC, and the other Defense Agencies. Additionally, SPS will provide Electronic Document Access capabilities.

The Program Office is responsible for: installation of the product (Procurement Defense Desktop (PD2)), licenses, training, establishment of the Shared Data Warehouse (SDW), interfaces to the financial and other legacy systems, data conversion, and versions of the tailored software.

The program increase from FY 1999 to FY 2000 partially stems from a \$8.7M reduction to the FY 1999 program levied from a Congressional mark on DCMC infrastructure and a reduction mandated to legacy systems. The FY 1999 Congressional mark delays licensing and training 3,000 users to FY 2000. The legacy system mark reduces maintenance for DCMC users on Mechanization of Contract Administration Services System (MOCAS) to only mission essential support. The increase is also attributed to the continued achievement of expanding the number of DoD procurement users with SPS. The expansion requires more users to receive SPS training than in previous years. And in order to expand into other DoD procurement communities, interfaces and data conversions must be created and achieved to connect with logistics and finance communities. With the expanded use of SPS, additional functionality is required to sustain currency with Electronic Commerce and Electronic Business capabilities. The FY 2000 funding requirements have not changed from the previous budget submission.

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I. Description of Operations Financed (continued):

DCMC INITIATIVES: In order to operate efficiently and effectively with constrained resources, DCMC has re-engineered its business practices to provide a standard way of doing business across the Command. This business architecture, in addition to necessitating a robust computing and communications infrastructure, has required the development and deployment of unique software applications. In particular, these initiatives support critical DoD Management Reform efforts in paperless contracting, disposal of excess Government property and source acceptance.

Other initiatives enable Command-wide standard business practices for contract administration, such as contract closeout, contract termination, quality assurance management and risk assessment management.

DCMC INFRASTRUCTURE: Information Technology infrastructure is critical to execution of the Command's mission and implementation of its key initiatives. The Command has developed a technical architecture that defines the computing and communications environment needed to implement and sustain its critical business architecture. This technical architecture is updated as new mission needs and business requirements are identified.

A significant migration from mainframe to mid-tier systems is underway, as MOCAS is replaced within the Command by the Standard Procurement System. Other business applications have been and are being developed to operate within a client/server architecture. This has necessitated an aggressive modernization program to assure that the required computing power is available and capable of running the ever-increasing complexity of standard commercial off-the-shelf software packages and unique software applications.

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I. Description of Operations Financed (continued):

At the same time, business operations have dramatically increased the amount of data that needs to be exchanged between personnel, both within and outside the Command. This requires increased bandwidth and throughput capability, which must be planned, executed and maintained.

DCMC has embarked on a one third replacement program to update its current and future technical architecture to maintain industry standards and efficiency (as quoted in Gartner Group Study). With the high volume of paperless and large processing requirements being directed for implementation by OSD, (e.g. Dr. Hamre initiatives and SPS deployment) it is imperative that we replace our computer architecture every three years. The one-third replacement cycle (approximately 4,500 PCs) gives the Command the ability to keep PC hardware requirements in line with the ever-changing increases in software processing standards/speeds. The recent FY 1999 Congressional mark stopped the Command's ability to continue the one-third replacement cycle (4,500 PCs). Without this one-third replacement cycle the cost to incorporate new high processing applications becomes greater due to maintaining and upgrading old equipment. This Command also has the requirement to support programs that work directly with contractors/contract facilities. If we do not stay current with our computer infrastructure the ability to interoperate (software/hardware) with industry becomes hindered.

DLA CORPORATE ALLOCATION: The Defense Logistics Agency (DLA) is made up of six different business areas, one of which is DCMC. In addition to budgeting for the core mission, each business area must budget for an allocation of the costs for DLA's corporate organizations. The corporate organizations include areas such as the Office of the Comptroller, Civilian Personnel, Administrative Support Center, and General Council. Each of these organizations provides matrix support to all the business areas. This enables DLA and the business areas to minimize overhead costs.

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I. Description of Operations Financed (continued):

The allocation of corporate costs is based on each business areas "earnings". In the case of DCMC, the Operations and Maintenance appropriation is considered the earnings. DCMC budgets for 6.3% of DLA's corporate costs.

REIMBURSABLE EARNINGS: DCMC performs CAS on a reimbursable basis for non-DoD customers. DCMC performs the full range of CAS functions for Foreign Military Service (FMS) customers. CAS in support of FMS represents about 75% of our reimbursable dollars. DCMC also provides CAS in support of direct commercial sales. Civilian Agency customers include National Aeronautical Space Administration (NASA), Department of Energy, Department of Transportation (DOT), Environmental Protection Agency (EPA), and Department of State, among others. Actual hours are billed at a standard annual rate. CAS in support of civilian agencies is typically limited to specific functions, for example, the majority of DCMC's support to NASA is quality assurance. DOT and State request pre-award support. EPA has delegated property and purchasing system reviews.

From FY 1999 to FY 2000 FMS sales and NASA delegations are declining faster than DoD workload. The decrease in reimbursable earnings is broken out as follows: FMS -\$1.6M, NASA -\$2.0M, and other (Federal Agencies, Privatization and HQ) -\$0.3M.

II. Force Structure Summary:

The DCMC force structure is designed to support seven primary Contract Administration Services and four major activities. These functions consist of the following:

- Primary Functions
 - Quality
 - Production

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II. Force Structure Summary (continued):

- Program Integration
- Contracts/Pricing
- Engineering
- Property
- Transportation
- Flight Safety

- Major Activities
 - Precontract Administration
 - Customer Mandatories
 - Systems Review
 - Contingency Contract Administration Services

These seven primary functions and four major activities provide the framework for the DCMC missions, goals, and objectives.

DCMC manages more than 360,000 prime contracts valued at \$970 billion, covering 23,000 contractors around the world. DCMC executes this dynamic and complex mission through effective force structure manning. DCMC reduced its force structure manning by 43% over the last eight years.

