

Department of Defense Revolving Funds

Justification/Overview



Fiscal Year (FY) 2025 Budget Estimates

February 2024

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**Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund**



**Fiscal Year (FY) 2025 Budget Estimates
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Pentagon Reservation Maintenance Revolving Fund
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Overview

The National Defense Authorization Act for FY 1991 established the Pentagon Reservation Maintenance Revolving Fund (PRMRF) and Title 10, United States Code (USC) Section 2674 codified it. The fund finances the maintenance, sustainment, protection, repair, and renovation of the Pentagon Reservation. As established, the “Pentagon Reservation” refers to the 240 acres of land located in Arlington, Virginia, on which stands the Pentagon Building, and the Pentagon Heating and Refrigeration Plant. It also refers to other related facilities including parking areas, the Raven Rock Mountain Complex (RRMC), and the Mark Center (MC) Campus. PRMRF customers pay a basic user charge for space and standard building services. Customers requesting above standard services pay an additional charge for those services.

The PRMRF is managed by the Washington Headquarters Services (WHS) and finances select activities of WHS and the Pentagon Force Protection Agency (PFPA) within the Pentagon Reservation. The WHS and PFPA uses the National Defense Strategy as a guide to validate and optimize current and future service acquisition requirements. The National Defense Strategy calls for DoD to improve and strengthen business operations by focusing on the resource drivers of Defending the Homeland, Building Enduring Advantages and Taking Care of People.

Activity Group Composition

The PRMRF provides space, building services, deep underground relocation capability, and force protection for DoD Components, including Military Departments and other activities located within the Pentagon Reservation.

Real Property Operations (RPO): Through the RPO, WHS provides for safe and efficient operation, maintenance, and repair of the Pentagon Reservation, the RRMC, and the MC. RPO services include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, and administrative support. Additional services include purchased utilities and operation of the Pentagon’s heating and refrigeration plant and classified waste incinerator. The RPO maintains the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to Reservation buildings, support systems, and operating equipment. The RPO also provides financial management, acquisition, and human resource services for the Pentagon Reservation and the PFPA.

The RRMC satisfies the DoD Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense, the Joint Staff, and Senior DoD Leadership. COOP support includes cleaning, operation and repair of mechanical and utility systems, roads and grounds maintenance, fire and emergency services, food services, information management support services, and administrative support. The RRMC provides facility maintenance and upkeep within the complex at levels adequate to support assigned mission and to prevent deterioration and damage

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to facilities, systems, and operating equipment. The RRMC also supports operational readiness by providing a safe and secure environment for DoD essential functions.

Pentagon Force Protection Agency (PFPA): The PFPA is responsible for providing law enforcement; force protection; security; counterintelligence; antiterrorism; and chemical, biological, radiological, and nuclear protection to the people, facilities, infrastructure and other resources at the Pentagon Reservation. PFPA provides these services to DoD activities within the National Capital Region (NCR) and to the RRMC. The PFPA is the lead agency for coordination with DoD components, executive departments, agencies, and state and local authorities involving force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR.

The following table summarizes PRMRF actual and estimated obligations by activity group.

Budget Sub-Activity	Dollars in Millions					
	FY 2023		FY 2024		FY 2025	
	Operating	Capital	Operating	Capital	Operating	Capital
Real Property Operations	437.4	8.1	544.5	58.4	469.0	59.9
Pentagon Force Protection Agency	294.6	7.1	303.6	7.1	298.8	7.0
Total by Category	732.0	15.2	848.1	65.5	767.8	66.9
Total PRMRF	747.2		913.6		834.7	

Note: Totals may not add due to rounding

Customer rates are set to recover both operating and capital investment costs budgeted for each year. The FY 2025 request reflects a decrease to the standard rates of -2.03% from FY 2024 rates.

Narrative Explanation of changes from FY 2024 to FY 2025

The FY 2025 Budget Estimate request reflects a net decrease of \$78,900 thousand from the FY 2024 President’s Budget, which consists of a price adjustment of \$21,800 thousand and a program decrease of \$100,800 thousand.

The total program decrease in FY 2025 of \$100,8400 thousand is attributable to decreasing needs for commercial transportation, utility cost, postal services, operation and maintenance of the Pentagon reservation, decrease in contracts supporting building operations, and a decrease in funding for budgeted cost related to Law Enforcement Special retirement coverage for the PFPA. The overall price increase is the result of an increase in labor costs of \$9,200 thousand and general purchase inflation of \$12,400 thousand.

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POSAS II:

During the FY 2021 Program Budget Review, the Deputy Secretary of Defense directed a Pentagon Occupancy and Space Allocation Study II (POSAS II) to address space requirements resulting from significant mission and organizational changes affecting Pentagon tenants, which have emerged since the 2006 POSAS I study. The POSAS II, directed the Director of Administration and Management (DA&M), analyzes the space allocations, accommodations, and requirements of the Pentagon, Mark Center and leased space in the NCR to identify opportunities for reducing the cost of DoD-leased facilities. This study also analyzes the impacts of agency telework requirements in an effort to optimize underutilized or vacant space.

The initiative is driven by the reallocation of Pentagon office space for existing Pentagon tenants to provide space for the United States Space Force, mission expansion within the Office of the Secretary of Defense (OSD), and other DoD component requirements. Based on survey data from DoD components competing for Pentagon space, the POSAS II satisfies 50% of the 117,500 SF of new space requirements identified; improves overall space efficiency by 9 percent in the Pentagon due to telework; and restores the National Guard Bureau's (NGB) assigned space.

While the POSAS II was the primary initiative, it was complemented by an ongoing Mark Center Efficiency Study to optimize usage of Mark Center space. When fully implemented, POSAS II and the Mark Center study will allow additional reductions of leased space, ensure effective space management within the Pentagon and Mark Center, and generate cost savings in leased space within the NCR. The WHS manages the GSA Lease portfolio for the Department within the NCR, and as part of the WHS Leased Space Reduction Effort, WHS identified the following:

- For some DoD components vacating leased space, WHS enterprise cost will temporarily increase and be absorbed by WHS.
- Polk and Suffolk buildings have failing infrastructures and do not meet current GSA security standards.
- Plan to relocate Polk and Suffolk building tenants with other leased facility tenants to Mark Center as part of the optimization plan.

As a result of the POSAS II, the Mark Center Efficiency Study, and the WHS Leased Space Reduction effort, an implementation plan has been established to ensure effective space management within the Pentagon Reservation and generate cost savings in leased space within the NCR. In FY 2025, total requirements to fund this effort will cost \$36,700 thousand, which will be funded as an order from WHS Operations and Maintenance of which will be spent in the PRMRF and BMF. These funds will be used for leased space rent exposure, preparing leased space for turn-in, and furniture procurement. Space realignment costs will continue through FY 2025 with savings beginning to be realized in FY 2026.

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Financial Profile:

		(Dollars in Millions)		
		FY 2023	FY 2024	FY 2025
Disbursements		661.1	799.1	860.5
Transfer Out		0.0	0.0	0.0
Collections		719.6	842.0	834.6
Net Outlays		-58.5	-42.9	25.9
Beginning Cash Balance		547.4	605.5	648.5
Ending Cash Balance		605.5	648.5	623.0
Change in Cash Balance		58.1	43.0	-25.5
Upper Operating Range		614.751	658.813	698.309
Lower Operating Range		449.401	392.466	411.476

Note: Totals may not add due to rounding

Operating Budget

The operating budget includes annual inflationary increases for supplies, equipment, service contracts, and personnel. It also provides for a safe and secure environment, including effective, proactive force protection and anti-terrorism programs for Pentagon Reservation personnel, assets and facilities.

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Capital Budget

The capital budget includes security improvements and Facilities Related Control Systems (FRCS) upgrades at the Pentagon; FRCS upgrades at the Mark Center; network upgrades, Facility Sustainment, Restoration, and Modernization (FSRM) projects, and new fire-fighting apparatus at the RRM. The capital budget also includes security infrastructure modernization and access control upgrades to meet Homeland Security Presidential Directive 12 (HSPD-12) requirements.

Recent Initiatives

The WHS and the PFPA continually pursue opportunities to improve business practices and efficiencies and minimize costs to customers. Examples of recent initiatives are:

- Reevaluating contract support requirements and the use of insourcing when cost effective
- Reduced personnel costs by workforce reshaping
- Identification and reduction of services that are no longer cost effective
- Consolidation of accounting functions for PFPA in WHS to improve efficiency, standardize operations, and increase auditability
- Inclusion of overtime heating ventilation and air conditioning in basic Pentagon Rents
- Over the past several years, WHS received transfer of responsibilities for a number of services previously provided to tenants of the Pentagon by the Army, including the below listed activities. Personnel transfers to WHS were executed in accordance with signed Memoranda of Agreement (MOAs). Funding for these operations was transferred from the Army to the tenants of the Pentagon at the time of each transition and is now included in annual Pentagon Rent bills.
 - Operation of the Pentagon Library
 - Operation of the Pentagon Post Office
 - Operation of the Pentagon Motor Pool
 - Operation of the Pentagon Athletic Centers (PAC)
 - Financial responsibility for safety requirements for operation of the Pentagon Helipad

WHS has undertaken several architectural and engineering studies as a result of infrastructure deterioration from normal aging and use of the buildings supported by the PRMRF. Real Property typically requires periodic infusion of funding in order to maintain the integrity of the physical plant and preserve the value of the property. Since the conclusion of the Pentagon Renovation efforts in 2012, in an effort to minimize customer rent bills and maximize funding for warfighters, WHS has not programmed to fund annual capital repairs at the level that is needed to keep the exterior of the Pentagon in good repair and safely support the mission of the DoD tenants. The Mark Center has now been in service for a decade and requires programmed investment in physical plant and security to support the critical mission of the 26 DoD tenants. In FY 2024 WHS initiated an ongoing Facility Sustainment, Restoration, and Modernization (FSRM) program to repair,

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restore, and properly maintain the exterior of buildings on the Pentagon Reservation, adequately secure facilities as standards change, and preserve the integrity of those portions of the Pentagon Reservation which hold Historical Landmark status.

