

Fiscal Year 2015 Budget Estimates
Defense Legal Services Agency (DLSA)



March 2014

(This page intentionally left blank)

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

Budget Activity (BA) 4: Administration and Service-wide Support

	FY 2013 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2014 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2015 <u>Estimate</u>
DLSA	130,145	1,904	-102,459	29,590	339	-3,219	26,710

* The FY 2013 Actual column **includes** \$96,550 thousand of FY 2013 OCO Appropriations funding (PL 113-6).

* The FY 2014 Estimate column **excludes** \$99,538 thousand of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76).

* The FY 2015 Estimate **excludes** OCO.

I. Description of Operations Financed:

The Defense Legal Services Agency (DLSA) provides legal services to the Office of the Secretary of Defense (OSD), Department of Defense (DoD) Field Activities, and the Defense Agencies.

The largest component of DLSA, the Defense Office of Hearings and Appeals (DOHA), adjudicates numerous types of cases that arise from all Military Departments and Defense Agencies. The DOHA provides hearings and issues decisions in personnel security clearance cases for contractors performing classified work for all DoD components and 23 other Federal Agencies.

The DOHA conducts personal appearances and issues decisions in security clearance cases for DoD civilian employees and military personnel. The DOHA also conducts hearings and issues decisions in cases involving claims for DoD Dependents' School Activity benefits, and TRICARE payment for medical services. The DOHA's claims function includes review of uniformed service and carrier claims for loss or damage of household goods, and review of waiver applications. The DOHA provides support to the Deputy General Counsel (Legal Counsel) and is the point of contact for selection of third party neutrals in the DOHA alternative dispute resolution processes. The DOHA expects cases requiring due process to result from the referrals of completed industrial security clearance investigations.

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

The DLSA's budget includes all customary expenses required to operate a government activity, including salaries and benefits, travel, rental of office space, rental of equipment, communications, and the cost of supplies and equipment.

Changes from FY 2014 to FY 2015: The FY 2015 budget estimate is based on DoD strategic and fiscal guidance, which results in a net decrease in the FY 2015 budget of \$-2,880 thousand (the net of a price change of \$+339 thousand and a program change of \$-3,219 thousand) attributable to the following areas: compensation and benefits; contractor support; administrative support; other intra-governmental purchases; travel; and rent.

II. Force Structure Summary:

N/A

Defense Legal Services Agency
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2014							FY 2015 <u>Estimate</u>
	FY 2013 <u>Actual</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>		
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
A. BA Subactivities								
1. DLSA HQ	44,548	12,250	0	0.0	12,250	12,250	2,723	
2. DOHA	84,516	17,558	-343	-1.0	17,215	17,215	23,638	
3. Pentagon Reservation	1,081	125	0	0.0	125	125	349	
Total	130,145	29,933	-343	-1.2	29,590	29,590	26,710	

* The FY 2013 Actual column includes \$96,550 thousand of FY 2013 OCO Appropriations funding (PL 113-6).

* The FY 2014 Estimate column excludes \$99,538 thousand of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76).

* The FY 2015 Estimate excludes OCO.

Defense Legal Services Agency
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2014/FY 2014</u>	<u>FY 2014/FY 2015</u>
Baseline Funding	29,933	29,590
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-343	
Subtotal Appropriated Amount	29,590	
Fact-of-Life Changes (2014 to 2014 Only)		
Subtotal Baseline Funding	29,590	
Supplemental	99,538	
Reprogrammings		
Price Changes		339
Functional Transfers		
Program Changes		-3,219
Current Estimate	129,128	26,710
Less: Wartime Supplemental	-99,538	
Normalized Current Estimate	29,590	

