

Fiscal Year (FY) 2003 Budget Estimates

Defense Logistics Agency (DLA)



February 2002

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Appropriation Highlights
(Dollars in Thousands)

In FY 2001 the Defense Logistics Agency's operation and maintenance appropriation consisted of the following activities: Other Logistics Services (OLS), Other Logistics Programs (OLP), and Warstoppers, totaling \$270.1 million and 321 full time equivalents. OLS includes appropriated costs associated with DLA's logistics mission such as price comparability, hard copy map function, unemployment, quality of life, and disaster relief blankets. OLP are multiple program offices of which DLA is either the executive agent or the budget administrator. Warstoppers funding is for certain supply items, which do not have a peacetime demand and must be preserved to support DoD readiness and sustainment requirements.

| | FY 2001 Actuals | Foreign Currency Variance | Price Growth | Program Growth | FY 2002 Estimates | Foreign Currency Variance | Price Growth | Program Growth | FY 2003 Estimates |
|---|--------------------|---------------------------------|-----------------|-------------------|----------------------|---------------------------------|-----------------|-------------------|----------------------|
| Budget Activity 2: Mobilization | 53,754 | | 860 | (9,923) | 44,691 | | 670 | (3,941) | 41,420 |
| Budget Activity 4: Admin. & Serv. Act. | 216,378 | | 4,285 | (35,495) | 185,168 | | 5,705 | 10,298 | 201,171 |
| Total | 270,132 | | 5,145 | (45,418) | 229,859 | | 6,375 | 6,357 | 242,591 |

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Budget Activity 2 reflects total funding for the Warstoppers program. 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. Peacetime demand is inadequate for sustainment and mobilization. Overall program decrease is due to accelerated FY 2001 purchase of Chemical suit long leadtime liner fabric components.

Budget Activity 4 reflects funding in support of DLA's Programs and Services. 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. This budget activity's decreases are primarily attributable to reduced program requirements.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
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Summary of Increases and Decreases

| | <u>BA4</u> | <u>BA2</u> | <u>TOTAL</u> |
|---|------------|------------|--------------|
| 1. FY 2002 President's Budget Request | 191,990 | 44,691 | 236,681 |
| 2. Congressional Adjustments (Distributed) | | | |
| a. Unemployment | (1,900) | - | (1,900) |
| b. Obsolete National Sock Numbers (NSNs) | (7,000) | - | (7,000) |
| c. Security Lock Program | 5,000 | - | 5,000 |
| Total Congressional Adjustments (Distributed) | (3,900) | 0 | (3,900) |
| 3. Congressional Adjustments (Undistributed) | | | |
| a. Defense Joint Accounting System (DJAS) | (324) | - | (324) |
| b. Strategic Sourcing Studies A-76 | (4,523) | - | (4,523) |
| c. Balkans Operations | 3,070 | - | 3,070 |
| Total Congressional Adjustments (Undistributed) | (1,777) | 0 | (1,777) |
| 4. Congressional Adjustments (General Provisions) | | | |
| a. Section 8098 - Legislative Affairs Reduction | (939) | - | (939) |
| b. Section 8102 - Reduction in Travel Costs | (7) | - | (7) |
| c. Section 8123 - Reduction for Business Process Reform, etc. | (1,602) | - | (1,602) |
| d. Section 8135 - FOL changes in Utility Costs | (4) | - | (4) |
| e. Section 8146 - Savings from Government Purchase Card | (34) | - | (34) |
| Total Congressional Adjustments (General Provisions) | (2,586) | 0 | (2,586) |
| 5. Congressional Earmarks | | | |
| a. Section 8047 - Indian Land Mitigation | (249) | - | (249) |
| b. Section 8254 - Commission on Future Aerospace Industry | (36) | - | (36) |
| c. Section 8155 - Memorial 9/11/01, Somerset County, PA | (25) | - | (25) |
| Total Congressional Earmarks | (310) | 0 | (310) |
| 6. FY 2002 Appropriated Amount | 183,417 | 44,691 | 228,108 |
| 7. Functional Transfers - In | | | |
| a. Internal DLA realignment of AIT from OLS to OLP. | 3,025 | - | 3,025 |
| Total Functional Transfers - In | 3,025 | 0 | 3,025 |
| 8. Other Transfers - In (Non-Functional) | | | |
| a. Strategic Sourcing Studies A-76 | 4,523 | - | 4,523 |
| Total Transfers - In (Non-Functional) | 4,523 | 0 | 4,523 |
| 9. Functional Transfers - Out | | | |
| a. Internal DLA realignment of AIT from OLS to OLP. | (3025) | - | (3,025) |
| Total Functional Transfers - Out | (3025) | 0 | (3,025) |

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Summary of Increases and Decreases

| | <u>BA4</u> | <u>BA2</u> | <u>TOTAL</u> |
|--|------------|------------|--------------|
| 10. Other Transfers - Out (Non-Functional) | | | |
| Total Transfers - Out (Non-Functional) | 0 | 0 | 0 |
| 11. Price Change | 0 | 0 | 0 |
| 12. Program Increases | | | |
| Total Program Increases | 0 | 0 | 0 |
| 13. Program Decreases | | | |
| a. Reflects a decrease in civilian pay | (1,824) | | (1,824) |
| b. Reflects a reduction to the Defense Property Accountability System (DPAS) | (948) | | (948) |
| Total Program Decreases | (2,772) | | (2,772) |
| 14. Revised FY 2002 Current Estimate | 185,168 | 44,691 | 229,859 |
| 15. Price Growth | 5,705 | 670 | 6,375 |
| 16. Functional Transfers - In | | | |
| 17. Functional Transfers - Out | | | |

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Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Summary of Increases and Decreases

| | <u>BA4</u> | <u>BA2</u> | <u>TOTAL</u> |
|---|------------|------------|--------------|
| 18. Program Increases | | | |
| a. Continuing Health increase due to Agency downsizing and consolidation initiatives. | 36 | | 36 |
| b. Unemployment Compensation increase due to the Department downsizing and consolidating management headquarters and depot contracting actions. | 2,723 | | 2,723 |
| c. Disaster Relief Blanket increase to accommodate requirements. | 151 | | 151 |
| d. Logistics Transformation increase to support Department initiatives. | 80 | | 80 |
| e. Procurement Technical Assistance Program increase for additional cost sharing cooperative agreements. | 431 | | 431 |
| f. Demolition increase due to facilities removal (refer to Section I narrative for details). | 6,908 | | 6,908 |
| g. DFAS payment increase for accounting services required. | 61 | | 61 |
| h. Defense Security Service increase due to revised Agency costs for personnel investigations. | 719 | | 719 |
| i. Price Comparability increase in FY 2003 does not represent real growth, but restores the program baseline. In FY2002, Price Comparability absorbed non-programmatic congressional reductions, which were levied against the DLA. | 4,658 | | 4,658 |
| j. Quality of Life increase due to program operations costs. | 72 | | 72 |
| k. Mapping Function increase due to fact of life. | 108 | | 108 |
| l. Contingency Operations increase due to increased contingency operations. | 1,245 | | 1,245 |
| I. Nerve Agent Antidote increase as a result of negotiated contract options. | | 8 | 8 |
| m. Chemical Gloves increase for industrial preparedness investments. | | 5 | 5 |
| n. Chemical Suits increase for industrial preparedness investments. | | 41 | 41 |
| o. Increase associated with DMEA's expanded mission for Integrated Circuit Microelectronic Diminishing Manufacturing Sources and Material Shortages. | 1,079 | | 1,079 |
| p. Additional Joint Electronic Commerce Program Office (JECPO) requirements. | 462 | | 462 |
| q. Increase to Defense Standardization Office requirements. | 454 | | 454 |
| r. Fact-of-Life increase to support Logistics Community Management (LCM). | 167 | | 167 |
| s. Increase in requirements for the Continuity of Operations Program (COOP). | 1,512 | | 1,512 |
| t. Increase in Business Process Reengineering Center (BPRC) requirements. | 10 | | 10 |
| u. Increased Joint Total Asset Visibility (JTAV) requirements. | 9 | | 9 |
| v. Additional Automatic Identification Technology (AIT) requirements. | 233 | | 233 |
| w. Increased Defense Acquisition Career Management (DACM) requirements. | 14 | | 14 |
| Total Program Increases | 21,132 | 54 | 21,186 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Summary of Increases and Decreases

| | <u>BA4</u> | <u>BA2</u> | <u>TOTAL</u> |
|---|------------|------------|--------------|
| 19. Program Decreases | | | |
| a. Disability Compensation decrease due to a decline in estimated requirements. | (6) | | (6) |
| b. Director's Medallions decrease due to a decline in estimated program requirements. | (1) | | (1) |
| c. Joint Logistics Warfighting Initiative decrease due to completed Department operational initiatives. | (148) | | (148) |
| d. Critical Infrastructure Protection decrease due to fact of life. | (5) | | (5) |
| e. Security Lock Program decrease due to congressional add in FY 2002. | (5,075) | | (5,075) |
| f. T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned. | | (51) | (51) |
| g. Tray Pack IPM decrease due to fact of life. | | (2) | (2) |
| h. Manpower/Direct Support decrease due to fact of life. | | (44) | (44) |
| I. NBC Defense decrease due to fact of life. | | (1) | (1) |
| j. Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls. | | (31) | (31) |
| k. Medical Readiness decrease due to prior year funding urgent requirements for the expansion of CEC, VMI, and Stock Rotation. | | (1,883) | (1,883) |
| l. Ozone Depleting Substance decrease reflects intent to complete the purchase of reserve. | | (1,983) | (1,983) |
| m. Decrease reflects the completion of the Defense Property Accountability System (DPAS) fielding. | (5,599) | | (5,599) |
| Total Program Decreases | (10,834) | (3,995) | (14,829) |
| 20. FY 2003 Budget Request | 201,171 | 41,420 | 242,591 |