Cash Requirement Projection

PRMRF monthly cash range estimates were determined using historical analysis for collections and disbursements along with normal PRMRF execution.

Rate of Disbursement: Anticipated disbursements during the budget year were calculated by applying historical disbursement rates for the base year of FY 2024 plus five previous years, which typically disburse during the budgeted year (e.g., in FY 2024, PRMRF anticipates disbursing funds that were obligated in FY 2019 – FY 2024). The total of that anticipated annual disbursement amount is divided by the 12 monthly collection cycles to obtain an estimated monthly rate of disbursement.

Range of Operation: The lower level of the operational range for cash for FY 2025 is determined by adding the amount needed to fund reserves with the amount needed for risk mitigation. The lower limit for the operational range for FY 2025 is \$411,500 thousand. The upper estimated limit of the operational range is the lower limit plus four months of anticipated disbursements. The lower level was adjusted to accommodate for the significant increase in rents in FY 2024, which will not start disbursing until the 3rd or 4th quarter of the FY. The month end PRMRF cash during FY 2025 is anticipated to stay between \$411,500 thousand and \$698,300 thousand.

Risk Mitigation: The primary risk experienced by the PRMRF is related to delays in receiving orders at the start of the fiscal year. Normal start up delays for our customers to receive appropriations and issue funded orders have been exacerbated by the new normal of experiencing continuing resolutions every year. Monthly disbursements are primarily for payroll and contract related costs and are consistent from month to month. No separate amount was set aside in the FY 2025 budget exhibit for risk mitigation. However, provision was made in the range calculation to allow for the impact of several months of catch-up rent collections being received in a single month when delayed orders are received and processed.

Reserves: Enough cash should be available to fund confirmed unpaid obligations, which are funded through rent. Rent from prior years are also collected and available to fund obligations, so, a reserve was identified for these unliquidated obligations from prior year orders. A reserve was included in the amount of \$386,800 thousand based on projected unpaid obligations calculated as anticipated disbursements from the cash computation worksheet. A reserve amount is included for unfunded leave liability in the amount of \$8,000 thousand. Finally, a reserve line in the amount of \$16,600 thousand was included to fund unobligated balances carried forward into the budget year.

The PB 2023 and 2024 Cash Requirement utilized one month's operating expense in the calculation of the upper limit and not the lower limit to widen the acceptable operational range.

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Staffing

	Full Time Equivalents (FTE)		
	FY 2023	FY 2024	FY 2025
Real Property Operations - RPO	575	803	735
Pentagon Force Protection Agency - PFPA	888	1,112	1,161
Total	1,463	1,915	1,896

Narrative Explanation of Staffing Changes:

The workforce requirements decreased from FY 2024 to FY 2025 by 19 positions. RPO decreased by 68 positions for the realignment of Motor Transport Division Employees from the PRMRF to the Operations & Maintenance account to better manage the Motor Pool operations. PFPA increase of 49 is classified.

Pentagon Reservation Maintenance Revolving Fund
 Changes in the Costs of Operations
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(Dollars in Millions)

	<u>Costs</u>
FY 2023 Estimated Actual:	\$747.149
FY 2024 Estimate in President's Budget:	\$913.628
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	0.000
Pricing Adjustments:	24.647
General Purpose Inflation	10.225
Price Growth Pay	14.422
Program Changes:	141.832
Compensation and Benefits: Repricing for FY execution, increase from Economic Assumptions	15.187
Material & Supplies	1.506
Advisory and Assistance Services	-44.489
Utilities: projected decrease in requirements	-0.022
Communications: Projected increase in requirements	17.703
Facilities Maintenance: impact of Pentagon Restoration Projects	132.473
Supplies and Equipment Maintenance Purchase	32.203
Other Purchases/Contracts	-13.341
Travel/Transportation/Printing	0.612
FY 2024 Current Estimate:	\$913.628
Pricing Adjustments:	21.029
General Purchase Inflation	11.830
Price Growth Pay	9.199
Productivity Initiatives and Other Efficiencies:	0.000

Pentagon Reservation Maintenance Revolving Fund
Changes in the Costs of Operations
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(Dollars in Millions) (Cont.)

	<u>Costs</u>
Program Changes:	-100.012
Compensation and Benefits	-1.608
Material & Supplies	6.888
Advisory and Assistance Services	-14.649
Utilities: projected decrease in requirements	-1.632
Communications	5.182
Facilities Maintenance	-74.576
Supplies and Equipment Maintenance and Purchase	-14.462
Other Purchases/Contracts	-4.810
Travel/Transportation/Printing	-0.345
FY 2025 Estimate:	\$834.645

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
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(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
1. New Orders			
a. Orders from DoD Components:	689.886	790.329	774.227
Army	117.153	133.896	122.791
Operations & Maintenance	117.153	133.896	122.791
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Navy	73.909	84.698	82.542
Operations & Maintenance	73.909	84.698	82.542
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Air Force	105.967	121.383	117.324
Operations & Maintenance	105.967	121.383	117.324
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Marine Corps	36.095	41.366	39.660

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
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(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Operations & Maintenance	36.095	41.366	39.660
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Defense-Wide	356.762	408.986	411.910
Operations & Maintenance	356.762	408.986	411.910
Defense Intelligence Agency	19.951	23.085	22.564
Defense Information Systems Agency	29.807	34.628	35.582
Defense Logistics Agency	0.415	0.475	0.454
Joint Chiefs of Staff	89.777	102.320	107.110
National Geospatial-Intelligence Agency	1.516	1.738	1.103
National Security Agency	0.416	0.477	0.447
National Guard Bureau	3.787	4.106	3.853
Washington Headquarters Services and Office of the Secretary of Defense	182.265	209.554	206.443
Defense Finance and Accounting Service	0.525	0.608	0.587
Defense Humas Resources Activity	9.314	10.020	6.428
Department of Defense Education Activity	4.089	4.732	4.566
Department of Defense Inspector General	11.456	13.258	12.398
Defense Technology Security Administration	2.045	2.366	2.283
Office of Military Commission	0.474	0.549	0.529
Defense Test Resource Management Center	0.925	1.071	1.033
Defense Health Agency	0.000	0.000	6.530
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Defense Health Program	0.000	0.000	0.000

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Source of New Orders & Revenue
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(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
b. Orders from other Fund Activities	24.326	50.745	59.443
Army Working Capital Funds	0.000	0.000	0.000
Navy Working Capital Funds	0.000	0.000	0.000
Air Force Working Capital Funds	0.000	0.000	0.000
Defense-wide	24.326	50.745	59.443
Above Standard Orders: Building Services and Space Adjustments	15.207	41.047	45.597
Above Standard Orders: Force Protection	9.100	9.698	11.279
Above Standard Orders: Raven Rock Mountain Complex	0.019	0.000	2.567
Other Working Capital Funds	0.000	0.000	0.000
Other	0.000	0.000	0.000
c. Total DoD	714.212	841.074	833.670
d. Other Orders:	1.059	0.975	0.975
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	1.059	0.975	0.975
Federal Agencies	0.000	0.000	0.000
Foreign Military Sales	0.000	0.000	0.000
Total for New Orders	715.271	842.049	834.645
2. Carry-In Orders	50.000	49.862	50.000
3. Total Gross Orders	765.271	891.911	884.645
4. Carry-Out Orders (-)	-49.862	-50.000	-50.000

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
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(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
5. Gross Sales	715.409	841.911	834.645
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	715.409	841.911	834.645
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	715.409	841.911	834.645

Pentagon Reservation Maintenance Revolving Fund
Revenue and Costs
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(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Income			
Standard Level	691.284	791.304	775.202
Above Standard Level	23.987	50.745	59.443
Total Income	715.271	842.049	834.645
Standard Level Expenses:			
Real Property Operations	429.522	503.910	480.716
Compensation and Benefits	103.771	116.494	118.591
Cleaning	9.941	35.084	29.382
Utilities and Fuel	21.782	24.597	20.600
Maintenance	52.276	61.208	51.261
Other Building Services	46.283	65.578	54.921
Administration	38.185	18.964	15.191
Repairs (over \$10,000)	48.188	69.806	59.180
Information Technology	14.070	16.013	21.508
Library	2.501	2.727	2.816
Acquisition Services	7.559	1.718	2.473
Misc. Support (Human Resources, Financial Management)	34.323	40.386	58.833
Other Services (RRMC)	9.491	4.381	4.512
RRMC Improvements	41.152	46.954	41.448
Pentagon Force Protection Agency	284.694	287.394	294.486
Law Enforcement	9.837	13.279	13.886
Emergency Management	1.373	0.832	0.827
Threat Management	5.215	6.776	6.043
Security Integration & Technology	65.999	52.328	52.102
Mission Integration	26.248	30.137	26.155
Compensation and Benefits	168.913	176.948	188.494
Security Services Capital Requirements	7.109	7.094	6.979
Total Standard Level Expenses	714.216	791.304	775.202
Above Standard Reimbursable Expenses:			
Above Standard Real Property Operations	15.959	98.995	48.164