Defense Legal Services Agency
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2014 President's Budget Request (Amended, if applicable)		29,933
1. Congressional Adjustments		-343
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
1) Section 8140 - DWCF Excess Cash Balances	-332	
2) Section 8034 - Indian Lands Environmental Mitigation	-11	
FY 2014 Appropriated Amount		29,590
2. War-Related and Disaster Supplemental Appropriations		99,538
a. OCO Supplemental Funding		
1) OCO Supplemental Funding	99,538	
3. Fact-of-Life Changes		
FY 2014 Baseline Funding		129,128
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2014 Estimate		129,128
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		-99,538
FY 2014 Normalized Current Estimate		29,590
6. Price Change		339
7. Functional Transfers		
8. Program Increases		161
a. Annualization of New FY 2014 Program		
b. One-Time FY 2015 Increases		
c. Program Growth in FY 2015		
1) Pentagon Reservation Maintenance Revolving Fund Increase to Pentagon Rent for DLSA (FY 2014 Baseline: \$125 thousand; +0 FTEs)	161	
9. Program Decreases		-3,380
a. Annualization of FY 2014 Program Decreases		

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
b. One-Time FY 2014 Increases		
c. Program Decreases in FY 2015		
1) Workforce Composition	-1,453	
The Defense Legal Services Agency reduced its FTEs by 8. A strategic efficiency reduction in management headquarters funding and staffing for better alignment and to provide support to a smaller military force. (FY 2014 Baseline: \$26,694 thousand; +148 FTEs)		
2) Contract Support Services	-1,246	
The decrease in contractor support is to be achieved through efficiencies in the DLSA base program. (FY 2014 Baseline: \$1,224 thousand)		
3) Other Intra-Governmental Purchases	-417	
Reducing the number of off-site litigation activities, and support agreements to assist other governmental agencies (other intra-government purchases), such as the Department of Justice, and minimizing subscription costs for specialized research library portals. (FY 2014 Baseline: \$439 thousand; +0 FTEs)		
4) Other Legal Administrative Support Costs	-142	
Reduces administration costs (supplies and communications) of contract services and eliminates upgrades for application software maintenance and development, and database maintenance (professional support) that is used for tracking treaties with foreign governments; licensing fees; and Postal services. (FY 2014 Baseline: \$180 thousand; +0 FTEs)		
5) Rental Payments for GSA leases	-83	

Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
Reflects decrease for GSA rental costs (FY 2014 Baseline: \$857 thousand)		
6) Travel	-39	
DLSA will reduce discretionary travel costs by identifying alternatives to traveling such as teleconferencing and web-conferencing. (FY 2014 Baseline: \$71 thousand; +0 FTEs)		
FY 2015 Budget Request		26,710

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

The DLSA provides legal services to the staff elements of the Office of the OSD and the Defense Agencies. The DLSA's activities include providing opinions and counseling on legal compliance issues affecting policy formulation and implementation; participating in developing the Department's legislative program, including drafting legislation and comments; negotiating on behalf of DoD clients with private entities and other Government agencies; ensuring proper use of Government funds and property; adhering to ethical standards; and participating in contractual matters.

The Defense Office of Hearings and Appeals (DOHA): The DOHA provides administrative procedures involving fair and impartial decision making, including, but not limited to: (1) performing legal reviews and approvals of statements of reasons, conducting hearings, and issuing Administrative Judge and appellate decisions in personnel security clearance cases for contractor personnel doing classified work for DOHA-serviced DoD Components and 23 other Federal Agencies and Departments; (2) conducting personal appearance hearings and issuing decisions in security clearance and sensitive national security position cases for DOHA-serviced DoD civilian employees and military personnel serviced by DOHA; (3) performing legal reviews and approvals of statements of reasons, conducting hearings, and issuing decisions in cases under DOHA jurisdiction requiring trustworthiness decisions for contractor performance of sensitive duties; (4) conducting hearings and issuing decisions in cases involving disputes over the provision of special educational services by the DoD Education Activity or the provision of early intervention or related services by the other DoD Components; (5) conducting hearings and issuing decisions in cases involving TRICARE payment for medical services; (6) issuing appeal decisions for claims involving uniformed service member (within and outside of the DoD) pay and allowances, unused leave, transportation, travel, retired pay, survivor's benefits, and other financial claims; (7) issuing initial and appeal decisions granting or denying waivers of collection of overpayments made to, or on behalf of, uniformed service members

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

(within and outside of the DoD) and employees within the DoD; (8) coordinating and monitoring policies and procedures pertaining to DoD alternative dispute resolution (ADR) activities and conflict management within the DoD; and serving as a source of training and obtaining and providing third-party neutrals for ADR; (9) performing such further missions as may be assigned to the DOHA, including, but not limited to, the conduct of hearings and issuance of decisions for revocation of DoD credentials to non-cleared contractors pursuant to Homeland Security Presidential Directive 12 (HSPD-12); and (10) providing legal advice and services for assigned organizations, as deemed necessary and appropriate, through DOHA Department Counsel. The DOHA has several elements: a Director; a Deputy Director; an Appeal Board; Administrative Judges; Department Counsel; Security Specialists; the Claims Division including the Claims Appeals Board; and Support Staff.