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

	FY 1998	Budget	FY 1999	Current	FY 2000
A. <u>Subactivity Group:</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
Contract Admin Services					
Pers Comp & Benefits	841,626	824,844	821,045	809,389	831,205
Vol Sep Incentive Pay	13,600	0	0	11,300	0
PCS	12,470	12,657	12,657	12,066	13,658
Travel	25,512	25,895	25,895	25,433	25,950
Training	8,807	11,382	11,382	11,173	12,952
ISSA	10,029	10,179	10,179	11,198	11,867
Contract Serv (Non Other)	16,915	17,169	17,169	17,101	17,358
Supplies & Materials	7,946	5,821	5,821	5,908	6,003
Rental Payments	22,315	23,385	23,385	22,567	22,879
Util & Non DISA Comm	16,116	15,399	15,399	16,292	16,531
Info Services - DISA	13,578	16,370	16,370	14,718	14,883
Finance&Accounting Serv	14,705	24,154	24,154	15,595	11,925
Other Operating Sup Costs	21,385	13,341	13,341	16,375	17,124
Subtotal	1,025,004	1,000,596	996,797	989,115	1,002,335
Standard Procurement System					
Per Comp & Benefits	2,469	2,563	2,563	2,479	2,415
Supplies	40	35	35	41	42
Equipment Purchases & Commercial Off the Shelf	5,538	21,426	16,226	12,648	13,000
Processing Charges	1,935	882	882	594	609
Software Development & Maintenance	18,884	7,798	7,798	12,694	21,228
Software Conversion	5,357	15,015	11,515	10,646	11,558

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

	FY 1998		FY 1999		FY 2000	
A. <u>Subactivity Group:</u>	<u>Actuals</u>	<u>Budget Request</u>	<u>Appropriation</u>	<u>Current Estimate</u>	<u>FY 2000 Estimate</u>	
Training/Testing/ Studies & Implementation	20,761	17,857	17,857	18,062	24,905	
Other Purchases	1,031	981	981	725	951	
Subtotal	56,015	66,557	57,857	57,889	74,708	
DCMC Initiatives	8,283	10,768	9,968	11,868	9,115	
Infrastructure	19,714	36,604	26,904	26,904	36,631	
DLA Corporate Allocation	11,189	12,303	12,303	15,120	15,755	
Total	1,120,205	1,126,828	1,103,829	1,100,896	1,138,544	
Reimbursable Earnings	181,757	162,963	162,963	167,881	163,961	
Operation & Maintenance	938,448	963,865	940,866	933,015	974,583	

B. Reconciliation Summary:

	<u>Change</u> <u>FY 1999/FY 1999</u>	<u>Change</u> <u>FY 1999/FY 2000</u>
Baseline Funding	963,865	933,015
Congressional Adjustments	(22,999)	0
Supplemental Request	0	0
Price Change	(561)	33,362
Functional Transfer	(4,151)	547
Program Changes	(3,139)	7,659
Current Estimate	933,015	974,583

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

C. Reconciliation of Increases and Decreases:

1.	FY 1999 President's Budget		963,865
2.	Congressional Adjustments (Distributed)		
	a. ADP Legacy System Efficiencies	(4,300)	
	b. Information Technology	(14,900)	
	Total Other Congressional Adjustments (Distributed)		(19,200)
3.	Congressional Adjustments (Undistributed)		
	a. Section 8105 - DRI Savings	(901)	
	b. Section 8108 - Revised Economic Assumptions	(1,083)	
	c. Section 8135 - Foreign Current Fluctuations	(1,097)	
	d. Congressional Earmarks	(718)	
	Total Other Congressional Adjustments (Undistributed)		(3,799)
4.	FY 1999 Appropriated Amount		940,866
5.	Functional Transfers-Out		
	Internal Realignment of Joint Electronic Commerce Program Office (JECPO) and the DoD Computer Forensic Laboratory funding to Other Logistics Services (OLS)		(4,151)
6.	Price Growth		(561)
7.	Program Increases		
	a. Increase for Electronic Document Workflow (EDW)to support efforts to move to Paper Free Contracting by FY 2000	1,900	

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C.	<u>Reconciliation of Increases and Decreases:</u>		
	b. Increase in Travel and PCS expenses to accommodate contractor consolidations and workforce restructuring	7,100	
	c. Program offset due to FY 99 price change	561	
	Total Program Increases		9,561
8.	Program Decreases		
	Reduction of 452 FTEs to comply with price escalation indices labor reduction		(12,700)
9.	Revised FY 1999 Current Estimate		933,015
10.	Price Growth		33,362
11.	Functional Transfers-In:		
	The Space and Warfare Systems Command (SPAWARSYCOM) transfer of Contract Administrative Services (CAS) from the Department of the Navy		547
12.	Program Increases		
	a. Infrastructure costs adjustments to support Base Level equipment and Commercial Off the Shelf (COTS) software	13,568	
	b. Increased other support costs due to pricing changes and adjustments to communication purchases	1,282	

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

C. Reconciliation of Increases and Decreases (Continued)

	c. Increased SPS funding for software development, maintenance, software conversions, AMS PMO commercial ADP training and travel expenses	16,851	
12.	Program Increases (con't)		
-	d. Increases associated with DISA and DLA Information Services software development and maintenance requirements	3,175	
	Total Program Increases		34,876
13.	Program Decreases		
	a. Reduction in labor is attributable to the realignment of personnel to reflect workload projections and termination of Voluntary Separation Incentives Program (VSIP)	(15,115)	
	b. Reduction in DFAS funding is due to realignment of MOCAS workcounts to the appropriate business area	(3,670)	
	c. Reductions associated with DCMC Information Technology (IT) initiatives are due to software development accomplishments	(2,753)	
	d. Other prorata nonlabor reductions associated with the realignment of funding to other program requirements	(5,679)	
	Total Program Decreases		(27,217)
14.	FY 2000 Budget Request		974,583

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IV. Performance Criteria and Evaluation Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Customer Satisfaction Rating	90%/5.0	90%/5.0	90%/5.0
Execute Budgeted FTEs	14,009	12,998	12,859
Contracts Closed Within FAR/DFAR Goals	85%	85%	85%
Overage Undefined Contracting Actions	<20%	<15%	<15%

V. Personnel Summary:	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Change FY 98/99</u>	<u>Change FY 99/00</u>
<u>Active Military End Strength (E/S) (Total)</u>	727	676	570	(51)	(106)
Officer	588	544	471	(44)	(73)
Enlisted	139	132	99	(7)	(33)
<u>Civilian End Strength (Total)</u>	13,832	12,923	12,838	(909)	(85)
U.S. Direct Hire	13,708	12,799	12,714	(909)	(85)
Foreign National Direct Hire	102	102	102	0	0
Total Direct Hire	13,810	12,901	12,816	(909)	(85)
Foreign National Indirect Hire	22	22	22	0	0
(Reimbursable Civilians Included Above-Memo)	2,084	1,929	1,849	(155)	(80)
<u>Active Military Average Strength (A/S) (Total)</u>	727	676	570	(51)	(106)
Officer	588	544	471	(44)	(73)
Enlisted	139	132	99	(7)	(33)