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Revenue and Costs
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	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Projects and Services	4.170	23.534	36.033
Compensation / Benefits	4.923	15.838	9.564
RRMC Projects and Services	6.866	1.675	2.567
Additional Planned Spending from carried forward unobligated bsances		57.948	0.000
Above Standard Pentagon Force Protection Agency	16.974	23.329	11.279
Compensation and Benefits	9.229	7.166	7.388
Advisory and Assistance Services	3.273	1.106	1.699
Supplies and Equipment Maintenance	4.472	1.426	2.192
Additional Planned Spending from carried forward unobligated bsances		13.631	0.000
Total Above Standard Level Expenses	32.933	122.324	59.443
Total Expenses	747.149	913.628	834.645
Operating Result	-31.878	-71.579	0.000
Net Operating Result	10.215	-71.579	0.000
Prior Year AOR	61.364	71.579	35.789
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	0.000
Total Accumulated Operating Results for Budget Purposes	71.579	0.000	35.789
Other Adjustments Affecting NOR	42.093	0.000	0.000
Recoveries	42.093		

Pentagon Reservation Maintenance Revolving Fund
 Cost of Service
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(Dollars in Millions)

Cost Center	FY 2023		FY 2024		FY 2025	
	<u>Square Footage*</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>
Pentagon	4,570,341		4,570,341		4,572,937	
Real Property Operations		\$65.06		\$78.65		\$74.39
Pentagon Force Protection		\$53.93		\$57.69		\$53.68
Total Cost/SF		\$118.99		\$136.34		\$128.07
Mark Center	1,281,580		1,281,580		1,281,580	
Real Property Operations		\$31.32		\$38.11		\$35.75
Pentagon Force Protection		\$13.2		\$13.46		\$14.01
Total Cost/SF		\$44.56		\$51.57		\$50.15

* Square footage is the total amount of billable space in the Pentagon Building.

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Pentagon Reservation Maintenance Revolving Fund
 Activity Capital Investment Summary
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(Dollars in Millions)

<u>Line Item</u>	<u>Item Description</u>	<u>FY 2023</u>		<u>FY 2024</u>		<u>FY 2025</u>	
		<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>
1.	Non-ADPE Equipment	1	\$7.1	1	\$7.1	1	\$7.8
2.	ADPE & Telecom Equip	1	\$8.1	1	\$6.2	1	\$13.0
3.	Software Development	0	\$0.0	0	\$0.0	0	\$0.0
4.	Minor Construction Capabilities	0	\$0.0	1	\$52.2	1	\$46.1
	TOTAL OBLIGATIONS	2	\$15.2	3	\$65.5	3	\$66.9
	Total Capital Outlays	0	\$0.0	0	\$0.0	0	\$0.0
	Total Depreciation Expense	0	\$0.0	0	\$0.0	0	\$0.0

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Pentagon Reservation Maintenance Revolving Fund
 Activity Capital Purchase Justification
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

Activity Group Capital Investment Justification	A. Budget Submission								
(\$ in Thousands)	Fiscal Year 2025 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description					D. Activity Identification			
Pentagon Force Protection Agency	Non - ADP Equipment								
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non - ADP Equipment	1	\$7,109.000	\$7,109.000	1	\$7,094.000	\$7,094.000	1	\$6,979.000	\$6,979.000
Narrative Justification									
<p>FY 2023: \$7,109 thousand in PFFA initiatives Access Control, Force Protection, and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$1,198 thousand) - Electronic Access Control1 (\$3,286 thousand) - PFFA MILCON Equipment (\$2,264 thousand) <p>FY 2024: \$7,094 thousand in PFFA initiatives for Access Control, Force Protection, and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$2,025 thousand) - Electronic Access Control (\$1,301 thousand) - PFFA MILCON Equipment (\$3,768 thousand) <p>FY 2025: \$6,979 thousand in PFFA initiatives Access Control, Force Protection, and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$1,885 thousand) - Electronic Access Control1 (\$1,039 thousand) - PFFA MILCON Equipment (\$4,055 thousand) <p>Note: The Sentry capital requirements to upgrade security systems no longer exist and have been replaced by specific Access Control, Force Protection and Equipment projects. Reduction to Video Surveillance Program and EAC funding is due to increase for Equipment.</p>									
Activity Group Capital Investment Justification	A. Budget Submission								
(\$ in Thousands)	Fiscal Year 2025 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description					D. Activity Identification			

Pentagon Reservation Maintenance Revolving Fund
 Activity Capital Purchase Justification
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

WHS Real Property Operations	Non - ADP Equipment								
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non - ADP Equipment	1	\$0.000	\$0.000	1	\$33,000.000	\$33.000	1	\$798.000	\$798.000
Narrative Justification									
FY 2023: \$0thousand -Non - ADP Equipment: Firefighting apparatus (\$0 thousand)									
FY 2024 \$33 thousand -Non - ADP Equipment: Firefighting apparatus (\$33 thousand)									
FY 2025 \$798 thousand -Non - ADP Equipment: Firefighting apparatus (\$798thousand)									
Activity Group Capital Investment Justification									
A. Budget Submission									
(\$ in Thousands)		Fiscal Year 2025 Budget Estimates							
B. Component/Business Area/Date		C. Line No and Item Description				D. Activity Identification			
WHS Real Property Operations		ADPE and Telecommunications							
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE and Telecommunications	1	\$8,138.000	\$8,138.000	1	\$6,183.000	\$6,183.000	1	\$12,967.000	\$12,967.000
Narrative Justification									
FY 2023: \$8,138 thousand -Lifecycle ADPE hardware and software: Facilities Related Control Systems (FRCS) Replacement (\$8,138) thousand)									
FY 2024: \$6,183 thousand -Lifecycle ADPE hardware and software: Facilities Related Control Systems (FRCS) replacement in the Pentagon (\$6,183 thousand)									
FY 2025: \$12,967 thousand -Lifecycle ADPE hardware and software: Facilities Related Control Systems (FRCS) replacement (\$12,967 thousand)									

Pentagon Reservation Maintenance Revolving Fund
Activity Capital Purchase Justification
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Note: Increased funding in FY 2025 to address FRCS requirements.										
Activity Group Capital Investment Justification		A. Budget Submission								
(\$ in Thousands)		Fiscal Year 2025 Budget Estimates								
B. Component/Business Area/Date		C. Line No and Item Description				D. Activity Identification				
WHS Real Property Operations		Minor Construction								
		FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Minor Construction	0	\$0.000	\$0.000	1	\$52,200.000	\$52,200.000	1	\$46,088.000	\$46,088.000	
Narrative Justification										
FY 2024 \$52,200 thousand - Mark Center facility maintenance and repairs (\$15,000 thousand) - Pentagon restoration and maintenance and repairs (\$29,900 thousand) - RRMC Security updates and upgrades (\$7,300 thousand) FY 2025: \$46,088 thousand -RRMC Security updates and upgrades: (\$2,707 thousand) -Mark Center facility maintenance and repairs: (\$14,659 thousand) -Pentagon restoration and maintenance and repairs: (\$28,723 thousand)										

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Pentagon Reservation Maintenance Revolving Fund
 Capital Budget Execution
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions)

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2023	Equipment except ADPE and Telecommunications	7.400	7.100	-0.300	
	Equipment - ADPE and Telecommunications	6.700	8.138	1.438	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2023	14.100	15.238	1.138	
FY 2024	Equipment except ADPE and Telecommunications	7.100	7.100	0.000	
	Equipment - ADPE and Telecommunications	6.200	6.200	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	52.200	52.200	0.000	
	Total FY 2024	65.500	65.500	0.000	
FY 2025	Equipment except ADPE and Telecommunications	7.800	7.775	0.000	Decrease due to reprioritization of needs
	Equipment - ADPE and Telecommunications	13.000	12.967	0.000	Decrease due to reprioritization of needs
	Software Development	0.000	0.000	0.000	
	Minor Construction	50.200	46.088	0.000	Decrease due to reprioritization of needs
	Total FY 2025	71.000	66.830	0.000	

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Washington Headquarters Services Building Maintenance Fund



**February 2024
Fiscal Year (FY) 2025 Budget Estimates**

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WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Overview

In Fiscal Year (FY) 1995, the Secretary of Defense established the Buildings Maintenance Fund (BMF) per Title 10, United States Code (U.S.C.) Section 2208. The BMF provides for the operation, maintenance, protection, and repair of 11 federally owned facilities, 35 non-delegated leased facilities, and 25 delegated leased facilities occupied by the Department of Defense (DoD) in the National Capital Region (NCR). The Washington Headquarters Services (WHS) operates the facilities services under delegated authority per the General Services Administration (GSA) and the Department of Homeland Security (DHS). Customers pay a user charge for space and basic building services and customers who request above standard services pay an additional amount for those services. Beginning in FY 2024, the WHS manages the Mass Transit benefit Program (MTBP) through the BMF. The DoD MTBP provides mass transit benefits to all DoD organization within the NCR. Moving the MTBP in to the BMF significantly improves the efficiency of managing contracts that support the system. As employees are returning to the office, the MTBP benefits costs are rebounding from pandemic related lows to more normal levels.