DEFENSE LOGISTICS AGENCY
FY 2003 Budget Estimates
OPERATION AND MAINTENANCE, DLA
PERSONNEL SUMMARY

Endstrength

| | <u>FY 2001</u> <u>Actual</u> | <u>FY 2002</u> <u>Estimate</u> | <u>Change</u> <u>Estimate</u> | <u>FY 2003</u> <u>Estimate</u> | <u>Change</u> <u>Estimate</u> |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| <u>Active Military End Strength Total</u> | | | | | |
| Officer | (3) | 7 | 10 | 1 | (6) |
| Enlisted | 28 | 28 | 0 | 29 | 1 |
| <u>Reserve Drill Strength Total</u> | | | | | |
| Officer | 0 | 0 | 0 | 0 | 0 |
| Enlisted | 0 | 0 | 0 | 0 | 0 |
| <u>Reservists on Full Time Active Duty End Strength Total</u> | | | | | |
| Officer | 0 | 0 | 0 | 0 | 0 |
| Enlisted | 0 | 0 | 0 | 0 | 0 |
| <u>Civilian End Strength Total</u> | | | | | |
| U.S. Direct Hire | 239 | 339 | 100 | 339 | 0 |
| Foreign National Direct Hire | 0 | 0 | 0 | 0 | 0 |
| Total Direct Hire | 239 | 339 | 100 | 339 | 0 |
| Foreign National Indirect Hire | 0 | 0 | 0 | 0 | 0 |
| (Reimbursable Civilians Included in Above (Memo)) | 0 | 99 | 99 | 99 | 0 |
| <u>Active Military Average Strength Total</u> | | | | | |
| Officer | (3) | 7 | 10 | 1 | (6) |
| Enlisted | 28 | 28 | 0 | 29 | 1 |
| <u>Reserve Drill Average Strength Total</u> | | | | | |
| Officer | 0 | 0 | 0 | 0 | 0 |
| Enlisted | 0 | 0 | 0 | 0 | 0 |
| <u>Reservists on Full Time Active Duty Average Strength Total</u> | | | | | |
| Officer | 0 | 0 | 0 | 0 | 0 |
| Enlisted | 0 | 0 | 0 | 0 | 0 |
| <u>Civilian FTEs Total</u> | | | | | |
| U.S. Direct Hire | 238 | 339 | 101 | 339 | 0 |
| Foreign National Direct Hire | 0 | 0 | 0 | 0 | 0 |
| Total Direct Hire | 238 | 339 | 101 | 339 | 0 |
| Foreign National Indirect Hire | 0 | 0 | 0 | 0 | 0 |
| (Reimbursable Civilians Included Above (Memo)) | 0 | 99 | 99 | 99 | 0 |

DEFENSE LOGISTICS AGENCY
FY 2003 Budget Estimates
OPERATION AND MAINTENANCE, DLA
PERSONNEL SUMMARY

| <u>Outyear Summary:</u> | <u>FY 2004</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> |
|---|----------------|----------------|----------------|----------------|
| Military End Strength | 30 | 30 | 30 | 30 |
| Civilian FTEs | 339 | 339 | 339 | 339 |
| (Reimbursable Civilians Included in Above (Memo)) | 0 | 0 | 0 | 0 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
FISCAL YEAR (FY) 2003 Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

| | FY 2001 <u>Program</u> | Foreign Currency <u>Rate Difference</u> | <u>Price Growth</u> Percent | <u>Amount</u> | Program <u>Growth</u> | FY 2002 <u>Program</u> | |
|---|--|---|--------------------------------|---------------|--------------------------|---------------------------|--------|
| <u>CIVILIAN PERSONNEL COMPENSATION</u> | | | | | | | |
| 101 | Executive, General & Special Schedule | 21,780 | 0 | 0.04 | 1,401 | 306 | 23,487 |
| 103 | Wage Board | 31 | 0 | 0.04 | 1 | 0 | 32 |
| 104 | Foreign National Direct Hire (FNDH) | 0 | 0 | 0.04 | 0 | 0 | 0 |
| 105 | Separation Liability (FNDH) | 0 | 0 | 0.04 | 0 | 0 | 0 |
| 106 | Benefits to Former Employees | 350 | 0 | 0.00 | 0 | 646 | 996 |
| 107 | Voluntary Separation Incentive Pay | 25 | 0 | 0.00 | 0 | (25) | 0 |
| 110 | Unemployment Compensation | 8,086 | 0 | 0.00 | 0 | 4,305 | 12,391 |
| 111 | Disability Compensation | 819 | 0 | 0.00 | 0 | 270 | 1,089 |
| 199 | TOTAL CIVILIAN PERSONNEL COMPENSATION | 31,091 | 0 | | 1,402 | 5,502 | 37,995 |
| <u>TRAVEL</u> | | | | | | | |
| 308 | Travel of Persons | 1,055 | 0 | 0.02 | 16 | (292) | 779 |
| 399 | TOTAL TRAVEL | 1,055 | 0 | | 16 | (292) | 779 |
| <u>SUPPLIES & MATERIALS PURCHASES</u> | | | | | | | |
| 415 | DLA Managed Supplies & Materials | 1 | 0 | 0.00 | 0 | (1) | 0 |
| 416 | GSA Managed Supplies & Materials | 119 | 0 | 0.02 | 2 | (27) | 94 |
| 417 | Locally Procured DoD centrally managed supplies & materi | 4 | 0 | 0.02 | 0 | 8 | 12 |
| 499 | TOTAL SUPPLIES & MATERIALS PURCHASES | 124 | 0 | | 2 | (20) | 106 |

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Summary of Price and Program Changes
(Dollars in Thousands)

| | FY 2001 <u>Program</u> | Foreign Currency <u>Rate Difference</u> | <u>Price Growth</u> <u>Percent</u> | <u>Amount</u> | Program <u>Growth</u> | FY 2002 <u>Program</u> |
|---|---------------------------|---|---------------------------------------|---------------|--------------------------|---------------------------|
| <u>EQUIPMENT PURCHASES</u> | | | | | | |
| 506 DLA Equipment | 10 | 0 | 0.00 | 0 | 2 | 12 |
| 507 GSA Managed Equipment | 9 | 0 | 0.02 | 0 | (6) | 3 |
| 599 TOTAL FUND EQUIPMENT PURCHASES | 19 | 0 | 0 | 0 | (4) | 15 |
| <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u> | | | | | | |
| 647 DISA Information Systems (Megacenters) | 0 | 0 | -0.16 | 0 | 0 | 0 |
| 671 Communication Services (DISA) Tier 2 | 5 | 0 | 0.14 | 1 | (1) | 5 |
| 673 Defense Finance and Accounting Services | 1,655 | 0 | -0.05 | (78) | (163) | 1,414 |
| 677 Communication Services (DISA) Tier 1 | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 678 Defense Security Service | 139 | 0 | 0.02 | 2 | (1) | 140 |
| 679 Cost Reimbursable Purchases | 72,843 | 0 | 0.02 | 1,165 | (5,527) | 68,481 |
| 699 TOTAL PURCHASES | 74,642 | 0 | | 1,090 | (5,692) | 70,040 |
| <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u> | | | | | | |
| 771 Commercial Transportation | 269 | 0 | 0.02 | 4 | (19) | 254 |
| 799 TOTAL TRANSPORTATION | 269 | 0 | | 4 | (19) | 254 |

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Summary of Price and Program Changes
(Dollars in Thousands)

| | <u>FY 2001</u> | <u>Foreign</u> | <u>Price Growth</u> | | <u>Program</u> | <u>FY 2002</u> |
|--|----------------|------------------------|---------------------|---------------|----------------|----------------|
| | <u>Program</u> | <u>Currency</u> | <u>Percent</u> | <u>Amount</u> | <u>Growth</u> | <u>Program</u> |
| | | <u>Rate Difference</u> | | | | |
| <u>OTHER PURCHASES</u> | | | | | | |
| 901 Foreign National Indirect Hire (FNIH) | 0 | 0 | 0.04 | 0 | 0 | 0 |
| 912 Rental Payments to GSA Leases (SLUC) | 24 | 0 | 0.02 | 0 | 0 | 24 |
| 913 Purchased Utilities | 446 | 0 | 0.02 | 7 | 61 | 514 |
| 914 Purchased Communications | 43 | 0 | 0.02 | 1 | (15) | 29 |
| 915 Rents (Non-GSA) | 383 | 0 | 0.02 | 6 | 0 | 389 |
| 917 Postal Services (U.S.P.S.) | 10 | 0 | 0.00 | 0 | 0 | 10 |
| 920 Supplies & Materials (non centrally managed) | 5,718 | 0 | 0.02 | 91 | (2,425) | 3,384 |
| 921 Printing and Reproduction | 17 | 0 | 0.02 | 0 | (10) | 7 |
| 922 Equipment Maintenance by Contract | 21 | 0 | 0.02 | 0 | 0 | 21 |
| 923 Facility Maintenance by Contract | 121 | 0 | 0.02 | 2 | (70) | 53 |
| 925 Equipment Purchases (non centrally managed) | 1,255 | 0 | 0.02 | 19 | (8) | 1,266 |
| 931 Contract Consultants | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 932 Management & Professional Support Services | 4,000 | 0 | 0.02 | 64 | (4,064) | 0 |
| 933 Studies, Analysis, & Evaluations | 23,325 | 0 | 0.02 | 373 | (6,318) | 17,380 |
| 934 Engineering & Technical Services | 4,628 | 0 | 0.02 | 74 | (4,651) | 51 |
| 987 Other Intr-Govt Purchases | 1,758 | 0 | 0.02 | 28 | (1,083) | 703 |
| 988 Grants | 17,568 | 0 | 0.02 | 281 | 443 | 18,292 |
| 989 Other Contracts | 103,518 | 0 | 0.02 | 1,684 | (26,677) | 78,525 |
| 991 Foreign Currency Variance | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 998 Other Costs | 97 | 0 | 0.02 | 1 | (76) | 22 |
| 999 TOTAL OTHER PURCHASES | 162,932 | 0 | | 2,631 | (44,893) | 120,670 |
| 9999 TOTAL OPERATION & MAINTENANCE | 270,132 | 0 | | 5,145 | (45,418) | 229,859 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
FISCAL YEAR (FY) 2003 Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