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V. Personnel Summary (Continued):

<u>Civilian Workyears (Total)</u>	14,009	12,998	12,859	(1,011)	(139)
U.S. Direct Hire	13,885	12,874	12,735	(1,011)	(139)
Foreign National Direct Hire	102	102	102	0	0
Total Direct Hire	13,987	12,976	12,837	(1,011)	(139)
Foreign National Indirect Hire	22	22	22	0	0
(Reimbursable Civilians Included Above-Memo)	2,111	1,950	1,852	(161)	(98)

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

	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>
	<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
101 Exec, Gen & Spec Schedule	713,406	24,256	(46,308)	691,354	29,037	(3,785)	716,606
103 Wage Board	604	21	0	625	26	0	651
104 Foreign National Direct Hire	4,385	149	0	4,534	190	0	4,724
105 Separation Liability (FNDH)	214	7	0	221	9	0	230
106 Benefits to Former Employees	4,732	0	0	4,732	0	0	4,732
107 Vol Sep Incent Pay	13,600	0	(2,300)	11,300	0	(11,300)	0
111 Disability Comp	5,271	0	0	5,271	0	0	5,271
199 TOT CIV PERS COMPENSATION	742,212	24,433	(48,608)	718,037	29,262	(15,085)	732,214
308 Travel of Persons	27,950	307	3,090	31,347	470	0	31,817
399 TOTAL TRAVEL	27,950	307	3,090	31,347	470	0	31,817

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Activity Group: Contract Management

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

401 Fuel Purch (Sup Management)	62	(5)	0	57	(14)	0	43
415 DLA Managed Sup and Materials	1	0	0	1	0	0	1
	<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>
	<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
416 GSA Managed Sup and Materials	916	10	0	926	14	0	940
499 TOTAL FUND SUP & MATERIALS PURCHASES	979	5	0	984	0	0	984
506 DLA Fund Equipment	11	0	0	11	1	0	12
507 GSA Managed Equipment	167	2	0	169	3	0	172
599 TOTAL FUND EQUIPMENT PURCHASES	178	2	0	180	4	0	184
634 Naval Public Works Centers: Utilities	26	(2)	0	24	0	0	24
635 Naval Public Works Centers: Public Works	5	0	0	5	0	0	5
647 DISA Info Services	7,174	(789)	638	7,023	(674)	524	6,873
650 DLA Info Services	10,569	1,363	(8,977)	2,955	585	2,425	5,965
671 Comm Srv (DISA)	6,404	(38)	1,329	7,695	1,247	(932)	8,010
673 Def Fin and Acct Service	14,705	544	346	15,595	234	(3,904)	11,925
677 Purch Equip Maint, Non-ADP	261	3	0	264	4	0	268
678 Def Sec Srv	70	0	0	70	1	0	71
699 TOTAL PURCHASES	39,214	1,081	(6,664)	33,631	1,397	(1,887)	33,141

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Activity Group: Contract Management

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

	<u>FY 1998</u> <u>Actuals</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1999</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2000</u> <u>Estimate</u>
701 MAC Cargo (Fund)	421	29	0	450	7	0	457
771 Commercial Transp	4,123	45	0	4,168	63	23	4,254
799 TOTAL TRANSP	4,544	74	0	4,618	70	23	4,711
901 For Nat Indirect Hire (FNIH)	717	24	0	741	31	0	772
912 Rent to GSA (SLUC)	18,492	203	0	18,695	280	0	18,975
913 Purch Utilities (non-Fund)	2,952	32	0	2,984	45	0	3,029
914 Purch Comm (non-Fund)	12,723	140	0	12,863	193	0	13,056
915 Rents (non-GSA)	1,947	21	0	1,968	30	0	1,998
917 Postal Srv (U.S.P.S.)	1,693	0	0	1,693	0	0	1,693
920 Sup & Mat (non-Fund)	6,833	75	(2,038)	4,870	73	0	4,943
921 Printing & Reproduction	451	5	759	1,215	18	0	1,233
922 Equip Maint by Cont	3,649	40	0	3,689	55	0	3,744
923 Fac Maint by Cont	692	8	0	700	11	0	711
925 Equip Purch (non-Fund)	24,846	273	10,459	35,578	534	13,386	49,498
932 Prof & Mgmt Srv by Contract	7,903	87	0	7,990	120	0	8,110
933 Studies, Analysis, & Evaluations	5	0	0	5	0	0	5
934 Cont Eng & Tech Services	4,666	51	0	4,717	71	0	4,788
989 Other Contracts	35,604	392	10,314	46,310	695	11,769	58,774

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Activity Group: Contract Management

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

	FY 1998 <u>Actuals</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1999 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2000 <u>Estimate</u>
998 Other Costs	138	2	0	140	2	0	142
991 Foreign Currency Variance	60	0	0	60	1	0	61
999 TOTAL OTHER PURCH	123,371	1,353	19,494	144,218	2,159	25,155	171,532
TOTAL	938,448	27,255	(32,688)	933,015	33,362	8,206	974,583

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed:

In past fiscal years, the Contract Management Activity Group budget request included funding requirements for non-Contract Management Programs. The funding associated with the non-Contract Management programs has been increasing since FY 91.

Examples of the non-Contract management programs are Defense Agency Unemployment Compensation, the Director of Acquisition Career Management, Price Comparability, Quality of Life, and the Security Locks Program.

The Other Logistics Services activity group was established to separate the non-Contract Management programs from Contract Management performed in DLA. This activity group includes the following programs:

UNEMPLOYMENT COMPENSATION: Reflects funding of unemployment costs for all Defense Agencies. The Department of Labor consolidates the Defense Agencies unemployment costs. DLA estimates include resources for consolidated Defense-wide payments. Increased funding request is based on estimated unemployment compensation due to downsizing and consolidation. Decreases in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs.

DIRECTOR OF ACQUISITION CAREER MANAGEMENT (DACM): On March 13, 1992, the Deputy Secretary of Defense directed that DLA provide administrative, logistical and resource support for the Acquisition Career Management System. Section 1707(b) of Chapter 87, Title 10 U.S. Code, requires that the DACM provide system oversight and career program services to the acquisition workforce in the Office of the Secretary of Defense and the Defense Agencies (including DLA). The DACM serves in a dual capacity as Director of Acquisition Education, Training and Career Development (DAETCD) for the Department of Defense and supports the career system policy formulation and implementation activities of the DAETCD.