Through the BMF GSA/DHS Rent Program, the WHS collects from all DoD tenants in leased facilities throughout the NCR and pays monthly GSA rent and DHS security bills. The program improves DoD oversight of tenant payment status and enables the Department to make timely and efficient payments to GSA and DHS.

The BMF finances select activities of the WHS and Pentagon Force Protection Agency (PFPA) within the NCR. The BMF provides space, building services and force protection for DoD components, including Military Departments and other activities located within the NCR. The WHS and the PFPA continue to use the National Defense Strategy as a guide to validate and optimize current and future service requirements by focusing on the resource drivers of Defending the Homeland, Building Enduring Advantages, and Taking Care of People.

Activity Group Composition

Real Property Operations (RPO): RPO is responsible for the safe and efficient operation and management of all DoD delegated buildings within the NCR. RPO includes services such as cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, metered utilities in leased facilities, and administrative support. The scheduled maintenance and day-to-day customer support provide operational continuity for the customer's mission. The GSA/DHS Rent Program simplifies lease and security payments for BMF customers by combining GSA and DHS costs into one monthly rent bill. The program has significantly improved oversight and visibility of the transactions and costs associated with the BMF.

Pentagon Force Protection Agency (PFPA): The PFPA is responsible for providing law enforcement; force protection; security; counterintelligence; antiterrorism; and chemical, biological, radiological, and nuclear protection to the people, facilities, infrastructure and other resources at the Pentagon Reservation, to the DoD activities within the National Capital Region (NCR), and to the RPMC. The PFPA is the lead agency for coordination with DoD components, executive departments, agencies, and state and local authorities on matters involving force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR.

The following table summarizes BMF obligations by activity group.

WASHINGTON HEADQUARTERS SERVICES
 Building Maintenance Fund
 Summary of Operations
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

Budget Sub-Activity	Dollars in Millions		
	FY 2023	FY2024	FY2025
	Operating	Operating	Operating
Real Property Operations	241.8	324.0	322.2
Pentagon Force Protection Agency	64.2	42.7	58.1
Total BMF Obligations	306.0	366.7	380.3

¹ Amounts displayed in the table do not match the Budget Appendix by Budget Sub-Activity; however, matches the Total.

Customer rates are set to recover operating costs budgeted for each year. The FY 2025 request reflects an increase to the standard rates of approximately 0.5% from FY 2024 rates.

Narrative Explanation of changes from FY 2024 to FY 2025

Overall, the FY 2025 President’s Budget request reflects a net increase of \$13,600 thousand, which consists of a price increase of \$7,900 thousand and a program increase of \$5,700 thousand.

The total program increase in FY 2025 of \$5,700 thousand is primarily driven by the finance and management of the DoD Mass Transit Benefit Program that was recently part of the new BMF Charter signed February 28, 2023, an increase in engineering and technical services, as well as decreases in facilities services and maintenance, supplies, and change in lease portfolio (GSA and DHS costs). The overall price increase includes an increase in labor costs of \$600 thousand and general purchase inflation of \$7,100 thousand.

During the FY 2021 Program Budget Review, the Deputy Secretary of Defense directed a Pentagon Occupancy and Space Allocation Study II (POSAS II) to address space requirements resulting from significant mission and organizational changes affecting Pentagon tenants, which have emerged since the 2006 POSAS I study. The POSAS II also directed the Director of Administration and Management (DA&M) to analyze Pentagon space allocations, identify space to accommodate new requirements, analyze Pentagon, Mark Center and leased space in the NCR to identify opportunities for reducing the cost of DoD-leased facilities, and to analyze impacts of telework requirements in an effort to optimize underutilized or vacant space.

The initiative is driven primarily by the reallocation of Pentagon office space for existing Pentagon tenants, to provide space for the United States Space Force, mission expansion within the Office of the Secretary of Defense (OSD), and other DoD component requirements. Based on survey data from DoD components competing for Pentagon space, the POSAS II satisfies 50% of the 117,500 SF of new space requirements identified; improves overall space efficiency by 9 percent in the Pentagon due to telework; and restores the National Guard Bureau’s (NGB) assigned space.

While the POSAS II was the primary initiative, it was complemented by an ongoing Mark Center Efficiency Study to optimize usage of Mark Center space. When fully implemented, POSAS II and the Mark Center study will allow additional reductions of leased space, ensure effective space management within the Pentagon and Mark Center, and generate cost savings in leased space within the NCR. The WHS manages the GSA Lease portfolio for the Department within

WASHINGTON HEADQUARTERS SERVICES
 Building Maintenance Fund
 Summary of Operations
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

the NCR, and as part of the WHS Leased Space Reduction Effort, WHS identified the following:

- For some DoD components vacating leased space, WHS enterprise cost will temporarily increase and be absorbed by WHS.
- Polk and Suffolk buildings have failing infrastructures and do not meet current GSA security standards.
- Plan to relocate Polk and Suffolk building tenants with other leased facility tenants to Mark Center as part of the optimization plan.

As a result of the POSAS II, the Mark Center Efficiency Study, and the WHS Leased Space Reduction effort, an implementation plan has been established to ensure effective space management within the Pentagon Reservation and generate cost savings in leased space within the NCR. In FY 2025 total requirements to fund space alterations, rent exposure, turn in leased space, and procure furniture will cost \$36,734 thousand. This requirement is funded by the WHS Operations and Maintenance and will be paid in to the PRMRF as an above standard order. Of that total requirement, approximately \$17,000 thousand is expected to be spent in the PRMRF. Space realignment costs will continue through FY 2025 with savings beginning in FY 2026.

Financial Profile

	(Dollars in Millions)		
	FY 2023	FY 2024	FY 2025
Disbursements	263.5	358.5	390.9
Transfer Out	0.0	0.0	0.0
Collections	263.3	342.0	380.3
Net Outlays	0.2	16.5	10.6
Beginning Cash Balance	69.7	69.6	53.0
Ending Cash Balance	69.6	53.0	42.4
Change in Cash Balance	-0.1	-16.6	-10.6
Upper Operating Range	59.7	97.3	93.3
Lower Operating Range	15.8	37.5	28.2

Note: Totals may not add due to rounding

WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Operating Budget

The operating budget includes annual inflationary increases for supplies, equipment, service contracts and personnel. It also provides for a safe and secure environment, (including effective, proactive force protection and anti-terrorism programs) for DoD personnel, assets and facilities in leased space within the NCR.

Cash Requirement Projection

BMF monthly cash range estimates were determined using historical analysis for collections and disbursements along with operational facts associated with normal BMF executions.

Rate of Disbursement. Anticipated disbursements during the budget year were calculated by applying historical disbursement rates for the base year of FY 2024 plus five previous years (i.e., in FY 2024, BMF anticipates disbursing funds that were obligated in FY 2019 – FY 2024). The total anticipated annual disbursement amount is divided by the 12 monthly collection cycles to obtain an estimated monthly rate of disbursement.

Range of Operation. The lower level of the operational range for cash for FY 2025 is determined by adding the amount needed to fund reserves with the amount needed for risk mitigation, which results in the lower limit for the operational range for FY 2025 of \$28,200 thousand. The upper estimated limit of the operational range is the lower limit plus two months of anticipated disbursements. The month end upper and lower limits for BMF cash during FY 2025 is \$28,200 thousand and \$93,300 thousand respectively.

Risk Mitigation. The primary risk experienced by the BMF is typically related to delays in receiving orders at the start of the fiscal year. Normal start up delays for our customers to receive appropriations and issue funded orders have been exacerbated by the new normal of experiencing continuing resolutions every year. Other than the significant outlay to GSA and DHS, monthly disbursements are mostly for payroll and contract related costs. BMF passes through the GSA and DHS payments on a monthly basis, or as soon as collections are made, so this amount is not included in the amount for risk mitigation. The amount set aside in the FY 2025 budget exhibits for risk mitigation is the monthly anticipated disbursements, net of the monthly amount passed through to GSA and DHS.

Reserves. Enough cash should be available to fund confirmed unpaid obligations, which are funded primarily through rent. Rent from prior years has already been collected and available to fund obligations, so a reserve is identified for unliquidated obligations. Certain obligations reported on financial statements as unpaid are known to have been received by the vendor, so adjustment (where appropriate) has been made in anticipation of the posting of the disbursement. Finally, a reserve line in the amount of \$15,600 thousand was included to fund unobligated balances carried forward into the budget year.

WASHINGTON HEADQUARTERS SERVICES
 Building Maintenance Fund
 Summary of Operations
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

Staffing

	Full Time Equivalents (FTE)		
	FY 2023	FY 2024	FY 2025
Real Property Operations - RPO	41	46	46
Pentagon Force Protection Agency - PFPA	90	88	88
Total	131	134	134

Narrative Explanation of Staffing Changes:

No impact to the workforce requirement in the BMF.