| | | FY 2002 <u>Program</u> | Foreign Currency <u>Rate Difference</u> | <u>Price Growth</u> Percent | <u>Amount</u> | Program <u>Growth</u> | FY 2003 <u>Program</u> |
|---|---|---------------------------|---|--------------------------------|---------------|--------------------------|---------------------------|
| <u>CIVILIAN PERSONNEL COMPENSATION</u> | | | | | | | |
| 101 | Executive, General & Special Schedule | 23,487 | 0 | 0.03 | 3,576 | 0 | 27,063 |
| 103 | Wage Board | 32 | 0 | 0.03 | 1 | 0 | 33 |
| 104 | Foreign National Direct Hire (FNDH) | 0 | 0 | 0.03 | 0 | 0 | 0 |
| 105 | Separation Liability (FNDH) | 0 | 0 | 0.03 | 0 | 0 | 0 |
| 106 | Benefits to Former Employees | 996 | 0 | 0.00 | 0 | 36 | 1,032 |
| 107 | Voluntary Separation Incentive Pay | 0 | 0 | 0.00 | 0 | 0 | 0 |
| 110 | Unemployment Compensation | 12,391 | 0 | 0.00 | 0 | 2,723 | 15,114 |
| 111 | Disability Compensation | 1,089 | 0 | 0.00 | 0 | (6) | 1,083 |
| 199 | TOTAL CIVILIAN PERSONNEL COMPENSATION | 37,995 | 0 | | 3,577 | 2,753 | 44,325 |
| <u>TRAVEL</u> | | | | | | | |
| 308 | Travel of Persons | 779 | 0 | 0.02 | 12 | 62 | 853 |
| 399 | TOTAL TRAVEL | 779 | 0 | | 12 | 62 | 853 |
| <u>SUPPLIES & MATERIALS PURCHASES</u> | | | | | | | |
| 415 | DLA Managed Supplies & Materials | 0 | 0 | 0.00 | 0 | 0 | 0 |
| 416 | GSA Managed Supplies & Materials | 94 | 0 | 0.02 | 2 | 0 | 96 |
| 417 | Locally Procured DoD centrally managed supplies & materials | 12 | 0 | 0.02 | 0 | (1) | 11 |
| 499 | TOTAL SUPPLIES & MATERIAL PURCHASES | 106 | 0 | | 2 | (1) | 107 |

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FISCAL YEAR (FY) 2003 Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

| | | FY 2002 | Foreign Currency | | <u>Price Growth</u> | | Program | FY 2003 |
|---|---|----------------|------------------------|-------|---------------------|---------------|---------------|----------------|
| | | <u>Program</u> | <u>Rate Difference</u> | | <u>Percent</u> | <u>Amount</u> | <u>Growth</u> | <u>Program</u> |
| <u>EQUIPMENT PURCHASES</u> | | | | | | | | |
| 506 | DLA Equipment | 12 | 0 | 0.00 | 0 | 0 | 0 | 12 |
| 507 | GSA Managed Equipment | 3 | 0 | 0.02 | 0 | 0 | 0 | 3 |
| 599 | TOTAL FUND EQUIPMENT PURCHASES | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u> | | | | | | | | |
| 647 | DISA Information Systems (Megacenters) | 0 | 0 | -0.01 | 0 | 0 | 0 | 0 |
| 671 | Communication Services (DISA) Tier 2 | 5 | 0 | 0.00 | 0 | 0 | 0 | 5 |
| 673 | Defense Finance and Accounting Services | 1,414 | 0 | -0.05 | (64) | 61 | 1,411 | |
| 677 | Communication Services (DISA) Tier 1 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| 678 | Defense Security Service | 140 | 0 | 0.08 | 11 | 719 | 870 | |
| 679 | Cost Reimbursable Purchases | 68,481 | 0 | 0.02 | 1,027 | (237) | 69,271 | |
| 699 | TOTAL PURCHASES | 70,040 | 0 | | 974 | 543 | 71,557 | |
| <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u> | | | | | | | | |
| 771 | Commercial Transportation | 254 | 0 | 0.02 | 4 | 0 | 258 | |
| 799 | TOTAL TRANSPORTATION | 254 | 0 | | 4 | 0 | 258 | |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
FISCAL YEAR (FY) 2003 Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

| | <u>FY 2002</u> | <u>Foreign</u> | <u>Price Growth</u> | | <u>Program</u> | <u>FY 2003</u> |
|--|----------------|------------------------|---------------------|---------------|----------------|----------------|
| | <u>Program</u> | <u>Currency</u> | <u>Percent</u> | <u>Amount</u> | <u>Growth</u> | <u>Program</u> |
| | | <u>Rate Difference</u> | | | | |
| <u>OTHER PURCHASES</u> | | | | | | |
| 901 Foreign National Indirect Hire (FNIH) | 0 | 0 | 0.03 | 0 | 0 | 0 |
| 912 Rental Payments to GSA Leases (SLUC) | 24 | 0 | 0.02 | 0 | 0 | 24 |
| 913 Purchased Utilities | 514 | 0 | 0.02 | 8 | 0 | 522 |
| 914 Purchased Communications | 29 | 0 | 0.02 | 0 | 0 | 29 |
| 915 Rents (Non-GSA) | 389 | 0 | 0.02 | 5 | 183 | 577 |
| 917 Postal Services (U.S.P.S.) | 10 | 0 | 0.00 | 0 | 0 | 10 |
| 920 Supplies & Materials (non centrally managed) | 3,384 | 0 | 0.02 | 51 | 441 | 3,876 |
| 921 Printing and Reproduction | 7 | 0 | 0.02 | 0 | 0 | 7 |
| 922 Equipment Maintenance by Contract | 21 | 0 | 0.02 | 0 | 0 | 21 |
| 923 Facility Maintenance by Contract | 53 | 0 | 0.02 | 1 | 0 | 54 |
| 925 Equipment Purchases (non centrally managed) | 1,266 | 0 | 0.02 | 19 | 0 | 1,285 |
| 931 Contract Consultants | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 932 Management & Professional Support Services | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 933 Studies, Analysis, & Evaluations | 17,380 | 0 | 0.02 | 261 | (56) | 17,585 |
| 934 Engineering & Technical Services | 51 | 0 | 0.02 | 1 | 6,940 | 6,992 |
| 987 Other Intr-Govt Purchases | 703 | 0 | 0.02 | 10 | 0 | 713 |
| 988 Grants | 18,292 | 0 | 0.02 | 274 | 431 | 18,997 |
| 989 Other Contracts | 78,525 | 0 | 0.02 | 1,176 | (4,939) | 74,762 |
| 991 Foreign Currency Variance | 0 | 0 | 0.02 | 0 | 0 | 0 |
| 998 Other Costs | 22 | 0 | 0.02 | 0 | 0 | 22 |
| 999 TOTAL OTHER PURCHASES | 120,670 | 0 | | 1,806 | 3,000 | 125,476 |
| 9999 TOTAL OPERATION & MAINTENANCE | 229,859 | 0 | | 6,375 | 6,357 | 242,591 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed:

Funding for Warstoppers recognizes that preparedness measures must be taken for certain supply items 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. 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) which emphasizes customer-provider relationships.

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 (IPMs) 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 antidotes 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).

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

NERVE AGENT ANTIDOTES (NAA): 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 Nerve Agent Antidote Auto-injectors. Since 1992, the only FDA approved producer has had an Industrial Base Maintenance Contract (IBMC) to ensure the financial viability of the firm and to maintain the manufacturing capability to produce injectors for wartime surge and sustainment. These funds maintain critical process capability and FDA certification of the sole domestic source of NAA autoinjectors. The budget request for this program is \$8.569 million in FY 2003. Growth is driven by contractually negotiated costs to maintain the capabilities of the sole source provider.

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. The budget request for this program is \$4.223 million in FY 2003. The program remains relatively level.

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 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 reserve to meet wartime production demand. The budget request for this program is \$.694 million in FY 2003. The program remains relatively level from FY 2002 to FY 2003.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

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 tray pack and MRE production equipment necessary to meet wartime requirements. This equipment gives the industry the capability to quickly expand production in times of war. The budget request for this program is \$100 thousand in FY 2003 and remains level.

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. There is no budget request for this program in FY 2003 due to the anticipated production capacity of new Polymeric Trays.

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. The budget request for this program is \$3.135 million in FY 2003. Commercial Asset Visibility data, originally funded under the manpower line in prior years, were determined to fit better under other lines. Beginning in FY 2002 these items are reflected in the Industrial Readiness and Medical Readiness lines.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

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. The budget request for this program is \$.030 million in FY 2003 and remains level.

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. The budget request for this program is \$2.373 million in FY 2003 and remains level. This represents contractor negotiated costs for the Nerve Agent Antidote Autoinjector Shelf Life Extension Program and Readiness Enhancement Program.

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 Prime Vendor (PV) Surge Assessment/Test Initiative is a major element of this funding category. This initiative 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 quantity of hardware and spares are being procured via Prime Vendors. The PV Surge Initiative provides for more comprehensive supplier assessments and the funding of measures to address capability shortfalls. The budget request for this program is \$4.056 million in FY 2003 and the program remains level.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

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 (CEC) and Vendor Managed Inventory (VMI) are used to address shortfalls. Medical Readiness line supports such items as Ciproflaxacin (an Anthrax treatment) and other urgent and compelling requirements. This line is used to support CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$780 million wartime planning shortfall. The budget request for this program is \$16.599 million in FY 2003. The decrease is due to previous year funding of urgent requirements.

OZONE DEPLETING SUBSTANCES: This activity funds the purchase of Halon 1301 as part of the Ozone Depleting Substances (ODS) Reserve Program. The Halon provides critical fire suppression capability for numerous weapon systems. The budget request for this program is \$1.641 million in FY 2003. The program decreases in FY 2003, with the intent to complete the purchase of the reserve in FY 2003.