The DLSA is evaluated on the basis of the quality and timeliness of its myriad of services; adherence to appropriate standards of professional conduct and DoD ethical and adjudicative standards; the professional independence, impartiality and competence exhibited by its attorneys; and its overall responsiveness to the needs of its clients.

Industrial Security Clearance Review (ISCR) Program: The due process hearings and appeals of the Industrial Security Program are DOHA's central mission, implementing Department of Defense Directive 5220.6. The Industrial Security Program was created as a result of the Supreme Court's decision in *Greene v. McElroy*, 360 US 474, 79 S. Ct. 1400, 3 L. Ed.2d 1377 (1959). In response to the *Greene* decision, President Eisenhower signed Executive Order 10865 on February 20, 1960. Executive Order 10865 requires a hearing in which contractor employees be given the opportunity to appear before the decision-maker to confront and cross-examine witnesses and attempt to rebut the Government's case.

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

The DoD is the executive agent for the entire federal government's implementation of the National Industrial Security Program (NISP) along with continuing responsibility for implementation of the procedural requirements of Executive Order 10865.

The DOHA implements these administrative due process requirements for the Department. The due process workload associated with the Industrial Security (ISCR) cases DOHA handles is relatively constant, but can vary slightly. Therefore, the Department uses a historical average as the measurement for estimating future ISCR cases.

Personal Appearance (PA) Program: Executive Order 12968 mandates that the "opportunity to appear personally" shall be part of security clearance due process for all military and civilian clearance applicants. The DoD Regulation 5200.2-R provides for "personal appearances" by military and civilian clearance applicants, which are handled by the same DOHA Administrative Judges who handle cases involving employees of Defense contractors and of other contractors.

This decision was made in part due to the collective experience of DOHA Administrative Judges in convening industrial security clearance hearings and the logic of centralizing security clearance due process proceedings generally in the Department. The DOHA is the only DoD entity with experience providing a clearance applicant with the opportunity to appear personally as a regular part of due process.

Claims Appeals Board: The Claims Appeals Board has ultimate settlement authority over many different types of claims and related matters. This authority is relatively new within the Department of Defense (DoD). The DoD settles claims involving uniformed service members' pay, allowances, travel, transportation, retired pay, and survivor

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

benefits. Additionally, the DoD settles claims by transportation carriers involving amounts collected from them for loss or damage incurred to property incident to shipments at government expense.

The Department's responsibilities in these areas are not restricted to DoD. The DoD also has the statutory responsibility for settling the accounts of deceased DoD service members. As a result of a recent Office of Management and Budget (OMB) Determination Order, the Secretary of Defense was given the OMB Director's general claims settlement authority over most activities within DoD, and the bulk of the waiver authority within the Federal government; that is, the Secretary now exercises the former authority of the Comptroller General to consider applications by service members and DoD employees to waive overpayment debts exceeding \$1,500 and upon request advises non-DoD agencies on waiver applications by their civilian employees.

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

V. <u>Personnel Summary</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Change FY 2013/ FY 2014</u>	<u>Change FY 2014/ FY 2015</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>206</u>	<u>206</u>	<u>198</u>	<u>0</u>	<u>-8</u>
Officer	114	114	106	0	-8
Enlisted	92	92	92	0	0
<u>Civilian End Strength (Total)</u>	<u>300</u>	<u>148</u>	<u>144</u>	<u>-152</u>	<u>-4</u>
U.S. Direct Hire	300	148	144	-152	-4
Total Direct Hire	300	148	144	-152	-4
<u>Civilian FTEs (Total)</u>	<u>300</u>	<u>148</u>	<u>140</u>	<u>-152</u>	<u>-8</u>
U.S. Direct Hire	300	148	140	-152	-8
Total Direct Hire	300	148	140	-152	-8
Average Annual Civilian Salary (\$ in thousands)	175.1	180.4	182.2	5.3	1.8
 <u>Contractor FTEs (Total)</u>	 <u>129</u>	 <u>0</u>	 <u>0</u>	 <u>-129</u>	 <u>0</u>