Buildings Maintenance Fund
 Changes in the Costs of Operation
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions)

	<u>Costs</u>
FY 2023 Estimated Actual:	\$306.037
FY 2024 Estimate in President's Budget:	\$357.585
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	0.000
Pricing Adjustments:	7.469
General Purpose Inflation	6.155
Price Growth Pay	1.314
Program Changes:	53.194
Travel/Transportation/Printing	0.015
Rents & Leases: Change in lease portfolio (GSA and DHS costs)	44.270
Supplies & Material/Engineering Services	2.533
Other Purchases/Contracts	-22.130
Utility Costs	-0.626
non-GSA rents and leases	-3.888
Intragovernmental purchases	-5.500
Compensation and Benefits	-5.988
Facilities Services & Maintenance	44.508
FY 2024 Current Estimate:	\$366.700
Pricing Adjustments:	7.687
Price Growth Pay	0.624
General Purpose Inflation	7.063
Productivity Initiatives and Other Efficiencies:	0.000

Buildings Maintenance Fund
 Changes in the Costs of Operation
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions) (Cont.)

	<u>Costs</u>
Program Changes:	5.934
Travel/transportation/Printing	-0.002
Compensation and Benefits	0.008
Rents & Leases: Change in lease portfolio (GSA and DHS costs).	
Decreased due to costs associated with turning in leases	-5.277
Supplies & Material/Engineering Services	6.084
Other Purchases/Contracts	-0.580
Facilities Services/Maintenance	-26.173
Utility Costs	-0.001
Advisory and Assistance Services	31.875
 FY 2025 Estimate:	 \$380.321

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
1. New Orders			
a. Orders from DoD Components:	254.024	300.131	300.283
Army	40.551	50.272	49.669
Operations & Maintenance	40.551	50.272	49.669
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Navy	16.151	18.288	18.942
Operations & Maintenance	16.151	18.288	18.942
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Air Force	5.046	5.520	5.631
Operations & Maintenance	5.046	5.520	5.631
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Marine Corps	0.000	0.000	0.000
Operations & Maintenance	0.000	0.000	0.000

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Defense-Wide	192.276	226.051	226.041
Operations & Maintenance	140.295	170.783	172.077
US Court of Appeals for the Armed Forces	2.486	3.116	2.944
COWARDIN	0.163	0.351	0.359
Defense Advanced Research Project Agency	21.663	22.658	22.716
Defense Contract Audit Agency	1.588	1.657	1.668
Defense Contract Management Agency	2.089	2.177	2.274
Defense Intelligence Agency	33.377	34.653	35.603
Defense Information Systems Agency	9.450	14.516	15.773
Defense Logistics Agency	3.345	2.571	2.590
Defense Counterintelligence Security Agency	3.941	4.627	4.763
Defense Legal Services Activity	3.515	1.808	1.880
Defense Media Activity	0.572	0.562	0.593
Defense Missing Persons Organization	1.509	1.583	1.688
Dept of Defense Inspector General	0.160	0.275	0.302
Dept of Hearings and Appeals	2.940	3.050	3.118
Defense Security Cooperation Agency	0.685	4.537	5.255
Defense Threat Reduction Agency	5.710	6.298	6.399
Joint Staff	0.138	0.138	0.141
Joint Strike Fighter (JSFPO)	7.557	8.595	8.980
Missile Defense Agency	0.659	0.672	0.733
Office of Local Defense Community Cooperation	0.751	0.762	0.772
Office of Military Commissions	6.130	4.642	4.985
Pentagon Force Protection Agency	4.650	5.237	4.863
Transportation Command	0.081	0.085	0.092

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
White House Management Office	1.137	1.253	1.227
Washington Headquarters Services and Office of the Secretary of Defense	22.475	40.696	37.012
DOD Classified Programs	1.201	1.203	1.217
Commissions	1.504	1.092	2.076
Def Microelectronics CFT (DMCFT)	0.255	0.264	0.281
5G Cross Functional Team	0.306	0.319	0.320
DOD Spec Access Program (SAPCO)	0.258	0.262	0.300
Cross Functional Teams	0.000	1.124	1.153
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Defense Health Program	51.981	55.268	53.964
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
b. Orders from other Fund Activities	33.768	41.915	80.038
Army Working Capital Funds	0.000	0.000	0.000
Navy Working Capital Funds	0.000	0.000	0.000
Air Force Working Capital Funds	0.000	0.000	0.000
Defense-wide	33.768	41.915	80.038
Above Standard Orders: Building Services and Space Adjustments	21.957	37.373	36.432
Above Standard Orders: Force Protection	11.811	4.542	20.471
Above Standard Orders: Mass Transit Benefit Program	0.000	0.000	23.135
Other Working Capital Funds	0.000	0.000	0.000
Other	0.000	0.000	0.000
c. Total DoD	287.792	342.046	380.321
d. Other Orders:	0.000	0.000	0.000
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	0.000	0.000	0.000

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Federal Agencies	0.000	0.000	0.000
Foreign Military Sales	0.000	0.000	0.000
Total for New Orders	287.792	342.046	380.321
2. Carry-In Orders	39.776	66.087	26.000
3. Total Gross Orders	327.568	408.133	406.321
4. Carry-Out Orders (-)	-66.087	-26.000	-26.000
5. Gross Sales	261.481	382.133	380.321
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	261.481	382.133	380.321
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	261.481	382.133	380.321

Buildings Maintenance Fund
Revenue and Costs
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Income			
Standard Level	254.024	300.131	300.283
Above Standard Level	33.768	41.915	80.038
Total Income	287.792	342.046	380.321
Standard Level Expenses:			
Real Property Operations	219.004	262.568	262.694
Compensation and Benefits	7.270	8.599	8.844
Utilities and Fuel	0.275	0.185	0.182
Maintenance	0.251	0.169	0.166
Other Building Services	6.004	4.090	4.017
Administration	1.090	0.797	0.800
GSA/DHS Rent Program	203.705	248.172	248.114
Cleaning/Trash/General	0.409	0.275	0.271
Information Technology	0.000	0.281	0.300
Pentagon Force Protection Agency	50.712	37.563	37.589
Compensation and Benefits	12.031	9.835	10.161
Deputy Director	0.000	0.000	0.000
Human Capital and Workforce Development	0.000	0.000	0.000
Law Enforcement	34.297	18.146	18.116
Mission Integration	0.467	0.380	0.337
Security Services	3.917	9.202	8.975
Threat Management	0.000	0.000	0.000
Total Standard Level Expenses	269.716	300.131	300.283
Above Standard Reimbursable Expenses:			
Above Standard Real Property Operations	22.817	61.418	59.567
RPO -Building Services and Space Adjustments	22.407	38.418	36.432
RPO - Mass Transit Benefit Program	0.410	23.000	23.135
Above Standard Pentagon Force Protection Agency	13.504	5.151	20.471
PFPA - Compensation & Benefits	6.417	3.021	3.103
PFPA - Advisory and Assistance Services	7.087	2.130	17.368

Buildings Maintenance Fund
Revenue and Costs
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Total Above Standard Level Expenses	36.321	66.569	80.038
Total Expenses	306.037	366.700	380.321
Other Adjustments Affecting NOR	20.166	0.000	0.000
Recoveries	20.166	0.000	0.000
Operating Result	-18.245	-24.654	0.000
Net Operating Result	1.921	-24.654	0.000
Prior Year AOR	22.733	24.654	0.000
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	0.000
AOR for Budget Purposes	24.654	0.000	0.000

Building Maintenance Fund
 Cost of Service
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions)

Cost Center	FY 2023		FY 2024		FY 2025	
	<u>Square* Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>
US Court of Appeals for the Armed Forces	26,009		26,009		26,009	
Real Property Operations		\$91.06		\$105.59		\$145.65
Pentagon Force Protection		\$4.50		\$14.21		\$115.34
Security Services**		\$110.70		\$116.15		\$119.38
Total Cost/SF		\$206.26		\$235.95		\$380.38

Square footage is the total amount of billable space in the building.

FY 25 Amounts reflect the fully burdened RPO and PFPA costs that are now being budgeted for by the USCAAF as per their 2025 O&M Justification book.

Security Services are provided by Pentagon Force Protection Agency on a reimbursable (above standard) basis.

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**Defense Logistics Agency - Strategic Materials
National Defense Stockpile Transaction Fund**



**Fiscal Year (FY) 2025 Budget Estimates
February 2024**

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DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Description of Operations

The Defense Logistics Agency Strategic Materials (DLA-SM) operates under the authority of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. §98, et seq.). The Stockpiling Act provides for the acquisition and retention of certain strategic and critical materials in the National Defense Stockpile (NDS) to serve the interest of national defense. The Act also encourages the conservation and development of sources of such materials within the United States to mitigate dangerous and costly dependence upon foreign or single sources of supply in times of national emergency. DLA-SM identifies risks and develops mitigation strategies for the supply chain of defense and essential civilian industrial materials. DLA-SM activities include acquisition, storage, disposal, and management of the NDS.

DLA-SM will continue to mitigate risks by executing strategies such as research and development, acquisition of new materials to upgrade the NDS material inventory, and qualification of domestic firms to expand supplier base and material recycling programs.