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

CONTINUITY OF OPERATIONS (COOP): The COOP mission transferred to DLA during FY 1994. COOP mission is under the staff cognizance and oversight of OSD.

PRICE COMPARABILITY: Price Comparability is our effort to identify costs associated with performing tasks that a commercial company would not include in their normal standard pricing. These costs include Readiness support costs. This effort will allow customers a better opportunity to compare DLA prices with those in the commercial sector while minimizing risks to readiness. For example, included in this project is the cost of inventory not for peacetime usage but retained for wartime demand (War Reserve stock). A strictly business approach would dictate that this materiel be disposed of or the customers who request that we retain the materiel be charged the cost of that retention. As part of Price Comparability the cost related to retaining this materiel would be removed from our rates and from our standard pricing. This project helps us price like a business by removing these retention and other non-business dictated costs from our Defense Working Capital Fund rates and having these cost funded from appropriated accounts.

DEFENSE CIVILIAN PERSONNEL DATA SYSTEM (DCPDS): Funding in FY 1998 for developing a single, modern information system for civilian personnel operations Department-wide.

QUALITY OF LIFE: Office of Under Secretary of Defense (Comptroller) letter of June 2, 1995, stated the Defense Working Capital Fund should not be used to fund Morale, Welfare, and Recreation costs, but rather the appropriated or nonappropriated funds, as appropriate. Increased funding is due primarily to include operations and facilities costs at DWCF activities. Decreased funding would negatively impact MWR in DLA.

LOGISTICS COMMUNITY MANAGEMENT (LCM): Funding provided for LCM oversight functions beginning in FY 1999. LCM will improve overall logistics performance in

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

support of warfighters through the coordination of enhancements to information systems, information management, and information exchange among warfighters, the Commander-in-Chief (CINCs), and the logistics community. The Logistics Community Manager is responsible for coordinating and executing logistics community management in order to accomplish DUSD(L) Logistics Business Systems Corporate Strategy.

CONTINUING HEALTH: Funding to cover Agency expenses for continuing health coverage for reduction-in-force and BRAC affected employees. Increased funding is based on estimated health coverage costs due to downsizing and consolidation. Decreases in this area could negatively impact the ability to pay estimated DLA continuing health benefits.

SECURITY LOCKS PROGRAM: The funding for the security lock retrofit began in FY 1994 as directed by the Congress.

COUNTER-DRUG ACTIVITIES: Funding for approved counter narcotics projects, mandated drug testing, and drug abuse education.

DISABILITY COMPENSATION: Funding to cover disability compensation in the closed Clothing Factory (DPSC).

AUTOMATED DOCUMENT CONVERSION SYSTEM (ADCS): Funding for the purchase of software to convert the Department's more complex engineering documents from raster files to an intelligent format. Funding as directed by Congress.

PROCUREMENT TECHNICAL ASSISTANCE PROGRAM (PTAP): The Procurement Technical Assistance Cooperative Agreement Program (PTACAP) was established by Congress in the FY 1985 DoD Authorization Act, Public Law (PL) 98-525. The PL amended Title 10, United

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

States Code (USC) by adding Chapter 142. Title 10, USC, as amended, continues to authorize 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 organization and Indian economic enterprises to establish and conduct procurement technical assistance programs. The DoD Authorization and Appropriations Acts make funds available, to fund a program to assist state and local governments and nonprofit entities and a program to assist tribal organizations and Indian enterprises with establishing or maintaining PTACAP activities which include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local governments. Increased funding will be used to enter into cost sharing cooperative agreements.

RAPID ACQUISITION OF MANUFACTURED PARTS (RAMP): Funding to cover the transfer of RAMP to DLA from the Navy in FY 1999. RAMP mission is to develop methods to reduce the acquisition and manufacturing lead times for parts in limited supply. Its objective is to develop the capability to more quickly and efficiently manufacture low-volume, hard-to-obtain parts.

DPSC DEMOLITION: Funding in FY 1998 for the demolition of the former Defense Personnel Support Center buildings in Philadelphia Pennsylvania due to Base Realignment and Closure (BRAC).

INVENTORY MANAGEMENT ,CATALOG PRODUCTION & DISTRIBUTION OF HARD COPY MAP FUNCTION: In May 1996, the JSC Combat Support Agency Review Team recommended map management be transferred from the NIMA to DLA. Transfer approximately 70,000 map items to DLA. DLA to serve as the DoD Integrated Materiel Management and Distributor of those items. DLA to provide the items as free issue. Functional transfer of Hardcopy Media Inventory Management, Cataloging, and Distribution functions from NIMA to DLA beginning in FY 1999.

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I. Description of Operations Financed (Continued):

CONTINUOUS ACQUISITION AND LIFE CYCLE SUPPORT (CALC): CALC provides for the logistics, repair, and sustainability of ongoing efforts. CALC uses electronic techniques to identify systems requirements. It develops software cost estimation models for object-oriented development environments; establishes proactive quality engineering; develops personal computer based logistics data servers; provides benefits analysis planning tools; and converts digital production imaging control systems versus a manual work distribution and control system; etc. Basically, it is a method of electronically identifying what systems require and how to get the proper parts/tools to the correct location. CALC and Electronic Commerce (EC) are closely interrelated. Electronic Commerce is involved in advertising, locating, procuring, and transporting items in an electronic or paperless environment. It is through Electronic Commerce/Electronic Data Interchange that efforts for CALC are being initiated and completed to comply with DoD's requirement for paperless acquisition and life cycle support by 2002. Funding incorporated into JECPO current estimate and outyears.

DEFENSE STANDARDIZATION PROGRAM OFFICE (DSPO) (MILSPEC): Functional transfer of functions from OUSD(A&T) to DLA in FY 1999. DSPO mission is to develop and manage DoD-wide policies and procedures to implement Public Laws pursuant to standardization, acquisition, and metrication. This includes all action actions necessary to develop and maintain performance specifications, standards, handbooks, and other standardization documents. This also includes developing policies, procedures, and training to facilitate and promote the acquisition of commercial and nondevelopmental items by making more aggressive use of market research and commercial item descriptions. Increased funding reflects a transfer of program funds to DLA in FY 99.