II. Force Structure: N/A

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

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

| | | FY 2002 | | | |
|---------------------------|----------|---------|--------------|----------|----------|
| A. Subactivities: | FY 2001 | Budget | | Current | FY 2003 |
| | Estimate | Request | Appropriated | Estimate | Estimate |
| Nerve Agent Antidote | 8,309 | 8,434 | 8,434 | 8,434 | 8,569 |
| Chemical Gloves | 2,013 | 4,156 | 4,156 | 4,156 | 4,223 |
| Chemical Suits | - | 643 | 643 | 643 | 694 |
| MRE/Tray Pack IPMs | 50 | 50 | 50 | 50 | - |
| T-Pack/MRE Maintenance | 85 | 100 | 100 | 100 | 100 |
| Manpower/Direct Support | 3,737 | 3,132 | 3,132 | 3,132 | 3,135 |
| DPAS | - | 30 | 30 | 30 | 30 |
| NBC Defense | 2,024 | 2,339 | 2,339 | 2,339 | 2,373 |
| Industrial Readiness | 3,706 | 4,027 | 4,027 | 4,027 | 4,056 |
| Medical Readiness | 32,835 | 18,264 | 18,264 | 18,209 | 16,599 |
| Ozone Depleting Substance | 995 | 3,516 | 3,516 | 3,571 | 1,641 |
| Total | 53,754 | 44,691 | 44,691 | 44,691 | 41,420 |

DEFENSE LOGISTICS AGENCY
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2003 Budget Estimates
 Budget Activity #2: Mobilization
 Warstoppers

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

| | | |
|--|---------------------|---------------------|
| B. <u>Reconciliation Summary:</u> | Change | Change |
| | FY 2002/ FY 2002 | FY 2002/ FY 2003 |
| 1. Baseline Funding | 44,691 | 44,691 |
| a) Congressional Adjustments (Distributed) | - | - |
| b) Congressional Adjustments (Undistributed) | - | - |
| c) Congressional Adjustments (General Provision) | - | - |
| d) Congressional Earmarks | - | - |
| 2. Appropriated Amount | 44,691 | - |
| 3. Approved Transfers | - | - |
| 4. Price Change | - | 670 |
| 5. Program Changes | - | (3,941) |
| 6. Current Estimate | 44,691 | 41,420 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

C. Reconciliation of Increases and Decreases:

| | <u>(Dollars in Thousands)</u> |
|---|-----------------------------------|
| | <u>Amount</u> <u>Totals</u> |
| 1. FY 2002 Amended President's Budget | 44,691 |
| 2. Congressional Adjustments (Distributed) | - |
| 3. Congressional Adjustments (Undistributed) | - |
| 4. Congressional Adjustments (General Provisions) | - |
| 5. Congressional Earmarks | - |
| 6. FY 2002 Appropriated Amount | 44,691 |
| 7. Functional Transfers-In Total Functional Transfers-In | - |
| 8. Other Transfers-In (Non-Functional) Total Other Transfers-In (Non-Functional) | - |
| 9. Functional Transfers-Out Total Functional Transfer-Out | - |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

C. Reconciliation of Increases and Decreases (cont'd):

| | | |
|--|----|--------|
| 10. Other Transfers-Out (Non- Functional) | | |
| Total Other Transfers-Out (Non- Functional) | | - |
| 11. Price Change | | - |
| 12. Program Increase | | |
| Total Program Increase | | - |
| 13. Program Decrease | | |
| Total Program Decrease | | - |
| 14. FY 2002 Current Estimate | | 44,691 |
| 15. Price Growth | | 670 |
| 16. Transfers-In | | |
| Total Transfers-In | | - |
| 17. Transfers-Out | | |
| Total Transfers-Out | | - |
| 18. Program Increases | | |
| a) Nerve Agent Antidote increase as a result of negotiated contract options. | 8 | |
| b) Chem Gloves increase for industrial preparedness investments. | 5 | |
| c) Chem Suits increase for industrial preparedness investments. | 41 | |
| Total Program Increases | | 54 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
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Budget Activity #2: Mobilization
Warstoppers

| | | | |
|-----|---|---------|---------|
| 19. | Program Decreases | | |
| | a) T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned. | (51) | |
| | b) Tray Pack IPM overall decrease due to fact of life. | (2) | |
| | c) Manpower Direct Support decrease due to fact of life. | (44) | |
| | d) NBC Defense decrease due to fact of life. | (1) | |
| | e) Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls. | (31) | |
| | f) Medical Readiness decrease due to prior year funding urgent requirements for the expansion of CEC, VMI, and Stock Rotation. | (1,883) | |
| | g) Ozone Depleting Substance decrease reflects intent to complete the purchase of the reserve. | (1,983) | |
| | Total Program Decreases | | (3,995) |
| 20. | FY 2003 Budget Request | | 41,420 |

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

IV. Performance Criteria and Evaluation Summary

The Warstoppers Program funds activities aimed at assessing the capability of the Defense Logistics Agency to meet the Services and Commander-in-Chief's (CINCs) wartime requirements. Additionally, the program funds industrial preparedness measures directed at preserving critical industrial capability and accelerating the production of critical spares and troop support items. Ultimately, the Warstoppers Program provides for improved wartime readiness for the Agency. The metrics used on the program provide assessments of readiness and related factors such as budgeting and programming actions.

The readiness metric is used to provide a basis to track progress and direct funding and actions to critical areas. Ratings are made for each commodity area such as Medical, Clothing & Textiles, Subsistence. The metrics take into account considerations such as coverage of war reserve requirements, surge testing, and return on investment. Comprehensive industrial base assessments, plans to address capability shortfalls, and industrial preparedness measures form the basis for the subjective metrics. Metrics used to gauge the state of the Warstoppers Program are: understanding the requirements, knowledge of industry, plans for deficiencies, and resource availability.

The metrics used to measure performance are: exceptional capability of coverage, satisfactory capability of coverage, shortfalls in capability of coverage exists, measures exist to mitigate deficiencies, significant shortfalls in capability of coverage exist, and no measures exist to mitigate deficiencies. Based on FY 2001 success, the continued goal for the Warstoppers Program in FYs 2002 and 2003 is to provide exceptional capability of coverage to meet the Services and CINCs wartime requirements.

V. Personnel Summary: N/A

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Budget Activity #2: Mobilization
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VI. OP 32 Line Items (Dollars in Thousands):

| | | <u>Change FY 2001/2002</u> | | | | <u>Change FY 2002/2003</u> | | |
|------|-----------------|----------------------------|---------------|----------------|-----------------|----------------------------|----------------|-----------------|
| | | <u>FY 2001</u> | <u>Price</u> | <u>Program</u> | <u>FY 2002</u> | <u>Price</u> | <u>Program</u> | <u>FY 2003</u> |
| | | <u>Actual</u> | <u>Growth</u> | <u>Growth</u> | <u>Estimate</u> | <u>Growth</u> | <u>Growth</u> | <u>Estimate</u> |
| 989 | Other Contracts | 53,754 | 860 | (9,923) | 44,691 | 670 | (3,941) | 41,420 |
| 9999 | Total | 53,754 | 860 | (9,923) | 44,691 | 670 | (3,941) | 41,420 |

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed:

In FY 2003 the Defense Logistics Agency (DLA) Other Logistics Programs (OLP) include \$63.8 million and 339 full-time equivalents (FTEs). As a result of DLA's strategic plan, DLA 21, several information operations programs were realigned to DLA Information Operations. The following programs are included in the Activity Group:

- DLA Information Operations
 - Joint Electronic Commerce Program Office (JECPO)
 - Joint Total Asset Visibility (JTAV)
 - Logistics Community Management (LCM)
 - Automatic Identification Technology (AIT)
 - Defense Property Accountability System (DPAS)
 - Defense Microelectronics Activity (DMEA)
 - Business Process Reengineering Center (BPRC)
 - Rapid Acquisition of Manufactured Parts (RAMP)
 - Defense Standardization Program Office (DSPO formerly known as MILSPEC)
 - Defense Acquisition Career Management (DACM)
 - Continuity of Operations Program (COOP)
 - Law Enforcement Support Office (LESO)
 - DoD Classified Program

A description of missions, funding and FTEs for each program follows.

DLA INFORMATION OPERATIONS: DLA 21 established the DLA Information Operations Directorate during FY 2000 to provide comprehensive, best practice technological support to the DoD/DLA logistics community resulting in the highest quality information systems, efficient and economical computing, data management, electronic commerce, and telecommunications services.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

JTAV was transferred from the Army DCSLOG to DLA in June of 1998. The JTAV Director reports to the DLA Director for Information Operations as the JTAV Executive Agent. As the Executive Agent, DLA reports to the JTAV IPT for overall direction and program management. JTAV was chartered to provide all DoD users with timely and accurate joint logistics and personnel asset information to support Joint Vision 2010 and Focused Logistics. The TAV capability will 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.

JTAV will provide responsive and cost-effective logistics information from Automated Information Systems (AIS) and Automated Identification Technologies (AIT), ensuring readiness and sustainability for the total force in both peacetime and wartime. JTAV enables functional and operational processes to achieve benefits in two broad areas: improved operational flexibility and reduced operating costs. These categories are not mutually exclusive. In most cases, JTAV will benefit both areas. JTAV will ensure: declining backlogs at ports and depots; more responsive supply support; reduced inventory levels; and will support accurate and effective operational planning, assessment, and execution. DLA was funded by reimbursable order in FY 1998 and 1999. The FY 2003 budget request includes \$9.0 million to sustain the JTAV efforts and 6 FTEs.

Funding for LCM oversight functions began in FY 1999. LCM will improve overall logistics performance in support of war fighters through the coordination of enhancements to information systems, information management, and information exchange among war fighters, 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 the DUSD(L) Logistics Business Systems Corporate Strategy. In FY 2003 the budget request includes \$6.0 million and 8 FTEs.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

JECPO, another program under the DLA Information Operations program, 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 to DLA as the lead on business development; and the Defense Information Systems Agency (DISA) for oversight of technical development. The program is responsible for the strategic implementation of Electronic Commerce (EC) policy. Electronic Commerce 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. In FY 2003 the budget request is \$6.3 million and 34 FTEs.

AIT supports 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 acquisition logistics and sustainment business processes and enhance Joint Total Asset Visibility while simultaneously providing a Common Operating Picture to CINC's and other decision makers. AIT will also facilitate improved transportation and supply visibility, and serve as a tool for acquisition and sustainment managers to manage configuration management of DoD weapons systems and their major components. This program has been realigned from Other Logistics Services beginning in FY 2002. In FY 2003 the budget request is \$3.3 million and 2 FTEs.

DEFENSE PROPERTY ACCOUNTABILITY SYSTEM (DPAS): DPAS is an integrated system for improving accounting and accountability for DoD-owned property. DLA is the Executive Agent for the DoD migratory system. In FY 2003 the budget request includes \$7.1 million and 10 FTEs.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

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 DoD and supports the career system policy formulation and implementation activities of the DAETCD. In FY 2003 the budget request is \$.854 million and 2 FTEs.

CONTINUITY OF OPERATIONS (COOP): The COOP mission transferred to DLA during FY 1994. COOP mission is under the staff cognizance and oversight of the Office of the Secretary of Defense. In FY 2003 the budget request is \$5.2 million and 12 FTEs.

DoD CLASSIFIED PROGRAM: The Classified Program was transferred to DLA in FY 2001. The FY 2003 budget request includes \$1.5 million and 14 FTEs.