Funding:

Historically, reimbursable funding through the sale of NDS materials deemed excess to requirements provided the source of funds for operations and new acquisitions of strategic and critical materials necessary to mitigate identified emerging supply chain risks. Proceeds from sales of excess materials are deposited to the NDS Transaction Fund (NDSTF), the revolving fund established to transact NDS business. The fund's cash corpus and salable assets have significantly diminished over the past decades. The remaining quantities of NDS materials excess to NDS needs are insufficient to fully finance the program. In FY 2022 and FY 2023 the NDSTF received appropriations for material acquisitions.

The Consolidated Appropriation Act, 2022 (P.L. 117-103), Title VII, Section 8035 provides \$125 million in Direct funding in FY 2022 for acquisitions with funds availability through FY 2024.

The Consolidated Appropriation Act, 2023 (P.L. 117-328), Title VIII, Section 8034 provides \$93.5 million, and Section 8005 provides \$20 million in Direct funding in FY 2023 for acquisitions with funds availability through FY 2025.

DLA is requesting direct funding in the amount of \$7.6 million annually in FY 2024 and FY2025 to acquire and stockpile high priority critical materials. Resourcing the NDS program aligns with the White House Report, "Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth 100-Day Reviews" (June 2021) under Executive Order 14017 of February 24, 2021 (America's Supply Chains).

DLA and the Department continue efforts to mitigate long-term financial risks impacting mission capabilities.

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
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Sales Program:

The Sales Program offers quantities of select strategic and critical materials for sale that have been deemed excess to current NDS requirement levels. The Stockpiling Act provides for the creation and operation of a competitive public sales program of excess stocks. Sale of excess stocks generate revenue to offset the cost of operations and select material acquisitions. Sales program proceeds are deposited to the NDSTF revolving fund and remain as NDS Program resources until expended.

<u>(USD in Millions)</u>	FY 2023	FY 2024	FY 2025
Collections	<u>49.9</u>	<u>28.1</u>	<u>41.9</u>
Total	\$49.9	\$28.1	\$41.9

Acquisitions:

In FY 2022, DLA received direct funding in the amount of \$125 million for strategic and critical material acquisitions. These funds have a period of availability through FY 2024. \$98.2 million has been executed as of January 2024. In FY 2023, DLA received direct funding in the amount of \$20 million to acquire titanium, and \$93.5 million for other acquisitions with a period of availability through FY 2025. \$60 million has been obligated as of January 2024. DLA requested \$7.6 million in direct appropriations in FY 2024 and is requesting \$7.6 million in FY 2025.

For reimbursable funding of strategic and critical material acquisitions, in FY 2023 \$16.3 million was executed, in FY 2024 no acquisitions are planned, and in FY 2025 \$1.4 million is planned.

Acquisitions of critical materials for stockpiling with limited supply sources may be delayed if international or domestic conditions further restrict availability.

Additional program strategies include recycling of critical materials from surplus Federal assets and creating domestic sources of supply to help reduce or eliminate the need to stockpile certain materials.

Labor:

The FY 2025 labor budget estimate is 65 FTEs. DLA-SM will continue to identify and close emerging skill gaps, enabling the agency to carry out its mission. Resources requested ensure optimal staffing levels to achieve NDS program objectives. Staff performs managerial and operational duties, provides technical expertise, supports congressional and presidential directives to add material to the stockpile, engages in recycling, and pursues domestic qualification for strategic and critical materials. Labor costs for the NDS program are currently at a steady state with year over year increases attributed to inflation.

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
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Non-Labor:

Mobilization Studies Program: The FY 2025 budget estimate decreases \$3.8 million from FY 2024 primarily due to better certainty of program costs. The program supports ongoing and emerging materials analysis and materials market studies. The program comprises a broad range of research and analysis techniques that enable DLA-SM to gain a clear and comprehensive understanding of the requirements and vulnerabilities of U.S. defense and essential civilian industries. These research, analysis and development projects support reconstitution and expansion of stockpiling capabilities, through (1) laboratory-based scientific research and analysis, (2) expanded processes to model material supply chains downstream from mines to finished platforms, (3) development of effective risk mitigation strategies and (4) development of additional data collection and evaluation methods from industry and academia.

Material Handling and Testing Programs: The FY 2025 budget estimate decreases \$6 million from FY 2024, primarily from requirement changes including the completion of the superalloy recovery initiative in FY 2024. The programs support care and quality control of stockpile materials including fees for vendor managed storage and handling/testing requirements for stored materials, newly acquired materials, and material upgrades. Major program cost drivers are: (1) long term mercury repackaging/storage operations, (2) existing and newly acquired materials including strategic energetics reserves, (3) reclamation of select surplus materials from Federal Agencies suitable for the NDS and (4) storage of semi-processed NDS materials at vendor locations to expedite finished processing in the event these materials are required in a contingency.

Rents and Leases: The FY 2025 budget estimate has a net decrease of \$0.8 million from FY 2024, primarily due to better certainty on location costs. Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings and open land for outdoor storage obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies, or commercial leases.

Real Property Maintenance: The FY 2025 budget estimate has net decrease of \$1.6 million from FY 2024, primarily due to better certainty on program costs. Program costs are associated with projects to maintain depot warehouses, buildings, roads, ramps, and infrastructure in accordance with occupancy agreements or leases.

Depot Operations: The FY 2025 budget estimate has net decrease of \$0.7 million from FY 2024, primarily due to better certainty on program costs. Depot operations are costs associated with operating and maintaining the day-to-day depot mission, which includes audit, material handling and testing support, security, operations, maintenance, janitorial services, fuel, and equipment.

Audit Sustainment: The FY 2025 budget estimate has net decrease of \$1.4 million from FY 2024, primarily due to better certainty on program costs. Program costs are associated with financial auditing of the NDSTF.

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2025 Budget Estimates
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Environmental: The FY 2025 budget estimate has net decrease of \$5.9 million, primarily due to requirement changes for the Somerville site remediation and changes to site investigation timeframes for Pt. Pleasant. The Somerville project is a multimillion-dollar, long term project to remediate soil and groundwater contamination at the site. Groundwater remediation, wetlands remediation and restoration, permits, inspections, and reports are ongoing. Costs include normal compliance requirements to sustain an environmental compliance program and environmental management system, perform compliance audits, and pay fees of approximately \$400-600 thousand per year. Other costs include annual renewal and maintenance of Radiation Safety Program, the NRC license at Scotia, NY, and implementation and maintenance of the integrated International Organization of Standards (ISO) at all three staffed depots – Scotia, Hammond, and Hawthorne. Additionally, DLA-SM may be required to complete additional environmental assessments or impact statements for future projects under consideration, dependent on specifics of the materials being acquired or recharacterized.

The remaining non-labor programs in total have a FY 2025 budget estimate net decrease of \$2.9 million primarily due to better certainty on program costs.

DLA and the Department continue to work to mitigate long-term financial risks impacting mission capabilities. These ongoing efforts seek to ensure a sustainable and robust stockpile of strategic and critical materials to protect the United States against supply chain disruptions during times of national emergency.

Budget Highlights:
(USD in Millions)

Appropriations	FY 2023	FY 2024¹	FY 2025
Total	113.5	93.5	7.6
Reimbursable Program Costs	FY 2023	FY 2024	FY 2025
Labor	8.5	10.7	11.6
Non-Labor	34.8	49.6	35.3
Acquisitions of Materials	16.3	0	1.4
Environmental	<u>1.8</u>	<u>6.9</u>	<u>1.0</u>
Total	\$61.4	\$67.2	\$49.3

¹ A full-year FY 2024 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations and Other Extensions, 2024 (Public Law 118-22). The amounts included for FY 2024 reflect the annualized level provided by the continuing resolution.

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National Defense Stockpile Transaction Fund
Statement of Financial Condition
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Assets			
Selected Assets:			
Cash (EOY)	579.802	447.144	393.057
Accounts Receivable	0.010	0.000	0.000
Inventories	384.259	498.074	561.250
Other Asset Accounts:	24.671	0.130	0.000
Advance and Prepayments:	1.238	0.000	0.000
Total Assets	989.980	945.348	954.307
Liabilities			
Selected Liabilities:			
Accounts Payable	3.290	4.000	4.000
Advances Received	0.000	0.000	0.000
Environmental Clean-up Liability	11.707	10.000	9.000
Other Liabilities	0.518	3.000	3.000
Total Liabilities	15.515	17.000	16.000
Government Equity			
Cumulative Results of Operations	974.465	928.348	938.307
Total Government Equity	974.465	928.348	938.307
Total Liability and Equity	989.980	945.348	954.307

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National Defense Stockpile Transaction Fund
 Stockpile Financial Status Report
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Cash Balance, End of Prior Year	500.6	579.8	447.1
Direct Program	113.5	7.6	7.6
Consolidated Appropriations Act, 2022; P.L. 117-103 SEC8035 (PoA FY 2022 - FY 2024)	0.0	0.0	0.0
Consolidated Appropriations Act, 2023; P.L. 117-328 SEC8034 (PoA FY 2023 - FY 2025)	93.5	0.0	0.0
Consolidated Appropriations Act, 2023; P.L. 117-328 SEC8005 (PoA FY 2023 - FY 2025)	20.0	0.0	0.0
Direct Appropriation Request	0.0	7.6	7.6
Disbursements (Direct)	26.0	101.1	54.4
Labor	0.0	0.0	0.0
Non-Labor	0.0	0.0	0.0
Other Program Costs	26.0	101.1	54.4
Reimbursable Program			
Collections	45.0	28.1	41.9
Disbursements (Reimbursable)	53.3	67.2	49.3
Labor	8.5	10.7	11.6
Non-Labor	28.5	56.5	36.2
Other Program Costs	16.3	0.0	1.4
Cash Balance, End of Year	579.8	447.1	393.1
Selected Liabilities	108.4	63.0	62.0
Accounts Payable	3.3	4.0	4.0
Advances Received	0.0	0.0	0.0
Environmental Clean-up Liability	11.7	10.0	9.0
Other Liabilities	0.5	3.0	3.0
Undelivered Orders	92.9	46.0	46.0
Other Contingencies (Sequester)	0.0	0.0	0.0
Estimated Available Cash	471.4	384.1	331.1

