

Department of Defense Defense Working Capital Fund

Defense-Wide
Justification/Overview



Request for Additional Fiscal Year (FY) 2017
Appropriations
Defense Logistics Agency

March 2017

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund (DWWCF)
 Supply Chain Management Activity Group
 Request for Additional FY 2017 Appropriations
 March 2017

The following narrative reflects the Defense Logistics Agency's (DLA) request for additional appropriations in support of Warfighter Readiness.

Defense-Wide Working Capital Fund Appropriations (including all categories):

Appropriations for FY 2017 included in this submission are detailed in the following table and narrative.

	FY 2017		
	FY 2017	FY 2017	FY 2017
DLA Supply Chain Management Appropriations: (Dollars in Millions)	PB Direct APPN	Mar Amended	Revised Direct APPN
Warfighter Readiness	\$0.0	\$429.0	\$429.0
Reutilization, Transfer and Disposal Costs	<u>\$37.1</u>	<u>\$0.0</u>	<u>\$37.1</u>
Total	\$37.1	\$429.0	\$466.1

Direct Appropriations - The Defense Logistics Agency has four separate Warfighter Readiness inputs for consideration as part of the FY 2017 Supplemental request. These inputs address a wide range of key DLA support functions to include an immediate concern to repair the DLA equities at a critical Marine Corps logistics base damaged by recent tornados, increased Nuclear Enterprise Investment, readiness parts investment for 5 key Army platforms, and increased OCONUS forward stocking.

- The tornado outbreak of 21-22 January 2017 destroyed/damaged DoD facilities at Albany, Georgia to include DLA Distribution facilities. DLA Distribution, Albany (DDAG) is a key distribution center supporting military customers with parts, products, and other material to support readiness. DLA incurred significant damage to at least four buildings. Various construction projects are required to repair the significant damage and to replace material handling equipment. In addition, miles of fiber optic cable has to be replaced along with IT equipment that

was inside the buildings. The estimated cost to repair all of the damage is \$70 million.

- The Nuclear Enterprise Investment of \$145 million is for asset procurement, in support of enhanced readiness for all United States nuclear enterprise weapon systems. This will enable DLA to meet aggressive 95% target for parts availability across all aspects of the DoD nuclear enterprise including ICBM, SLBM, Bomber, Dual Role Fighter, and Nuclear Command and Control weapons systems. Additionally, this funding will support first-ever ICBM programmed depot maintenance.
 - The Weapons System Readiness Investment of \$168 million is in support of Army's request to DLA for increased readiness for five targeted platforms (Apache, Blackhawk, Abrams, Bradley, and Paladin).
 - The \$46 million investment in forward stocking will enable DLA to position materiel in OCONUS to support customer readiness requirements. In addition, this initiative has the potential for automating sales from Service-owned inventory leading to recoupment of funds from reimbursable transactions.
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DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Management Activity Group
Request for Additional FY 2017 Appropriations
March 2017
FY 2017
(Dollars in Millions)

DIVISION	FY 2017 PB Direct APPN	FY 2017 Mar Amended	FY 2017 Direct APPN Revised Request
CLOTHING & TEXTILES	0.0	5.5	5.5
MEDICAL	0.0	0.2	0.2
SUBSISTENCE	0.0	0.6	0.6
CONSTRUCTION & EQUIPMENT	0.0	25.1	25.1
INDUSTRIAL HARDWARE	0.0	31.8	31.8
AVIATION	0.0	182.6	182.6
LAND	0.0	33.5	33.5
MARITIME	0.0	79.7	79.7
SM-1 without Variability (SM-3A)	0.0	359.0	359.0
LOGISTICS INFORMATION	0.0	0.0	0.0
TRANSACTION SERVICES	0.0	0.0	0.0
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0
ENTERPRISE OPERATIONS	0.0	0.0	0.0
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0
CENTRAL FUND	0.0	0.0	0.0
TOTAL MATERIEL SUPPLY CHAIN	0.0	359.0	359.0
DISTRIBUTION	0.0	70.0	70.0
DISPOSITION SERVICES	37.1	0.0	37.1
TOTAL SUPPLY CHAIN MANAGEMENT	37.1	429.0	466.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Revenue and Costs
Request for Additional FY 2017 Appropriations
March 2017
Total Supply Chain Management
(Dollars in Millions)

	FY 2017 PB Request	FY 2017 March Amendment	FY 2017 Revised Request
Revenue			
Gross Sales	19,373.5	0.0	19,373.5
Operations	19,361.8	0.0	19,361.8
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	11.7	0.0	11.7
Other Income	2,483.8	0.0	2,483.8
Reimbursable Income	2,432.7	0.0	2,432.7
Other Income Depreciation	51.1	0.0	51.1
Refunds/Discounts (-)	-204.1	0.0	-204.1
Total Revenue	21,653.2	0.0	21,653.2
Expenses			
Cost of Materiel Sold from Inventory	16,704.5	0.0	16,704.5
Materiel Related			
Salaries and Wages:			
Military Personnel Compensation & Benefits	43.7	0.0	43.7
Civilian Personnel Compensation & Benefits	2,219.9	0.0	2,219.9
Travel & Transportation	37.0	0.0	37.0
Materials & Supplies (For internal operations)	75.0	0.0	75.0
Equipment	94.5	0.0	94.5
Other Purchases from Revolving Funds	362.8	0.0	362.8
Transportation of Things	410.9	0.0	410.9
Depreciation - Capital	150.9	0.0	150.9
Printing and Reproduction	14.8	0.0	14.8
Advisory and Assistance Service	120.7	0.0	120.7
Rent, Communications, Utilities & Misc. Charges	60.9	0.0	60.9
Other Purchased Services	1,918.1	0.0	1,918.1
Total Expenses	22,213.7	0.0	22,213.7
Operating Results	-560.5	0.0	-560.5
	-517.6	0.0	-517.6
Plus Passthroughs or Other	69.8	0.0	69.8
Other Changes Affecting NOR	-0.5	0.0	-0.5
Cash Surcharge	-0.5	0.0	-0.5
Capital Surcharge	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Net Operating Results	-491.2	0.0	-491.3
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	1,028.8		1,028.8
Prior Year Accumulated Operating Results	-604.8	0.0	-604.8
Non-recoverable/Deferred AOR Adjustment	0.0	429.0	429.0
Accumulated Operating Result	-67.3	0.0	-67.3