DEFENSE PROPERTY ACCOUNTABILITY SYSTEM (DPAS): Functional transfer of DPAS from OUSD(C) beginning in FY 1999. DPAS is the DoD migratory system for which DLA is the Executive Agent. DPAS is an integrated system for improving accounting and

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

accountability for DoD-owned property. Increased funding will expedite implementations and systems changes for the updated accounting requirements developed by the Finance & Accounting Standards Advisory Board (FASAB).

DEFENSE SECURITY SERVICE (DSS) FEE-FOR-SERVICE: DSS became an activity group of the Defense-wide Working Capital Fund in FY 1999 and operates on a reimbursable basis. Funds will cover DSS support to DLA for Personnel Security Investigations, National Industrial Security Investigations, and DoD Security and Education Training Programs. Increased funding to cover DLA estimated workload based on data from previous years.

JOINT ELECTRONIC COMMERCE PROGRAM OFFICE (JECPO): The Joint Electronic Commerce Program Office (JECPO) was established to support the Joint Electronic Commerce Program. The Department of Defense Chief Information Officer (DoD CIO) has oversight and policy control. JECPO is designated as the DoD Executive Agent to directly support, facilitate and accelerate the application of electronic business practices and associated information technologies to improve DoD processes and support weapons and combat support systems throughout their life cycles. JECPO is assigned organizationally to the Defense Logistics Agency (DLA), as the lead on business development; and the Defense Information Systems Agency (DISA) for oversight of technical development. JECPO is responsible for the strategic implementation of Electronic Commerce (EC) policy. Electronic Commerce (EC) is an evolving business methodology for enterprise-wide conduct of secure business transactions via electronic means. The JECPO allows DoD to centralize EC policy recommendations, planning, and coordination efforts. It will also ensure consistent implementation based on open standards for interoperability in a common business environment while maintaining the decentralization of EC execution. CALS funding incorporated in JECPO current estimate and outyears.

DEFENSE ACQUISITION UNIVERSITY: Funding to cover DAU support to the Agency.

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

CONTINGENCY OPERATIONS: Supplemental funding to cover DWCF activities for costs incurred in support of contingency operations in FY 1998.

IMPROVED CARGO METHODS & TECHNOLOGIES: Funding in FY 1999 to evaluate cost saving opportunities that exist from integrating the latest private sector logistics research, transport technology, and security development into the practices and procedures for moving military cargo around the United States and throughout the world. As directed by Congress, this evaluation will be accomplished by a not-for-profit foundation having detailed knowledge of national and international commercial practices in all elements of the supply chain. The analysis will evaluate the ability of third-party logistics providers to meet military requirements and ways to improve commercial cargo security procedures across distribution networks.

LOGISTICS TRANSFORMATION: Funding in FY 2000 to conduct studies for specific initiatives offering the potential for DoD to transform the current "mass model" logistics structure into world-class integrated supply chains focused on warfighter needs. Initiatives will compliment ongoing reengineering efforts with the Services and DLA consistent with the Logistics Functional Requirements and Joint Vision 2010.

AUTOMATIC IDENTIFICATION TECHNOLOGY (AIT): Funding in FY 2000 for AIT to support a suite of technologies that enables the automatic capture of source data, thereby enhancing the ability to identify, track, document, and control deploying forces, equipment, and personnel and sustainment cargo. AIT will streamline the DoD logistics business processes and enhance its warfighting capability. AIT will assist DoD in achieving Joint Total Asset Visibility and a Common Operating Picture based upon accurate source data generation. AIT will improve supply visibility, and provide more accurate and timely information to decision makers.

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Activity Group: Defense-Wide Logistics Services:

I. Description of Operations Financed (Continued):

MANAGERIAL SUPPORT: Funding for programs such as: a.) Prior Year Invoices: Prior year bills received after the close of the fiscal year.; b.) DoD Inventory Control Group Rent: Leased space for DoD.; c.) Official Representation Funds (ORF): Special and official functions or ceremonies with DoD personnel and distinguished non-DoD personnel. Beginning in FY 98 all DLA activities were required to use O&M funds for ORF functions.; d.) Investigative Activities: DLA confidential investigations.; e.) Director's Medallion: Purchase of medallions to be presented by the DLA Director for special accomplishments.

II. Force Structure: N/A

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

A. <u>Subactivity Group:</u>	FY 1998	Budget	FY 1999		FY 2000
	<u>Actuals</u>	<u>Request</u>	<u>Appropriated</u>	<u>Current Estimate</u>	<u>Estimate</u>
Unemployment	17,808	21,019	20,867	20,677	21,824
Def Acq Career Mgmt	755	784	784	784	775
Continuity of Opns	3,602	3,751	3,751	3,751	3,689
Price Comparability	6,059	37,551	37,551	36,911	37,506
Def Civ Per Data System	5,199	0	0	0	0
Quality of Life	10,152	12,993	12,993	12,993	13,438
Logistic Community Mgr	0	6,000	6,000	6,000	6,000
Continuing Health	503	1,696	1,696	1,696	1,754
Security Locks	15,000	10,000	10,000	10,000	0
Counter Drug Activities	1,004	0	0	0	0
Disability Compensation	943	1,118	1,118	1,118	1,099
Automated Document Conv Sys	19,471	0	25,000	25,000	0
PTAP	15,617	17,000	17,000	17,000	17,357
RAMP	0	1,000	1,000	1,000	1,500

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Activity Group: Defense-Wide Logistics Services:

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

A. <u>Subactivity Group:</u>	FY 1998 <u>Actuals</u>	Budget <u>Request</u>	FY 1999		FY 2000 <u>Estimate</u>
			<u>Appropriated</u>	<u>Current Estimate</u>	
DPSC Demolition	8,465	0	0	0	0
Inventory, Cataloging, and Distribution of Map	0	27,753	27,753	27,753	27,529
CALS	0	3,660	3,660	0	0
MILSPEC	0	1,688	1,688	4,163	4,489
DPAS	0	10,000	10,000	10,000	15,000
DSS Background Investigations	0	500	500	500	700
JECPO	0	0	0	7,843	9,445
Def Acquisition Univ	3,000	3,115	0	0	3,133
Contingency Opns	7,500	0	0	0	0
Imp Cargo Methods & Tech	0	0	2,000	2,000	0
Logistics Transformation	0	0	0	0	7,000
Automatic ID Technology	0	0	0	0	500
DoD Computer Forensic Lap	0	0	0	800	0
Managerial Support	244	235	235	235	234
Total	115,322	159,863	183,596	190,224	172,972