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National Defense Stockpile Transaction Fund
Changes in the Costs of Operation
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(\$ in Millions)

	<u>Costs</u>
FY 2023 Estimated Actual:	\$61.426
FY 2024 Estimate in President's Budget:	\$67.215
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	0
Pricing Adjustments:	1.641
Nonlabor	0.430
Labor	1.211
Program Changes:	4.148
Civilian Personnel Compensation	1.873
Travel & Transportation of Personnel	0.305
Material (For Stockpiling)	-16.272
Material & Supplies	0.168
Equipment	0.218
Transportation of Things	-0.051
Printing & Reproduction	0.000
Rent, Communication, Utilities and Misc. Charges	0.993
Other Purchased Service	16.914
Transfers	0.000
FY 2024 Current Estimate:	\$67.215
Pricing Adjustments:	1.089
Nonlabor	0.349
Labor	0.740
Productivity Initiatives and Other Efficiencies:	0
Program Changes:	-19.043
Civilian Personnel Compensation	0.555
Travel & Transportation of Personnel	-0.202
Material (For Stockpiling)	1.425
Material & Supplies	-0.144
Equipment	-0.223
Transportation of Things	0.012
Printing & Reproduction	0.000
Rent, Communication, Utilities and Misc. Charges	-0.917
Other Purchased Service	-19.549
Transfers	0.000
FY 2025 Estimate:	\$49.261

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**Defense Counterintelligence Security Agency
Working Capital Fund**



**Fiscal Year (FY) 2025 Budget Estimates
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Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2025 Budget Estimates
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The Defense Counterintelligence and Security Agency (DCSA) Personnel Security (PS) mission executes the functions of the investigative service provider (ISP) for most of the federal government, helping to ensure the trustworthiness and integrity of the military, federal and contract workforce government-wide by delivering national security and suitability personnel security products and services. The DCSA offers its federal customers a variety of investigative products and services to meet specific personnel security customer demands. The DCSA accomplishes end-to-end background investigation (BI) case processing, which includes record reviews, fieldwork, and quality assurance. Under the PS mission, DCSA combines BI with continuous vetting (CV), other screening services, personnel security adjudication services, customer/stakeholder engagements, internal policy and procedural guidance, and on-going key performance analyses, to provide full personnel vetting services for its 100-plus federal agency customers. These PS mission activities are underpinned by support services provided by other DCSA offices, other Department of Defense (DoD) activities, and the Office of Personnel Management (OPM).

On October 1, 2019, the DoD, pursuant to section 2208 of Title 10, United States Code, established the DCSA Working Capital Fund (WCF) to finance the PS BI mission.

Fieldwork for BI is accomplished by a DCSA workforce composed of both federal and contract investigators. The investigations are supported by a team that requests, processes, conducts, analyzes, and reports the results of over 25 million annual investigative record reviews from federal, state, local, and vendor data repositories that encompass individual background investigations. Investigative products are reviewed by a quality assurance team to ensure conformance with Federal Investigative Standards (FIS) in compliance with appropriate laws, regulations, executive orders, adjudicative guidelines, and policies. Each product is evaluated to determine its sufficiency for delivery to DCSA customers for adjudication, reopened for missing items or scheduled for additional investigative work as necessary, or sent to the Counterintelligence Directorate for evaluation and potential referral to outside criminal and intelligence agencies for further action. In FY 2023, the DCSA PS mission executed and delivered over 2.66 million investigative products for its customers as well as provided CV services for over 3.8 million federal, military, and contract workforce employees. Since its standup in FY 2020, DCSA has delivered timely, high-quality products and services to its customers.

The DCSA PS mission works with over 140 federal department and agency customers, cleared industry partners, state, local, and tribal law enforcement agencies, regularly ensuring products and services meet customer requirements and the current threat environment. In addition, the DCSA PS mission has a dedicated team working to improve the accessibility and cost of criminal history record information that resides in state, local, and tribal repositories. In support of the DCSA PS mission end-to-end ISP role, a team performs regular mission coordination, operational policy and procedural guidance, and the collection and analysis of performance metrics. This work aligns with the national policy objectives of the FIS, the Trusted Workforce (TW) 2.0 Implementation Strategy, continued accountability internally and externally to meet mission goals, regular efforts to increase the effectiveness and efficiency of PS products, and improvements in effective coordination across the DCSA PS mission.

The DCSA continues to offer Expedited Screening Protocol (ESP) services to both DoD and non-DoD agencies via the DCSA WCF. In response to Public Law 115-91, DCSA developed ESP to provide a centralized standard process for the screening and vetting of covered individuals with foreign risk who require access to government systems, facilities, personnel, or information, including access to classified information. The ESP services optimize intelligence data sources, other classified and unclassified U.S. Government data systems, and human analytics to provide multi-point identity detection of potential foreign risks to support improved actions in the BI.

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2025 Budget Estimates
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Starting in FY 2024, DCSA began delivering the National Background Investigation Services (NBIS) via the DCSA WCF. The NBIS is a new information technology (IT) system that supports personnel vetting for federal employees, military, and government contractors, from initiation, investigation, adjudication, and CV. The NBIS will deliver new capabilities such as maintaining end-to-end situational awareness; processing fingerprints and biometric data; providing CV and adjudication support; validating data from multiple sources; and integrating case management with automated workflow. Also starting in FY 2024, DCSA completed the full transition of its CV services to a fee-for-service model by beginning to provide its DoD CV services through the DCSA WCF.

In FY 2025, DCSA will continue enhancements to prepare for the future delivery of new PS services via the DCSA WCF such as the TW 2.0 three-tier BI model that simplifies the existing five-tier FIS model into a high, moderate, and low-tier structure. Also in FY 2025, in coordination with the DoD customers and other stakeholders, DCSA will convert the consolidated adjudications services (CAS) from a DoD appropriation funded program to a fee-for service program in the DCSA WCF. The resulting products will be offered to DoD customers as stand-alone or bundled with other BI and CV products creating a single funding model that will lead to anticipated efficiencies. This conversion also provides DCSA and its customers with a more efficient financial agreement process as DCSA consolidates all PS mission services under the minimal possible number of customer financial agreements. Moreover, the conversion of CAS to the DCSA WCF enhances the customers' ability to track and validate costs of end-to-end DCSA PS mission services, leading to an improved customer experience.

Over the next several years, DCSA will fully implement TW 2.0 via the DCSA WCF. The TW 2.0 is a government-wide initiative to reform personnel vetting (BI, CV, and CAS) in support of establishing and maintaining a trusted Federal workforce. The TW 2.0 reforms seek to streamline policy and tailor personnel vetting activity to an individual's circumstances. These features allow for better risk management, rapid onboarding of trusted individuals, increased workforce mobility, and greater awareness of potential security concerns. Application of CV allows DCSA to support mitigation of potential personnel security situations before they become larger problems, either by working with the cleared individual and/or the individual's agency to mitigate potential issues, or in some cases suspending or revoking clearances. In support of the TW 2.0 vision, DCSA will deliver CV services to both the national security, non-sensitive public trust (NSPT), and low-risk federal-wide populations. In accordance with the conversion of CAS to a fee-for-service model, DCSA will also offer CV alert and incident report adjudication as an add-on to CV products.

Budget and Pricing Information

In FY 2025, DCSA will execute the entire PS mission via the DCSA WCF, a fee-for-service model that efficiently provides personnel security products and services using a full cost recovery business-like model with the overall goal of financially breaking even over time. The FY 2025 budget submission includes a 1% reduction for BI services from the FY 2023 rates while other products and services will reflect the FY 2023 rates plus inflation. With the implementation of the 3-tier TW products, scheduled for introduction in the future, DCSA will integrate costs for Triggered Enhanced Subject Interviews and International Coverage into the Moderate Tier price with other triggered costs added to the High Tier price. The DCSA made this decision to integrate triggered costs into base BI prices in response to customer requests for a more budget-development friendly DCSA price structure. The DCSA remains committed to developing and delivering NBIS capabilities to support DCSA's delivery of TW 2.0 products and services. In parallel, DCSA has initiated an effort to offer many of NBIS' capabilities as shared services for customers beginning as early as FY 2026.