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

The DoD is increasingly reliant on the use of "smart" weapons with all future engagement scenarios of Joint Vision 2020 depending on the use of these systems. The technology forming the brain of these "smart" systems is microelectronics, a technology listed by DoD as critical. Meanwhile the use of microelectronics has exploded in the commercial world driving the semiconductor industry to repeatedly supersede successive generations of semiconductor technologies with new technologies every 18 months. This extraordinary growth in commercial products has driven the DoD market share to less than 0.1%. Therefore, DoD is now reliant on a technology that becomes obsolete every 18 months and

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

an industry where we have no influence. This is a Defense-wide issue rather than an application specific one, since many systems across the entire Department use the same microelectronics devices. The mission of the Defense Microelectronics Activity (DMEA) is to leverage the capabilities and payoffs of advanced technologies to solve operational problems in weapon systems, increase operational capabilities, reduce operation and support (O&S) costs, and reduce the effects of Microelectronics Diminishing Manufacturing Sources and Material Shortages (DMSMS).

The DMEA uses a unique and innovative methodology to reverse engineer microelectronic devices, analyze solution sets, and then build and test the solutions. The DMEA strategy creates a comprehensive mix of commercially viable solutions covering the entire DoD. Industry views this process favorably because DMEA converts components from non-producible to producible and reenergizes industry to support the war fighter's requirements. The DMEA also evaluates the entire spectrum of microelectronics for both current and future obsolescence issues, evaluates the feasibility of potential solutions, fosters technologies that address the problem, recommends solutions at all complexity levels, provides guidance, and recommends policy, and procedure changes. The DMEA also gives government organizations streamlined access to state-of-the art technologies and engineering expertise. The DMEA assists system managers by applying both available leading-edge technologies and innovative applied research and development (R&D) approaches to develop solutions to current problems. In FY 2003 the budget request is \$17.0 million, 124 direct-funded FTEs and 94 reimbursable FTEs.

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

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

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-functional, integrated analysis of multiple activities or functions that contribute to a shared purpose. In FY 2003 budget request for this program is \$2.0 million and 17 FTEs.

RAPID ACQUISITION OF MANUFACTURED PARTS (RAMP): RAMP transferred to DLA from the Navy in FY 1999. The RAMP mission was to develop methods to reduce the acquisition and manufacturing lead times for parts in limited supply. It's objective was to develop the capability to more quickly and efficiently manufacture low-volume, hard-to-obtain parts. No funding has been identified for FY 2003.

DEFENSE STANDARDIZATION PROGRAM OFFICE (DSPO) (MILSPEC): DSPO transferred from OUSD(AT&L) to DLA in FY 1999. Pursuant to Sections 2451-2452 of Title 10, which established the Defense Standardization Program (DSP), and the DoDI 4120.24, which implements the DSP in the DoD, the DSPO mission is to develop and manage DoD-wide policies and procedures to implement Public Laws related to standardization, acquisition, and metrication. Associated actions require the DSPO to identify, influence, develop, manage, and provide access to standardization processes, products, and services for warfighters, the acquisition community, and the logistics community to promote interoperability, reduce total ownership costs, and sustain readiness. In FY 2003 the budget request for this program is \$5.4 million and 11 FTEs. Program increases are attributable to contractual administration cost to support strategic plan development and implementation actions, and enhancements to automation tools for the management and operation of the DSP.

LAW ENFORCEMENT SUPPORT OFFICE (LESO): LESO administers Section 1033 of the National Defense Authorization Act for fiscal year 1997 for the Director, Defense Logistics Agency (DLA) through the transfer of excess Department of Defense (DoD) personal property to

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

Federal and State agencies, suitable for use by agencies in law enforcement activities, including counter-drug and counter terrorism activities. The FY 2003 request includes 5 FTEs with no corresponding funding. This program is budgeted at the Department level. DLA is reimbursed during 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 Summary: N/A

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

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

| A. Subactivities: | FY 2001 Actuals | FY 2002 | | Current Estimate | FY 2003 Estimate |
|----------------------------|--------------------|-------------------|--------------|---------------------|---------------------|
| | | Budget Request | Appropriated | | |
| 1. DLA Info Operations | 20,896 | 23,315 | 23,315 | 23,014 | 24,703 |
| a. JTAV | 9,632 | 8,959 | 8,827 | 8,827 | 9,016 |
| b. LCM | 5,758 | 5,782 | 5,695 | 5,695 | 6,068 |
| c. JECPO | 5,506 | 5,549 | 5,467 | 5,467 | 6,328 |
| d. AIT | - | - | - | 3,025 | 3,291 |
| 2. DPAS | 12,432 | 13,533 | 13,330 | 12,382 | 7,064 |
| 3. DMEA | 14,412 | 15,062 | 14,795 | 13,753 | 17,033 |
| 4. BPRC | 2,395 | 2,641 | 2,603 | 1,821 | 2,076 |
| 5. RAMP | 981 | - | - | - | - |
| 6. DSPO | 4,495 | 4,837 | 4,764 | 4,764 | 5,448 |
| 7. DACM | 974 | 808 | 796 | 796 | 854 |
| 8. COOP | 3,442 | 3,588 | 3,534 | 3,534 | 5,208 |
| 9. LESO | 441 | - | - | - | - |
| 10. DoD Classified Program | 1,114 | 1,321 | 1,301 | 1,301 | 1,462 |
| Total | 61,582 | 62,080 | 61,112 | 61,365 | 63,848 |

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2003 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Programs

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

| | | |
|--|---------------------|---------------------|
| B. Reconciliation Summary: | Change | Change |
| | FY 2002/ FY 2002 | FY 2002/ FY 2003 |
| 1. Baseline Funding | 62,080 | 61,365 |
| a) Congressional Adjustments (Distributed) | - | - |
| b) Congressional Adjustments (Undistributed) | (97) | - |
| c) Congressional Adjustments (Gen Provision) | (777) | - |
| d) Congressional Earmarks | (94) | - |
| 2. Appropriated Amount | 61,112 | - |
| 3. FY 2001 Rescission | - | - |
| 4. Price Change | - | 4,142 |
| 5. Approved Transfers | 3,025 | - |
| 6. Program Changes | (2,772) | (1,659) |
| 7. Current Estimate | 61,365 | 63,848 |

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C. Reconciliation of Increases and Decreases:

| <u>Dollars in Thousands)</u> | | |
|---|---------------|---------------|
| | <u>Amount</u> | <u>Totals</u> |
| 1. FY 2002 Amended President's Budget | | 62,080 |
| 2. Congressional Adjustments (Distributed) | | - |
| 3. Congressional Adjustments (Undistributed) | | |
| Defense Joint Accounting System (DJAS) | (97) | |
| Total Congressional Adjustments (Undistributed) | | (97) |
| 4. Congressional Adjustments (General Provisions) | | |
| a. Section 8098 - Legislative Affairs Reduction | (282) | |
| b. Section 8102 - Reduction in Travel Costs | (2) | |
| c. Section 8123 - Reduction for Business Process Reform, etc. | (481) | |
| d. Section 8154 - FOL Change in Utility Costs | (2) | |
| e. Section 8146 - Savings from Government Purchase Card | (10) | |
| Total Congressional Adjustments (General Provisions) | | (777) |
| 5. Congressional Earmarks | | |
| a. Section 8047 - Indian Land Mitigation | (75) | |
| b. Section 8154 - Commission on Future Aerospace Industry | (11) | |
| c. Section 8155 - Memorial 9/11/01 | (8) | |
| Total Congressional Earmark Billpayers | | (94) |

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| | |
|--------------------------------|--------|
| 6. FY 2002 Appropriated Amount | 61,112 |
|--------------------------------|--------|

C. Reconciliation of Increases and Decreases (cont'd):

| | | |
|--|---------|---------|
| 7. Functional Transfers-In | | |
| Reflects an internal realignment from Other Logistics Services | 3,025 | |
| Total Functional Transfers-In | | 3,025 |
| 8. Other Transfers-In (Non-Functional) | | |
| Total Other Transfers-In (Non-Functional) | | - |
| 9. Functional Transfers-Out | | |
| Total Functional Transfer-Out | | - |
| 10. Other Transfers-Out (Non-Functional) | | |
| Total Other Transfers-Out (Non-Functional) | | - |
| 11. Price Change | | - |
| 12. Program Increase | | |
| Total Program Increase | | - |
| 13. Program Decreases | | |
| a. Reflects a decrease in civilian pay. | (1,824) | |
| Decrease due to completion of the Defense Property Accountability System fielding. | (948) | |
| Total Program Decreases | | (2,772) |
| 14. Revised FY 2002 Current Estimate | | 61,365 |
| 15. Price Growth | | 4,142 |
| 16. Transfers-In | | |

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 Total Transfers-In -

C. Reconciliation of Increases and Decreases (cont'd):

| | | |
|--|-------|-------|
| 17. Transfers-Out | | |
| Total Transfers-Out | | - |
| 18. Program Increase | | |
| a. Increase associated with DMEA's expanded mission to address Integrated Circuit (IC) Microelectronic Diminishing Manufacturing Sources and Material Shortages (DMSMS) for the DoD. | 1,079 | |
| b. Additional Joint Electronic Commerce Program Office (JECPO) requirements. | 462 | |
| c. Increase to Defense Standardization Office Requirements. | 454 | |
| d. Fact-of-Life increase to support Logistics Community Management (LCM). | 167 | |
| e. Additional Continuity of Operations Program (COOP) requirements. | 1,512 | |
| f. Additional Business Process Reengineering Center (BPRC) requirements. | 10 | |
| g. Increased Joint Total Asset Visibility (JTAV) Requirements. | 9 | |
| h. Additional Automatic Identification Technology (AIT) requirements. | 233 | |
| i. Increased Defense Acquisition Career Management (DACM) requirements. | 14 | |
| Total Program Increase | | 3,940 |

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C. Reconciliation of Increases and Decreases (cont'd):

| | | | |
|-----|---|---------|---------|
| 19. | Program Decreases | | |
| | Decrease reflects the completion of the Defense | (5,599) | |
| | Property Accountability System fielding. | | |
| | Total Program Decreases | | (5,599) |
| 20. | FY 2003 Budget Request | | 63,848 |

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IV. Performance Criteria and Evaluation Summary:

Other Logistics Programs (OLP) includes multiple program offices of which DLA is either the executive agent or the budget administrator. Performance criteria for this activity group follows.

The BPRC mission is to propose redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. Performance measures include developing network architecture, enterprise wide applications for OSD organizations and DoD standard systems. In fiscal year (FY) 2001, 33 sites, 1,289 users of the standard systems development was deployed in a test mode. The BPRC expects to add an additional 20,000 users in FY 2002 and 2003.