The Compensation and Benefits program nets a decrease of \$-1,186 thousand and a reduction of 8 direct funding Full Time Equivalent (FTEs). A strategic efficiency reduction in management headquarters funding and staffing for better alignment and to provide support to a smaller military force. *The FY 2013 actuals column includes \$96,550 million of Defense OCO Appropriations Funding (P.L.113-6). *The FY 2014 and FY 2015 Estimate columns do not include OCO.

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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

<u>OP 32 Line</u>	FY 2013	Foreign	Change		FY 2014	Foreign	Change		FY 2015
	<u>Actual</u>	Currency	<u>FY 2013/FY 2014</u>		<u>Estimate</u>	Currency	<u>FY 2014/FY 2015</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	52,526	0	394	-26,226	26,694	0	267	-1,453	25,508
105 Separation Liability (FNDH)	0	1	0	-1	0	0	0	0	0
199 Total Civ Compensation	52,526	1	394	-26,227	26,694	0	267	-1,453	25,508
308 Travel of Persons	2,062	0	40	-2,031	71	0	1	-39	33
399 Total Travel	2,062	0	40	-2,031	71	0	1	-39	33
417 Local Purch Supplies & Mat	70	0	1	-71	0	0	0	0	0
499 Total Supplies & Materials	70	0	1	-71	0	0	0	0	0
672 PRMRF Purchases	1,081	0	54	-1,010	125	0	23	161	309
699 Total DWCF Purchases	1,081	0	54	-1,010	125	0	23	161	309
912 Rental Payments to GSA (SLUC)	7,242	0	138	-6,523	857	0	15	-83	789
913 Purchased Utilities (Non-Fund)	235	0	4	-239	0	0	0	0	0
914 Purchased Communications (Non-Fund)	854	0	16	-806	64	0	1	-50	15
915 Rents (Non-GSA)	46	0	1	-47	0	0	0	0	0
917 Postal Services (U.S.P.S)	16	0	0	-16	0	0	0	11	11
920 Supplies & Materials (Non-Fund)	1,510	0	29	-1,464	75	0	1	-61	15
921 Printing & Reproduction	0	0	0	41	41	0	1	-42	0
922 Equipment	715	0	13	-728	0	0	0	0	0

**Defense Legal Services Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

OP 32 Line	FY 2013	Foreign	Change		FY 2014	Foreign	Change		FY 2015
	<u>Actual</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
Maintenance By Contract									
923 Facilities Sust, Rest, & Mod by Contract	172	0	3	-175	0	0	0	0	0
925 Equipment Purchases (Non-Fund)	871	0	17	-888	0	0	0	0	0
932 Mgt Prof Support Svcs	41,306	0	785	-40,867	1,224	0	22	-1,246	0
933 Studies, Analysis & Eval	3,534	0	67	-3,601	0	0	0	0	0
934 Engineering & Tech Svcs	2,029	0	39	-2,068	0	0	0	0	0
957 Other Costs (Land and Structures)	96	0	2	-98	0	0	0	0	0
959 Other Costs (Insurance Claims/Indmnties)	287	0	5	-292	0	0	0	0	0
960 Other Costs (Interest and Dividends)	7	0	0	-7	0	0	0	0	0
987 Other Intra-Govt Purch	3,334	0	64	-2,959	439	0	8	-417	30
989 Other Services	12,152	0	231	-12,383	0	0	0	0	0
999 Total Other Purchases	74,406	0	1,414	-73,120	2,700	0	48	-1,888	860
Total	130,145	1	1,903	-102,459	29,590	0	339	-3,219	26,710

* The FY 2013 Actual column includes \$96,550 thousand of FY 2013 OCO Appropriations funding (PL 113-6).

* The FY 2014 Estimate column excludes \$99,538 thousand of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76).

* The FY 2015 Estimate excludes OCO.