B. Reconciliation Summary:

	Change <u>FY 1999/1999</u>	Change <u>FY 1999/2000</u>
Baseline Funding	159,863	190,224
Congressional Adjustments	23,733	0
Supplemental Request	0	0
Price Change	(418)	2,552
Functional Transfers	6,658	(800)
Program Changes	388	(19,004)
Current Estimate	190,224	172,972

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Activity Group: Defense-Wide Logistics Services:

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

C. Reconciliation of Increases and Decreases:

1. FY 1999 President's Budget Request		159,863
2. Congressional Adjustments (Distributed)		
a. Automated Document Conversion	25,000	
b. Miscellaneous Expenses Reduction	(3,000)	
c. Improved Military Cargo Methods	2,000	
Total Congressional Adjustment (Distributed)		24,000
3. Congressional Adjustments (Undistributed)		
a. Section 8105 - DRI Savings	(67)	
b. Section 8108 - Revised Economic Assumptions	(81)	
c. Congressional Earmark Billpayer	(119)	
Total Congressional Adjustments (Undistributed)		(267)
4. FY 1999 Appropriated Amount		183,596
5. Functional Transfers-In		
a. JEPCO (Internal Realignment)	3,991	
b. Electronic Commerce program from OSD	192	
c. MILSPEC Funding from OSD	2,569	
Total Transfers-In		6,752
6. Functional Transfers-Out		
Ozone Depleting Program Mgmt to OSD		
Total Transfers-Out		(94)
7. Price Change		(418)

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Activity Group: Defense-Wide Logistics Services:

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

C. Reconciliation of Increases and Decreases:

8.	Program Increases		
	a. Offset due to FY 99 Price Change	418	
	b. Computer Crime Lab & Tng Pgm	800	
	Total Program Increases		1,218
9.	Total Program Decreases		
	a. Unemployment Technical Adjustment	(190)	
	b. Price Comparability	(640)	
	Total Program Decreases		(830)
10.	Revised FY 1999 Current Estimate		190,224
9.	Price Growth		2,552
10.	Functional Transfers-Out		
	Computer Crime Lab & Tng Program		
	Total Transfers-Out		(800)
11.	Program Increases		
	a. Unemployment increase due to downsizing/consolidation	1,135	
	b. Quality of Life increases due to including operations and facilities costs at DWCF	250	

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Activity Group: Defense-Wide Logistics Services:

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

11. Program Increases (con't)		
c. Continuing Health increases due to downsizing/consolidation	58	
d. DAU program increase to cover projected University support to the Agency	3,133	
e. Procurement Technical Assistance Program increase for cost sharing cooperative agreement	102	
f. Rapid Acquisition of Manufactured Parts ⁴⁸⁵		
g. Defense Standardization Program (MILSPEC)	264	
h. Defense Property Accountability increase for expedited implementation and system changes	4,840	
i. Defense Security Service Fee-for-Service increase to fund estimated workload	192	
j. Joint Electronics Commerce Program Office	5,199	
k. Automatic Identification Technology to support technologies to enable automatic capture of source data	500	
l. Logistics Transformation studies/initiatives to compliment reengineering for Joint Vision 2010	7,000	
m. Price Comparability to support mission	41	
Total program Increases		23,199
12. Program Decreases		
a. DACM decrease in program requirements	(26)	
b. COOP decrease in program requirements	(154)	
c. Logistics Community Management decrease in program requirements	(90)	

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Activity Group: Defense-Wide Logistics Services:

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

12. Program Decrease (con't)	
d. Security Locks Retrofit decreases due to program term	(10,150)
e. Disability Compensation decreases due to estimated requirements	(19)
f. Automated Document Conversion System decreases due to one year funding	(25,375)
g. Inventory Management, Catalog Production & Distribution of Hard Copy Map Products	(640)
h. Continuous Acquisition of Life Cycle Mgmt realignment in JECPO	(3,715)
i. Managerial Support	(4)
j. Improved Cargo Methods & Technologies decrease due to one year funding	(2,030)
Total Program Decreases	(42,203)
14. FY 2000 Budget Request	172,972

IV. Performance Criteria and Evaluation Summary: N/A

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Activity Group: Defense-Wide Logistics Services:

V. Personnel Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Change FY 98/99</u>	<u>Change FY 99/00</u>
<u>Active Mil End Strength (E/S)(Total)</u>	0	0	0	0	0
<u>Civilian End Strength (Total)</u>	23	23	21	0	(2)
US Direct Hire	23	23	21	0	(2)
Foreign National Direct Hire	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0
Total Direct Hire	23	23	21	0	(2)
(Reimbursable Civilians-Memo)	0	0	0	0	0
<u>Active Mil FTE (Total)</u>	0	0	0	0	0
<u>Civilian Workyears (Total)</u>	22	23	21	1	(2)
US Direct Hire	22	23	21	1	(2)
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	22	23	21	1	(2)
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians-Memo)	0	0	0	0	0

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Activity Group: Defense-Wide Logistics Services:

OP-32 Line Items as Applicable (\$ in Thousands):

		<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
101	Exec, Gen & Spec Schedule	1,465	50	360	1,875	79	(140)	1,814
106	Benefits to Former Empl	503	0	1,193	1,696	0	58	1,754
110	Unemployment Comp	17,808	0	2,869	20,677	0	1,147	21,824
111	Disability Comp	943	0	175	1,118	0	(19)	1,099
199	Total Civ Per Comp	20,719	50	4,597	25,366	79	1,046	26,491
308	Travel of Persons	51	1	2	54	1	(2)	53
399	Total Travel	51	1	2	54	1	(2)	53
647	DISA Info Services	0	0	1,000	1,000	15	(15)	1,000
699	Total Purchases	0	0	1,000	1,000	15	(15)	1,000
912	Rent to GSA (SLUC)	192	2	(2)	192	3	(3)	192
920	Sup & Matls (non-fund)	83	1	2	86	1	(2)	85
921	Printing & Reproduction	23	0	1	24	0	(1)	23
988	Grants	15,617	172	1,211	17,000	255	102	17,357
989	Other Contracts	78,637	865	67,000	146,502	2,198	(20,929)	127,771
999	Total Other Purch	94,552	1,040	68,212	163,804	2,457	(20,833)	145,428
	TOTAL	115,322	1,091	73,811	190,224	2,552	(19,804)	172,972

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Operations and Maintenance, Defense-Wide
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Activity Group: Other Logistics Programs

I. Description of Operations Financed:

DEFENSE MICROELECTRONICS ACTIVITY (DMEA): DMEA was established by the Deputy Secretary of Defense as a DoD activity under the authority and control of the Deputy Under Secretary of Defense for Logistics (DUSD(L)). DLA provides the level of reimbursable administrative support services requested by DUSD(L).