Network Architecture development is paced with overall OSD and Pentagon renovation progress. The over architecture is expected to be 40% complete in two years, following completion of wedges one and two.

The Defense Standardization Program Office (DSPO) mission is to develop policies, procedures and guidance to ensure standardized policy across the Military Departments and Defense Agencies. In addition, DSPO monitors implementation of the Military Specification Reform Initiatives for the Department. There are some relevant qualitative performance indicators for the DSPO in execution of its mission and associated actions. One is the effectiveness of the DSP as a single source for information exchange and coordination of all defense standardization efforts, as indicated by increased number of organizations participating with the DSP in information exchange, and increased customer satisfaction based on survey results. Another is success in institutionalized development and use of performance and Non-Government Standards (NGSs) in the DoD, as indicated by increased usage of performance and NGSs, and decreased usage of military-unique specifications and standards.

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The Joint Electronic Commerce Program Office mission supports, facilitates, and accelerates application of electronic business practices and associated information

IV. Performance Criteria and Evaluation Summary (Continuation):

technologies to improve Department-wide processes and support weapons and combat support systems throughout their life cycles. The goal is to create an electronic mall which allows on-line shopping. All four Services and DLA will participate. This initiative, when fully deployed will reduce paper and streamline supply, contracting and payment processes in the Department. Performance is measured by customer surveys, dollar value of on-line sales and the value of on-line transactions. In FY 2001 \$306.8 million dollars in sales were realized and 1.7 million transactions were recorded. We expect sales to increase to \$460.2 million in FY 2002 and \$690.3 million in FY 2003. Transactions are expected to reach 2.6 million in FY 2002 and 4.0 million in FY 2003.

The Defense Property Accountability System mission is to field and sustain an integrated system to improve accounting and accountability of DoD-owned property for the Departments of the Army and Navy and most Defense Agencies. A critical performance measure for this system is site implementations. In FY 1999, DPAS implemented the system throughout much of the Army, a portion of the Navy and some of the Defense Agencies. Implementation will continue in the Departments of the Army and Navy and several Defense Agencies during FY 2002.

The mission of the Defense Microelectronics Activity (DMEA) is to leverage the capabilities and payoffs of advanced technologies to extend the useful life, solve operational problems, increase operational capabilities, reduce operation and support (O&S) costs, and to reduce the effects of diminishing manufacturing sources in weapon systems. The DMEA assists system managers by developing solutions to current problems through specific projects. The critical performance measure to DMEA is customer satisfaction. In FY 1999, FY 2000, and FY 2001, we achieved customer satisfaction ratings over 90%, 92%, and 94%, respectively. We plan to increase this rating by 2% over fiscal years 2002 and 2003. Customer satisfaction is measured through surveys and informal as well as formal customer feedback. Problems identified in this measure will

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be assessed and corrective action taken. Individual projects performing at less than expected customer satisfaction rates will be required to begin recovery plans to ensure that this measure is achieved.

IV. Performance Criteria and Evaluation Summary (Continuation):

Execution of funding is also a performance measure. In FY 1999 and FY 2000, DMEA obligated over 99 percent of the funding allocated to this activity. It is our goal to maintain or improve our outstanding obligation rate in FY 2001 and 2002 through strong financial management processes and aggressive execution plans. Problems identified in this measure will be assessed and corrective action taken.

| | FY 2001 Actual | FY 2002 Estimate | FY 2003 Estimate |
|---|-------------------|---------------------|---------------------|
| BPRC Architecture Development | 20% | 30% | 40% |
| BRPR Reduction in Unneeded Equipment Purchases | 90% | 92% | 94% |
| DPAS Software Completion Rate | 75% | 90% | 100% |

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| V. Personnel Summary: | FY 2001 | <u>FY 2002</u> | FY 2003 | Change FY 2002/ <u>FY 2003</u> |
|--|---------|----------------|---------|--------------------------------------|
| <u>Active Mil End Strength (Total)</u> | 25 | 35 | 30 | (5) |
| Officer | (3) | 7 | 1 | (6) |
| Enlisted | 28 | 28 | 29 | 1 |
| <u>Civilian End Strength (Total)</u> | 333 | 339 | 339 | - |
| U.S. Direct Hire | 333 | 339 | 339 | - |
| Foreign National Direct Hire | - | - | - | - |
| Total Direct Hire | 333 | 339 | 339 | - |
| Foreign National Indirect Hire | - | - | - | - |
| (Reimbursable Civilians Included Above - Memo) | 94 | 99 | 99 | - |
| <u>Active Mil FTEs (Total)</u> | 25 | 35 | 30 | (5) |
| Officer | (3) | 7 | 1 | (6) |
| Enlisted | 28 | 28 | 29 | 1 |
| <u>Civilian FTEs (Total)</u> | 321 | 339 | 339 | - |
| U.S. Direct Hire | 321 | 339 | 339 | - |
| Foreign National Direct Hire | - | - | - | - |
| Total Direct Hire | 321 | 339 | 339 | - |
| Foreign National Indirect Hire | - | - | - | - |
| (Reimbursable Civilians Included Above - Memo) | 83 | 99 | 99 | - |

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

| | | <u>Change FY 2001/2002</u> | | | | <u>Change FY 2002/2003</u> | | |
|-----|---|----------------------------|---------------|---------------|----------------|----------------------------|---------------|----------------|
| | | <u>FY 2001</u> | <u>Price</u> | <u>Prog</u> | <u>FY 2002</u> | <u>Price</u> | <u>Prog</u> | <u>FY 2003</u> |
| | | <u>Actual</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> |
| 101 | Executive, General & Special Schedule | 21,338 | 1,383 | 774 | 23,495 | 3,576 | - | 27,071 |
| 103 | Wage Board | 31 | 1 | - | 32 | 1 | - | 33 |
| 107 | VSIP | 25 | - | (25) | - | - | - | - |
| 199 | Total Civilian Personnel Compensation | 21,394 | 1,384 | 749 | 23,527 | 3,577 | - | 27,104 |
| 308 | Travel Of Persons | 991 | 15 | (226) | 780 | 12 | 62 | 854 |
| 399 | Total Travel | 991 | 15 | (226) | 780 | 12 | 62 | 854 |
| 416 | GSA Managed Supplies And Materials | 105 | 2 | (13) | 94 | 2 | - | 96 |
| 499 | Total Fund Supplies & Materials Purchases | 105 | 2 | (13) | 94 | 2 | - | 96 |
| 506 | DLA Equipment | 10 | - | 2 | 12 | - | - | 12 |
| 507 | GSA Equipment | 9 | - | (6) | 3 | - | - | 3 |
| 599 | Total Revolving Fund Equipment Purchases | 19 | - | (4) | 15 | - | - | 15 |
| 671 | Comm Services DISA | 5 | 1 | (1) | 5 | - | - | 5 |
| 699 | Total Purchases | 5 | 1 | (1) | 5 | - | - | 5 |
| 771 | Commercial Trans | 261 | 4 | (11) | 254 | 4 | - | 258 |

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| | | | | | | | | |
|-----|----------------------|-----|---|------|-----|---|---|-----|
| 799 | Total Transportation | 261 | 4 | (11) | 254 | 4 | - | 258 |
|-----|----------------------|-----|---|------|-----|---|---|-----|

VI. OP 32 Line Items (Dollars in Thousands) (cont'd):

| | | <u>Change FY 2001/2002</u> | | | <u>Change FY 2002/2003</u> | | | |
|------|---|----------------------------|---------------|---------------|----------------------------|---------------|---------------|----------------|
| | | <u>FY 2001</u> | <u>Price</u> | <u>Prog</u> | <u>FY 2002</u> | <u>Price</u> | <u>Prog</u> | <u>FY 2003</u> |
| | | <u>Actual</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> |
| 912 | Rental Payments to GSA (SLUC) | 24 | - | - | 24 | - | - | 24 |
| 913 | Purchased Utilities | 446 | 7 | 61 | 514 | 8 | - | 522 |
| 914 | Purchased Communications | 43 | 1 | (15) | 29 | - | - | 29 |
| 915 | Rents (non-GSA) | 383 | 6 | - | 389 | 5 | 183 | 577 |
| 917 | Postal Services | 10 | - | - | 10 | - | - | 10 |
| 920 | Supplies & Materials (non-fund) | 517 | 8 | (189) | 336 | 5 | 290 | 631 |
| 921 | Printing & Reproduction | 17 | - | - | 17 | - | - | 17 |
| 922 | Equipment Maintenance by Contract | 21 | - | - | 21 | - | - | 21 |
| 923 | Facility Maintenance by Contract | 121 | 2 | (70) | 53 | 1 | - | 54 |
| 925 | Equipment Purchases | 1,255 | 19 | (8) | 1,266 | 19 | - | 1,285 |
| 933 | Studies, Anal, & Eval | 2,744 | 44 | (281) | 2,507 | 38 | 17 | 2,562 |
| 934 | Contract Engineering & Technical Services | 50 | 1 | - | 51 | 1 | 32 | 84 |
| 987 | Other Intra-Govt Purchases | 1,758 | 28 | (1,083) | 703 | 10 | - | 713 |
| 989 | Other Contracts | 31,396 | 526 | (1,167) | 30,755 | 460 | (2,243) | 28,972 |
| 998 | Other Costs | 22 | - | (7) | 15 | - | - | 15 |
| 999 | Total Other Purchases | 38,807 | 642 | (2,759) | 36,690 | 547 | (1,721) | 35,516 |
| 9999 | Total | 61,582 | 2,048 | (2,265) | 61,365 | 4,142 | (1,659) | 63,848 |

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I. Description of Operations Financed:

The Defense Logistics Agency (DLA) Other Logistics Services (OLS) includes \$137.323 million in FY 2003 and no full time equivalents. The following programs are included in OLS:

- Unemployment Compensation
- Price Comparability
- Quality of Life
- Continuing Health
- Counter-Drug Activities
- Contingency Operations
- Disability Compensation
- Automated Document Conversion System (ADCS) Aging Aircraft Program
- Procurement Technical Assistance Program (PTAP)
- Inventory Management, Catalog Production & Distribution of Hard Copy Map Function
- Defense Security Service (DSS)
- Logistics Transformation
- Automatic Identification Technology (AIT)
- Critical Infrastructure Protection (CIP)
- Defense Finance and Accounting Service (DFAS)
- Disaster Relief Blankets
- Microcircuits: GEM
- Demolition
- Joint Logistics Warfighting Initiative
- Security Locks Program
- Managerial Support
- Contingency Operations

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Budget Activity #4: Defense-Wide Other Logistics Services

I. Description of Operations Financed (continued):

A description of the programs included in this activity group follows:

Unemployment Compensation: Reflects funding of unemployment costs for all Defense Agencies. DLA estimates include resources for consolidated Defense-wide payments. Decreases in funding in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs. In addition to the FY 2001 estimated unemployment costs there were Base Realignment and Closure (BRAC) funds for unemployment compensation for BRAC Defense Agency civilians. The budget request for this program in FY 2003 is \$15.114 million. The request is based on estimated unemployment compensation due to Department downsizing and consolidation, i.e. management headquarters reductions, reductions-in-force due to depot contracting actions.