The DMEA mission is to provide solutions to microelectronics obsolescence by leveraging the capabilities and payoffs of the most advanced microelectronics technology to solve obsolescence problems in fielded weapon systems. The DMEA mission covers all sustainment and modification issues relating to microelectronics technology regardless of where those devices are used. Diminishing manufacturing sources (DMS) of microelectronics is now the main factor driving DoD system obsolescence and mission degradation. This is a horizontal, technology based issue rather than a vertical application specific issue, since the same microelectronics devices are used in many systems throughout the entire DoD. An OSD IPT recently found that the magnitude of the DMSMS IC problem is growing rapidly and DMSMS decisions are often made using fragmented data. To address these problems, DMEA was designated as the DoD IC DMSMS Executive Agent. DMEA was directed to establish a separate activity, independent from other current DMEA functions, to carry out the chartered responsibilities.

The DMEA also provides technical and application engineering support for the implementation of advanced microelectronics research technologies and manages an organic capability to support these technologies within the DoD. These advanced microelectronics research technologies are translated into solutions for military needs, with a view toward developing and evaluating the feasibility of developed solutions to solve the technological challenges of microcircuit obsolescence. DMEA uses a unique and innovative methodology to reverse engineer microelectronic devices, analyze solution sets, and then build and test the prototype solution.

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Activity Group: Other Logistics Programs

I. Description of Operations Financed (continued):

DMEA's microelectronics engineering specialists, supported by analysis, design, test and prototyping equipment, produce solutions which are technically correct, logistically supportable, schedule responsive, and fiscally affordable for the entire spectrum of microelectronics. The DMEA engineers use design stations populated with proprietary design tools from a variety of vendors. These tools are used in a secure government environment under non-disclosure agreements. The DMEA engineers determine the best value approach for the specific requirement and use the appropriate design tool for the approach. By using these tools, the DMEA can determine the performance-based specifications that meet the requirements and provide seamless access to the industrial base. The solutions are validated through prototyping and placed on contract with a vendor to begin production. This process is favorably viewed by industry because DMEA converts non-producible components to producible. This not only provides a technically correct solution, regardless of the type of microelectronics problem, but also allows the government specialists the ability to select the best value approach for DoD if more than one solution set is available. This approach could be characterized as "smart" government (DMEA) coupled with top-flight industry expertise to provide the best value approach. Creating these commercially viable solutions has the ability to cut across the entire DoD.

BUSINESS PROCESS REENGINEERING CENTER (BPRC): BPRC is a program established under the authority, direct oversight, and operational control of OUSD (A&T). DLA provides financial and administrative services as requested by OUSD (A&T) for this activity. BPRC functionally transferred to DLA in FY 1998 from Defense Information Services Activity (DISA).

The BPRC supports the Office of the Secretary by proposing redesigns of processes, organizations, and the culture of Department of Defense activities. Business process reengineering results in highly streamlined processes by providing for a cross-

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Activity Group: Other Logistics Programs

I. Description of Operations Financed (continued):

functional, integrated analysis of multiple activities or functions that contribute to a shared purpose. Increased funding will be used to upgrade existing computer system and for maintenance contracts on existing equipment.

JOINT TOTAL ASSET VISIBILITY (JTAV) OFFICE: JTAV was established in April 1995 by the Deputy Undersecretary for Defense (Logistics) DUSD(L). The Army DCSLOG was selected as the Executive Agent that same year. JTAV was transferred from the Army DCSLOG to DLA in June of 1998 with funding being transferred via PBD 070. DLA was funded by reimbursable order in FY 1998 and 1999. In FY 2000 DLA will receive \$21.3 million to fund JTAV operations. The JTAV Director functionally reports to the DLA Director through the Deputy Director of of DLA as the JTAV Executive Agent. As the Executive Agent, DLA is responsible to the JTAV Council for the overall direction and program management of JTAV. The JTAV Council consists of the Service DCSLOGS, the Joint Staff/J-I/J-4, "The Director of Defense Information Systems Agency (DISA), and the Deputy Command in Chief of United States Transportation Command (USTRANSCOM), and the Director Defense Logistics Agency (DLA). The Council is chaired by the Deputy Under Secretary of Defense for Logistics DUSD(L).

The JTAV mission is to provide all DoD users with timely and accurate joint logistics and personnel asset visibility information to support Joint Vision 2010 and Focused Logistics. The TAV capability must support all joint and multinational military operations through requirements-based Operation and System Architectures in an interoperable shared data environment. The JTAV capability will enable national supply chain integration that is crucial to streamlined and responsive logistics and personnel support.

The JTAV mission will provide responsive and cost-effective logistics information from Automation Information Systems (AIS) and Automated Identification Technologies (AIT), ensuring readiness and sustainability for the total force in both peacetime and wartime.

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Activity Group: Other Logistics Programs

I. Description of Operations Financed (continued):

JTAV enables functional and operational processes to achieve benefits in two broad areas: improved operation flexibility and reduced operating costs. These categories are not mutually exclusive. In most cases, JTAV benefits will apply to both areas. JTAV will help ensure: declining backlogs at ports and depots; more responsive supply support; reduced inventory levels; and more accurate and effective operational planning, assessment, and execution.

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.