Price Comparability: Price Comparability is that category of 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 storing inventory for wartime demand only (War Reserve stock). A strictly business approach would dictate that this materiel be disposed of or to pass the cost of retaining this inventory on to the customer requiring it. By removing the cost of retaining this inventory out of the DLA product line, it more adequately describes DLA prices in business terms. The budget request for this program is \$29.994 million in FY 2003.

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I. Description of Operations Financed (continued):

Quality of Life: Morale, Welfare, and Recreation costs are \$12.378 million in FY 2003. Funding is based on estimates for operations costs for DLA activities. MWR programs and services provide support that is vital to the readiness of the military community and their families. A decrease in funding would negatively impact the quality of life of the DLA workforce.

Continuing Health: Funding to cover Agency expenses for continuing health coverage for reduction-in-force and BRAC affected employees. The budget request for this program is \$1.032 million in FY 2003 for Agency estimated health coverage costs.

Counter-Drug Activities: Funding is for approved counter narcotics projects, mandated drug testing, and drug abuse education. This program funding is budgeted at the Department level with DLA reimbursement in the year of execution.

Contingency Operations: Funding to cover Agency costs incurred in support of Bosnia and Kosovo contingency operations. The budget request for this program is \$4.361 million in FY 2003.

Disability Compensation: Residual funding is required to cover disability compensation for the closed Clothing Factory (DPSC). The budget request for this program is \$1.083 million in FY 2003.

Automated Document Conversion System (ADCS) Aging Aircraft Program: Funding, as directed by Congress in FY 2001, was for the Aging Aircraft Program. There is no Agency request for this program in FY 2003.

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I. Description of Operations Financed (continued):

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 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, Indian tribal organizations, and Indian economic enterprises with establishing or maintaining PTACAP activities. Activities include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local governments. The budget request for this program is \$18.997 million in FY 2003. This program increase will be used to enter into additional cost sharing cooperative agreements.

Inventory Management, Catalog Production & Distribution of Hard Copy Map Function: In May 1996, the JCS Combat Support Agency Review Team recommended map management be transferred from the NIMA to DLA. Approximately 70,000 map items transferred to DLA. DLA serves as the DoD Integrated Materiel Management and Distributor of those items. DLA provides the items as free issue. Transfer of Hardcopy Media Inventory Management, Cataloging, and Distribution functions from NIMA to DLA began in FY 1998. The budget request for this program is \$26.88 million in FY 2003.

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I. Description of Operations Financed (continued):

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. The budget request for this program is \$.870 million in FY 2003.

Logistics Transformation: Funding request is for conducting 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. The budget request for this program is \$7.654 million in FY 2003. The program increase is due to fact of life and continued Department logistics transformation initiatives.

Automatic Identification Technology (AIT): Funding request is 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 acquisition logistics and sustainment business processes and enhance Joint Total Asset Visibility while simultaneously providing a Common Operating Picture to CINC's and other decision makers. AIT will also facilitate improved transportation and supply visibility, and serve as a tool for acquisition and sustainment managers to manage configuration management of DoD weapons systems and their major components. This program has been realigned into the Other Logistics Program beginning in FY 2002.

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I. Description of Operations Financed (continued):

Homeless Blankets: The Steward B. McKinnley Homeless Assistance Act of 1987 created the requirement for DLA to make blankets available to qualified US 501(C)3 organizations working with the homeless. Homeless shelters issue a request to the Agency and blankets are issued on a first come, first served basis up to the amount of funding available. The budget request for this program is \$3.235 million in FY 2003.

Demolition: The O&M demolition account will be used for the removal of primary facilities at the DLA permitted installations (Sharpe, Tracy, Columbus, Richmond, and New Cumberland) that are excess (unused/underutilized) to the needs of the installation, and are uneconomical to repair and maintain. This includes over 900,000 square feet of aged (WWI and WWII) storage and administrative buildings that are not included in MILCON facility replacement programs. Inclusion of this demolition work in the DWCF would unnecessarily increase the cost to Distribution and ICP customers. Additional facility demolition required to meet infrastructure goals is currently included on a cubic foot or square foot replacement basis in future MILCON projects currently programmed for the permitted installations. The budget request for this program is \$6.908 million in FY 2003.

Microcircuits GEM (Generalized Emulation of Microcircuits): Funding, as directed by Congress in FY 2001, was for the maintenance of GEM System emulation production capability to meet the current and increasing non-procurable device requirements experienced by DLA and the Services. Funding supports both production and sustainment of non-procurable and obsolete microcircuits. Program benefits are realized by the Warfighter through increased levels of mission readiness due to microcircuit availability. There is no Agency request for this program in FY 2003.

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I. Description of Operations Financed (continued):

Critical Infrastructure Protection (CIP): CIP is an integrated, war-fighter-focused effort to identify and mitigate the vulnerabilities of critical assets that are essential to Commander-in-Chief mission assurance and operational readiness. Presidential Decision Directive 63, Critical Infrastructure Protection, requires a public-private partnership to provide protection; establishes a national organizational structure to affect that partnership; and directs DoD, as well as the other federal departments, to develop a plan for protecting its portion of the Federal Government critical infrastructures. The DoD CIP program supports the new Executive Orders on "CIP in the Information Age" and "Homeland Security." The DoD Plan identifies the Defense Logistics Agency as the lead component for the Logistics Sector DoD-wide. In this role, DLA is responsible for the coordination and overall program management of CIP activities with all DoD components that own and/or operate elements of the DoD Logistics Infrastructure. Funding is necessary to carry out DLA responsibilities to lead the Logistics Sector in defining end-to-end sector functionality and supporting assets; determining assurance levels to meet both military and sector operational requirements; assessing the critical infrastructure vulnerabilities of the sector; and implementing sector assurance plans. Funding for CIP is \$.352 million in FY 2003.

Defense Finance and Accounting Service (DFAS): Funding request is required to reimburse DFAS for accounting services provided to the activities and programs reflected in Other Logistics Services, Other Logistics Programs, and Warstoppers. The budget request of \$1.411 million for FY 2003 is based on estimated workload.

Security Locks Program: Funding for the security lock retrofit as directed by Congress in FY 2002. There is no Agency request for this program in FY 2003.

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I. Description of Operations Financed (continued):

Joint Logistics Warfighting Initiative (JLWI): JLWI is a project to improve the logistics system supporting deployed warfighters. The JLWI is intended to improve readiness by enhancing logistics responsiveness through process improvements to the requisitioning, distribution, asset visibility, and retrograde functions and by validating these improvements in a real world operational environment. The JLWI objective is to ensure streamlined logistics systems, processes, and functions fully support operational requirements in Joint or Cooperative Combined Task Force operations. The JLWI Implementation Plan developed jointly by the Joint Staff, DUSD (Logistics), and USCENTCOM staff provides a blueprint for testing streamlined logistics support processes in the CENTCOM Area of Responsibility. Funding for this program is \$7.017 million in FY 2003.

Managerial Support: Funding for programs such as:

Prior Year Invoices: Prior year bills received after the close of the fiscal year.

Interest Penalty: Penalties incurred due to payment processing delays.

Official Representation Funds (ORF): Special and official functions or ceremonies with DoD personnel and distinguished non-DoD personnel. Beginning in FY 1998 all DLA activities were required to use O&M funds for ORF functions.

Investigative Activities: DLA confidential investigations.

Director's Medallion: Purchase of medallions to be presented by the DLA Director for special accomplishments.

The budget request for this program is \$37 thousand in FY 2003.

II. Force Structure: N/A

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III. Financial Summary (O&M: Dollars in thousands):

| | | FY 2002 | | | |
|--|---------|---------|--------------|----------|----------|
| A. Subactivities: | FY 2001 | Budget | | Current | FY 2003 |
| | Actuals | Request | Appropriated | Estimate | Estimate |
| Unemployment Compensation | 8,086 | 15,194 | 11,644 | 12,391 | 15,114 |
| Price Comparability | 33,121 | 32,377 | 24,050 | 24,962 | 29,994 |
| Quality of Life | 12,553 | 12,309 | 11,681 | 12,124 | 12,378 |
| Continuing Health | 350 | 1,011 | 960 | 996 | 1,032 |
| Defense Finance & Accounting Service | 1,655 | 1,414 | 1,362 | 1,414 | 1,411 |
| Counter Drug Activities | 658 | 0 | 0 | 0 | 0 |
| Disability Compensation | 819 | 1,089 | 1,049 | 1,089 | 1,083 |
| Automated Document Conversion System | 4,000 | 0 | 0 | 0 | 0 |
| Procurement Technical Assistance | 17,568 | 18,573 | 17,624 | 18,292 | 18,997 |
| Demolition | 4,578 | 0 | 0 | 0 | 6,908 |
| Inventory Mgmt, Catalog Production & Distribution of Hard Copy Maps | 26,497 | 26,781 | 25,412 | 26,376 | 26,880 |
| Defense Security Service | 139 | 140 | 135 | 140 | 870 |
| Disaster Relief Blankets | 2,996 | 3,086 | 2,927 | 3,038 | 3,235 |
| Microcircuits: GEM | 2,195 | 0 | 0 | 0 | 0 |
| Logistics Transformation | 7,233 | 7,462 | 7,189 | 7,462 | 7,654 |
| Automatic Identification Technology | 3,364 | 3,025 | 3,025 | 0 | 0 |
| Critical Infrastructure Protection | 0 | 352 | 339 | 352 | 352 |
| Joint Logistics Warfighting Initiative | 9,984 | 7,059 | 6,801 | 7,059 | 7,017 |
| Security Lock Program | 0 | 0 | 5,000 | 5,000 | 0 |
| Managerial Support | 97 | 38 | 37 | 38 | 37 |
| Contingency Operations | 3,100 | 0 | 3,070 | 3,070 | 4,361 |
| Total | 138,993 | 129,910 | 122,305 | 123,803 | 137,323 |