II. Force Structure: N/A

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

A. <u>Subactivity Group:</u>	FY 1998	Budget	FY 1999		FY 2000
	<u>Actuals</u>	<u>Request</u>	<u>Appropriated</u>	<u>Estimate</u>	<u>Estimate</u>
DMEA	12,139	12,868	12,831	12,831	13,775
BPRC	2,866	3,541	3,531	3,531	3,542
JTAVO	0	0	0	0	21,364
Total	15,005	16,409	16,362	16,362	38,681

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Operations and Maintenance, Defense-Wide
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Budget Activity 4

Activity Group: Other Logistics Programs

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

B. Reconciliation Summary:

	Change <u>FY 1999/1999</u>	Change <u>FY 1999/2000</u>
Baseline Funding	16,409	16,362
Congressional Adjustments	(47)	0
Supplemental Request	0	0
Price Change	32	575
Functional Transfers	0	21,364
Program Changes	(32)	380
Current Estimate	16,362	38,681

C. Reconciliation of Increases and Decreases:

1. FY 1999 President's Budget Request	16,409
2. Congressional Adjustments (Distributed)	0
3. Congressional Adjustments (Undistributed)	
a. Section 8105 - DRI Savings	(15)
b. Section 8108 - Revised Economic Assumptions	(19)
c. Congressional Earmark Billpayer	(13)
Total Congressional Adjustments (Undistributed)	(47)
4. FY 1999 Appropriated Amount	16,362
5. Price Change	32
6. Total Program Increases	0

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Operations and Maintenance, Defense-Wide
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Activity Group: Other Logistics Programs

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

C. Reconciliation of Increases and Decreases (Continued):

7. Total Program Decreases		(32)
8. Revised FY 1999 Current Estimate		16,362
9. Price Growth		588
10. Functional Transfers-In		
JTAVO from Army DCSLOG	21,364	
Total Functional Transfer-In		21,364
11. Functional Transfers-Out		0
12. Program Increases		0
DMEA Rpgming of P, D-W RDTE to O&M, D-W	1,000	
Total Program Increases		1,000
13. Program Decreases		
a. DMEA QDR Implementation	(503)	
b. Decrease in BPRC Other Contracts	(130)	
Total Decreases		(633)
14. FY 2000 Budget Request		38,681

IV. Performance Criteria and Evaluation Summary: N/A

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Operations and Maintenance, Defense-Wide
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Activity Group: Other Logistics Programs

V. Personnel Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Change</u> FY 98/99	<u>Change</u> FY 99/00
<u>Active Mil End Strength (E/S)(Total)</u>	0	0	0	0	0
<u>Civilian End Strength (Total)</u>	150	169	169	19	0
US Direct Hire	150	169	169	19	0
Foreign National Direct Hire	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0
Total Direct Hire	150	169	169	19	0
(Reimbursable Civilians-Memo)	0	0	0	0	0
<u>Active Mil FTE (Total)</u>	0	0	0	0	0
<u>Civilian Workyears (Total)</u>	148	169	169	21	0
US Direct Hire	148	169	169	21	0
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	148	169	169	21	0
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians-Memo)	0	0	0	0	0

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Activity Group: Other Logistics Programs

VI. OP-32 Line Items as Applicable (\$ in Thousands):

		<u>FY 1998</u>	<u>Price</u>	<u>Program</u>	<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
101	Exec, Gen & Spec Schedule	10,633	362	1,689	12,684	533	114	13,331
103	Wage Board	49	2	0	51	2	0	53
199	Total Civ Per Comp	10,682	364	1,689	12,735	535	114	13,384
308	Travel of Persons	250	3	0	253	4	751	1,008
399	Total Travel	250	3	0	253	4	751	1,008
678	Defense Security Svc	69	0	0	69	1	0	70
699	Total Purchases	69	0	0	69	1	0	70
912	Rent to GSA (SLUC)	0	0	0	0	0	146	146
914	Purch Commo (non-fund)	21	0	0	21	0	0	21
915	Rents (non-GSA)	6	0	0	6	0	0	6
920	Sup & Matls (non-fund)	97	1	0	98	1	100	199
922	Equip Maint by Cont	1,111	12	0	1,123	17	0	1,140
923	Fac Maint by Contract	250	3	0	253	4	0	257
925	Equip Purch (non-fund)	214	2	0	216	3	1,615	1,834
934	Contract Engr & Tech Service	800	9	0	809	12	0	821
989	Other Contracts	1,505	17	(742)	780	11	19,004	19,795
999	Total Other Purch	4,004	44	(742)	3,306	48	20,865	24,219
	TOTAL	15,005	411	947	16,363	588	21,730	38,681

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
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Activity Group: Environmental Restoration

I. Description of Operations Financed:

The Environmental Restoration Appropriation, established by Congress in FY 1984, funds environmental programs for Installation Restoration Projects at DoD sites. These resources are used for achieving and maintaining compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act of 1986, and the National Contingency Plan. The Defense Environmental Restoration Program (DERP) provides centralized management for the cleanup of DoD hazardous waste sites. DLA utilizes the Defense Environmental Restoration Account to support the goals of the DERP. DLA operates the Installation Restoration Program (IRP) to achieve this mission.

IRP operations financed include a comprehensive program to identify, investigate and clean up contamination from hazardous substances, pollutants, and contaminants at active DLA sites as well as formerly-owned or used properties and Potentially Responsible Party sites (third-party sites) where DLA is named as a responsible party; and removal actions upon discovery of an imminent threat.

II. Force Structure: N/A

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

	FY 1998	FY 1999				FY 2000
		Budget			Current	
A. <u>Subactivity Group:</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>	
Total	21,057	0	0	0	0	0

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Activity Group: Environmental Restoration

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

B. <u>Reconciliation Summary:</u>	Change	Change
	FY 1999/FY 1999	FY 1999/FY 2000
Baseline Funding	0	0
Congressional Adjustments	0	0
Supplemental Request	0	0
Price Change	0	0
Functional Transfer	0	0
Program Changes	0	0
Current Estimate	0	0

IV. Performance Criteria Summary: N/A

V. Personnel Summary: N/A

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Activity Group: Environmental Restoration

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

	<u>FY 1998</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1999</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2000</u> <u>Estimate</u>
Travel of Persons	723	8	(731)	0	0	0	0
TOTAL TRAVEL	723	8	(731)	0	0	0	0
DLA Managed Supplies and Materials 1	0	(1)	0		0	0	
GSA Managed Supplies and Materials	18	0	(18)	0	0	0	0
TOTAL FUND SUPPLIES & MATERIALS PURCHASES	19	0	(19)	0	0	0	0
Commercial Transportation	10	0	(10)	0	0	0	0
TOTAL TRANSPORTATION	10	0	(10)	0	0	0	0
Supplies & Materials (non-Fund)	122	1	(123)	0	0	0	0
Other Contracts	20,183	222	(20,405)	0	0	0	0
TOTAL OTHER PURCHASES	20,305	223	(20,528)	0	0	0	0
TOTAL	21,057	231	(21,288)	0	0	0	0