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Budget Activity #4: Defense-Wide Other Logistics Services

B. Reconciliation Summary:

| | Change FY 2002/ FY 2002 | Change FY 2002/ FY 2003 |
|---|-------------------------------|-------------------------------|
| 1. Baseline Funding | 129,910 | 123,803 |
| a) Congressional Adjustments (Distributed) | (3,900) | - |
| b) Congressional Adjustments (Undistributed) | (1,680) | - |
| c) Congressional Adjustments (General Provision) | (1,809) | - |
| d) Congressional Earmarks | (216) | - |
| 2. Appropriated Amount | 122,305 | - |
| 3. Approved Transfers | (3,025) | - |
| 4. Price Change | - | 1,563 |
| 5. Program Changes | 4,523 | 11,957 |
| 6. Current Estimate | 123,803 | 137,323 |

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C. Reconciliation of Increases and Decreases:

| | <u>(Dollars in Thousands)</u> | |
|---|-----------------------------------|---------------|
| | <u>Amount</u> | <u>Totals</u> |
| 1. FY 2002 Amended President's Budget | | 129,910 |
| 2. Congressional Adjustments (Distributed) | | |
| a. Unemployment compensation | (1,900) | |
| b. Obsolete National Stock Numbers (NSNs) | (7,000) | |
| c. Security Lock Program | 5,000 | |
| Total Congressional Adjustments (Distributed) | | (3,900) |
| 3. Congressional Adjustments (Undistributed) | | |
| a. Defense Joint Accounting System (DJAS) | (227) | |
| b. Strategic Sourcing Studies (A-76) | (4,523) | |
| c. Balkans Operations | 3,070 | |
| Total Congressional Adjustments (Undistributed) | | (1,680) |
| 4. Congressional Adjustments (General Provisions) | | |
| a. Section 8098 - Legislative Affairs Reduction | (657) | |
| b. Section 8102 - Reduction in Travel Costs | (5) | |
| c. Section 8123 - Reduction for Business Reform, etc. | (1,121) | |
| d. Section 8135 - FOL Change in Utility Costs | (2) | |
| e. Section 8146 - Savings Government Purchase Card | (24) | |
| Total Congressional Adjustments (General Provisions) | | (1,809) |

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C. Reconciliation of Increases and Decreases:

| | | |
|--|---------|---------|
| 5. Congressional Earmarks | | |
| a. Section 8047 - Indian Land Mitigation | (174) | |
| b. Section 8154 - Commission Future Aerospace Industry | (25) | |
| c. Section 8155 - Memorial 9/11/01, Somerset PA | (17) | |
| Total Congressional Earmarks Bill Payers | | (216) |
| 6. FY 2002 Appropriated Amount | | 122,305 |
| 7. Functional Transfers-In | | |
| Total Functional Transfers-In | | - |
| 8. Other Transfers-In (Non-Functional) | | |
| Strategic Sourcing Studies A-76 | 4,523 | |
| Total Other Transfers-In (Non-Functional) | | 4,523 |
| 9. Functional Transfers-Out | | |
| Reflects an internal realignment of AIT to OLP. | (3,025) | |
| Total Functional Transfer-Out | | (3,025) |
| 10. Other Transfers-Out (Non-Functional) | | |
| Total Other Transfers-Out (Non-Functional) | | - |
| 11. Price Change | | - |
| 12. Program Increase | | |
| Total Program Increase | | - |
| 13. Program Decrease | | |

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Total Program Decrease -

C. Reconciliation of Increases and Decreases:

| | |
|--|---------|
| 14. Revised FY 2002 Current Estimate | 123,803 |
| 15. Price Growth | 1,563 |
| 16. Transfers-In Total Transfers-In | - |
| 17. Transfers-Out Total Transfers-Out | - |
| 18. Program Increases | |
| a) Continuing Health increase due to Agency downsizing and consolidation initiatives. | 36 |
| b) Unemployment increase due to estimated downsizing and consolidation of management headquarters and depot contracting actions. | 2,723 |
| c) Disaster Relief Blanket increase to accommodate increased requirements. | 151 |
| d) Logistics Transformation increase to accommodate program requirements. | 80 |
| e) Procurement Technical Assistant program increase to support additional center award requirements. | 431 |
| f) Demolition increase due to facilities removal (refer to Section I narrative for detailed explanation). | 6,908 |
| g) DFAS payment increase for accounting services required. | 61 |

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| | | |
|--|---------|---------|
| h) Defense Security Service increase due to revised Agency costs for personnel investigations. | 719 | |
| C. Reconciliation of Increases and Decreases: | | |
| i) Price Comparability increase in FY 2003 does not represent real program growth, but restores the program baseline. Price Comparability absorbed non-programmatic congressional reductions, which were levied against DLA. | 4,658 | |
| j) Quality of Life increase due to program operations costs. | 72 | |
| k) Mapping Function increase due to fact of life. | 108 | |
| l) Contingency Operations increase due to additional contingency operations. | 1,245 | |
| Total Program Increases | | 17,192 |
| 19. Program Decreases | | |
| a) Disability compensation decrease due to estimated program requirements. | (6) | |
| b) Director's Medallions decrease due to estimated program requirements. | (1) | |
| c) Joint Logistics Warfighting Initiative decrease due to completed Department operational initiatives. | (148) | |
| d) Critical Infrastructure Protection decrease due to fact of life. | (5) | |
| e) Security Lock Program decrease due to congressional add in FY 2002. | (5,075) | |
| Total Program Decreases | | (5,235) |
| 20. FY 2003 Budget Request | | 137,323 |

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IV. Performance Criteria and Evaluation Summary:

Other Logistics Services (OLS) includes multiple programs of which DLA is either the executive agent or the budget administrator. Measures used to track performance are customer satisfaction and funding execution. These measures are important to the success of these Department initiatives. Performance criteria for this activity group follows:

The first performance measure is Customer Satisfaction. Customer satisfaction is measured through surveys, comment cards and informal as well as formal customer feedback. In addition, customer satisfaction is measured through Congressional inquiries and appeals as related to the program execution of Congressional adds. Problems identified in this measure will be assessed for corrective action.

Execution of funding is an imperative performance measure for this activity group. In FY 2001, we achieved a 99 percent execution rating of funding in support of this activity group. It is our goal to achieve a 99 percent rating in FYs 2002 and 2003 through improved financial management processes, increased training and more aggressive execution plans. In addition, more accurate budget estimating regarding funding projections for several of these activity group programs, i.e., Unemployment, Continuing Health Benefits, Disability Compensation, is an important factor of execution. We will continue to strive to become more accurate in factoring in Department and Agency initiatives and the impact of these initiatives on these programs. We will continue tracking trends and reviewing aged accounts to ensure previous funding levels were appropriate and adequate. Programs performing at less than projected execution rates will be required to reassess financial plans to ensure that this measure is achieved.

V. Personnel Summary: N/A

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

| | | <u>Change FY 2001/2002</u> | | | <u>Change FY 2002/2003</u> | | | |
|-----|--|----------------------------|---------------|---------------------|----------------------------|---------------|----------------|--------|
| | | <u>FY 2001</u> | <u>Price</u> | <u>Prog FY 2002</u> | <u>Price</u> | <u>Prog</u> | <u>FY 2003</u> | |
| | | <u>Est</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> | <u>Growth</u> | <u>Est</u> | |
| 106 | Benefits to Former Employees | 350 | - | 646 | 996 | - | 36 | 1,032 |
| 110 | Unemployment Compensation | 8,086 | - | 4,305 | 12,391 | - | 2,723 | 15,419 |
| 111 | Disability Compensation | 819 | - | 270 | 1,089 | - | (6) | 1,083 |
| 199 | Total Civilian Personnel Compensation | 9,255 | - | 5,221 | 14,476 | - | 2,753 | 17,299 |
| 417 | Locally Procured Fund Managed Supplies & Materials | 4 | - | 8 | 12 | - | (1) | 11 |
| 499 | Total Fund Supplies & Materials Purchases | 4 | - | 8 | 12 | - | (1) | 11 |
| 673 | Defense Finance & Accounting Services | 1,655 | (78) | (163) | (64) | (64) | 61 | 1,411 |
| 678 | Defense Security Services | 139 | 2 | (1) | 140 | 11 | 719 | 870 |
| 679 | Cost Reimbursable Purchases | 72,843 | 1,165 | (5,527) | 68,481 | 1,027 | (237) | 69,271 |
| 699 | Total Purchases | 74,637 | 1,089 | (5,691) | 70,035 | 974 | 543 | 71,552 |

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VI. OP 32 Line Items (Dollars in Thousands) (cont'd):

| | | <u>Change FY 2001/2002</u> | | | <u>Change FY 2002/2003</u> | | | |
|------|--|----------------------------|---------------|---------------|----------------------------|---------------|---------------|------------|
| | | FY 2001 | Price | Prog | FY 2002 | Price | Prog | FY 2003 |
| | | <u>Est</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> | <u>Growth</u> | <u>Growth</u> | <u>Est</u> |
| 920 | Supplies & Material (Non-Fund) | 5,191 | 83 | (2,236) | 3,038 | 46 | 151 | 3,235 |
| 932 | Management & Professional Support Services | 4,000 | 64 | (4,064) | - | - | - | - |
| 933 | Studies, Analysis & Evaluations | 20,581 | 329 | (6,037) | 14,873 | 223 | (73) | 15,023 |
| 934 | Engineering & Technical Services | 4,578 | 73 | (4,651) | - | - | 6,908 | 6,908 |
| 988 | Grants | 17,568 | 281 | 443 | 18,292 | 274 | 431 | 18,997 |
| 989 | Other Contracts | 3,104 | 50 | (84) | 3,070 | 46 | 1,245 | 4,361 |
| 998 | Other Costs | 75 | 1 | (69) | 7 | - | - | 7 |
| 999 | Total Other Purchases | 55,097 | 881 | (16,698) | 39,280 | 589 | 8,662 | 48,531 |
| 9999 | Total | 138,993 | 1,970 | (17,160) | 123,803 | 1,563 | 11,957 | 137,323 |