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2025 Budget Estimates
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DCSA WCF Cash Management Plan

The DCSA uses data-driven analytics to manage its WCF cash based on its current and future specific mission requirements. These requirements are in large part driven by federally mandated PS policies and standards. As part of a robust cash management plan and in alignment to its September 2023-published cash management policy, DCSA executed its annual re-evaluation of its operating range and reduced its upper and lower cash threshold requirements. The chart below displays the DCSA WCF cash plan for FY 2024 and FY 2025. The DCSA WCF's operating range for FY 2025 is \$180 million, narrowed from the \$215 million range in FY 2024. The new tighter operating range for FY 2025 is the result of analysis concluding monthly fluctuations in the cash balance will be less than in DCSA's first four years of operation. In addition, with many of the risks and uncertainties realized by FY 2025 that required DCSA to retain cash to mitigate, and DCSA's recent assessment that the need for a stand-alone reserve for its active inventory is redundant to its operational risk reserve, DCSA's overall new cash requirement has significantly decreased. For FY 2025, the upper range is \$788 million and the lower range is \$608 million. The DCSA WCF remains sensitive to swings in customer demand, time between advance collections and disbursements relating to active inventory, and the uncertainty in implementation of new TW 2.0 products.

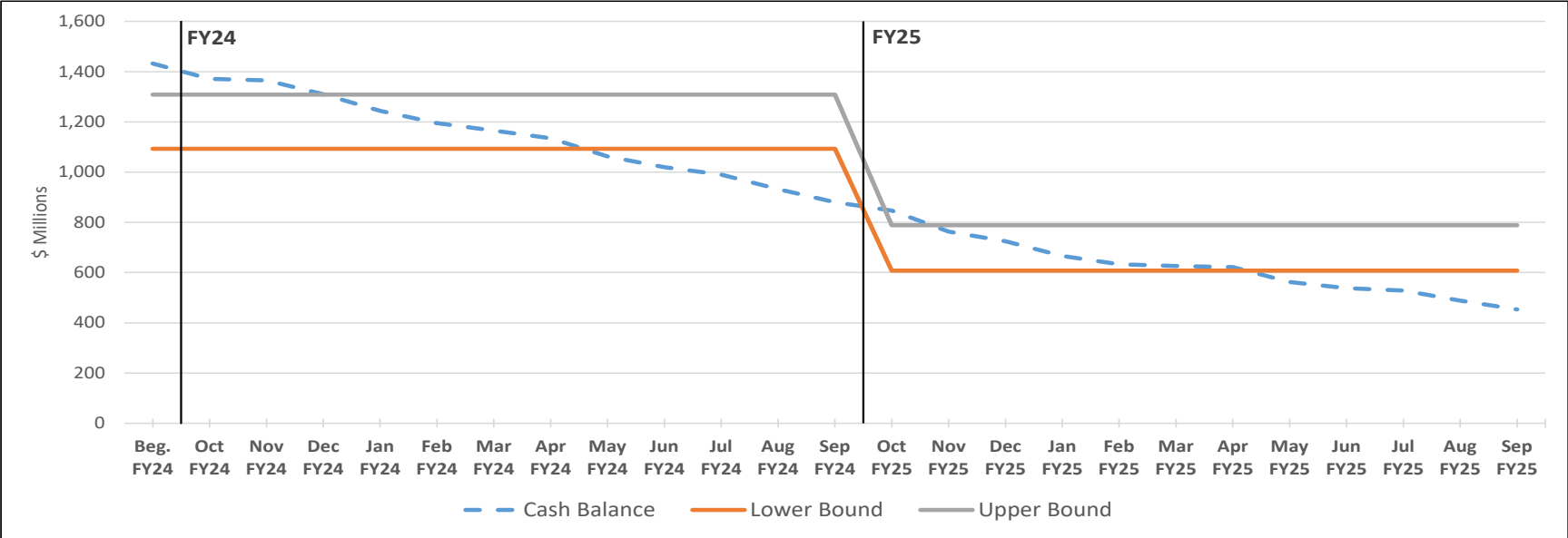
As DCSA continues its fifth year of operation, it also continues to better understand its operating risk requirements while the national PS mission undergoes significant transformation (e.g., the federally mandated TW 2.0). The DCSA will employ \$275 million to address current and future-year analytically defined PS mission operating volatility and will retain \$50 million to manage the continued uncertainties of TW 2.0 implementation and expansion of CV to the NSPT and low-risk populations. The DCSA anticipates fluctuations in customer demand due to budget constraints and the incremental implementation of the new TW policy reforms, resulting in a possible reduction in orders leading to reductions in planned revenue.

Even as its cash requirement decreases and its operating range narrows in FY 2025 as described above, DCSA expects the cash balance to fall below the operating range during the year (likely mid-fiscal year). The decreased cash balance is associated with increased program spending driven by IT and FY 2025 rates for products and services that remain below FY 2023 levels following a price cut in FY 2024. While the cash balance is below the lower bound of the operating range, it remains above the routine operating risk threshold. A temporary dip in FY 2025 below the lower bound requires increased oversight and management of large disbursements. While the cash balance is below the lower bound in FY 2025, DCSA will optimize its schedule of collections and disbursements to mitigate additional decreases in the cash balance. DCSA plans to adjust rates in FY 2026 and later to restore the cash balance to within the operating range.

The DCSA's forward-looking plan includes using a portion of the OPM-transferred cash to preclude unnecessarily raising FY 2025 prices and future-year investments. These major investments include \$283 million in FY 2025 for continued renovations of regional headquarters, starting in FY 2024 and growing in the next several years to replace DCSA's Boyers, PA location (an initiative begun by OPM) and consolidate other DCSA field locations for health, cost and mission efficiencies.

Defense Counterintelligence Security Agency
 Revolving Funds
 Narrative
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DCSA WCF Cash Plan



In FY 2025, consistent with DCSA’s cash management policy, DCSA will continuously evaluate its operating range requirements to include the minimum operating threshold, to assess its requirements for future years. The DCSA continues to refine the appropriate costs for functional support elements (e.g., Human Resources, Acquisitions, Logistics, Financial Management), particularly considering the broadening of its DCSA WCF operation into a more comprehensive PS vetting mission.

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Summary of key performance indicators:

	(\$M)		
	FY 2023	FY 2024	FY 2025
Net Operating Result (NOR) Summary:			
Revenue	1,217.2	1,180.5	1,589.5
Expenses	1,355.4	1,781.5	1,982.6
NOR	(138.2)	(601.0)	(393.1)
Accumulated Operating Result (AOR) Summary:			
Prior Year AOR	169.1	31.0	(306.5)
NOR	(138.2)	(601.0)	(393.1)
Adjustment Affecting the NOR	-	-	-
AOR Prior to Adjustments	31.0	(570.0)	(699.6)
Non-Recoverable Adjustment Impacting AOR	-	263.5	699.6
AOR	31.0	(306.5)	0.0
Cash Balance Summary:			
Disbursements	1,329.3	1,738.1	1,954.5
Collections	1,259.6	1,186.0	1,528.2
Transfer Out	-	-	-
Transfer In	-	-	-
Appropriation	(30.0)	-	-
Net Outlays	(99.7)	(552.1)	(426.3)
Beginning Cash Balance	1,531.6	1,432.0	879.9
Net Outlays	(99.7)	(552.1)	(426.3)
Ending Cash Balance	1,432.0	879.9	453.5
Operating Range			
Upper Bound	1,308.0	1,308.0	788.0
Lower Bound	1,093.0	1,093.0	608.0
Manpower Summary:			
Civilian Work Years (FTE)	3,315	3,515	4,420

Defense Counterintelligence Security Agency
 Summary of Price, Program, and Other Changes
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions)

	<u>Costs</u>
FY 2022 Estimated Actual:	\$1,355.363
FY 2023 Estimate in President's Budget:	\$1,355.363
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	1,355.363
Civilian Personnel	447.951
Travel of Persons	14.712
Material & Supplies	2.594
Commercial Equipment Purchases	27.896
Other Purchased Services from Revolving Fund	4.252
Transportation of things	0.099
Printing and Reproduction	0.422
Advisory and Assistance Services	601.638
Rent, Communications, Utilities, and Misc	255.799
Other Purchased Services	0.000
Capital Investment Recovery	0.000
Pricing Adjustments:	87.875
General Purpose Inflation	65.500
Annualization of FY 22 Pay Raise	0.000
FY 24 Pay Raise	22.375
Program Changes:	338.262
Civilian Personnel	69.530
Travel of Persons	2.461
Material & Supplies	0.648
Commercial Equipment Purchases	5.197
Other Purchased Services from Revolving Fund	0.000
Transportation of things	0.000

Defense Counterintelligence Security Agency
 Summary of Price, Program, and Other Changes
 Fiscal Year (FY) 2025 Budget Estimates
 February 2024

(Dollars in Millions) (Cont.)

	<u>Costs</u>
Printing and Reproduction	0.000
Advisory and Assistance Services	179.668
Rent, Communications, Utilities, and Misc	80.758
Other Purchased Services	0.000
Capital Investment Recovery	0.000
FY 2024 Current Estimate:	\$1,781.500
Pricing Adjustments:	62.153
General Purpose Inflation	15.400
FY24 pay raise	46.753
Productivity Initiatives and Other Efficiencies:	0.000
Program Changes:	138.963
Civilian Personnel	107.746
Travel of Persons	0.343
Material & Supplies	0.090
Commercial Equipment Purchases	0.724
Other Purchased Services from Revolving Fund	0.000
Transportation of things	0.000
Printing and Reproduction	0.000
Advisory and Assistance Services	25.060
Rent, Communications, Utilities, and Misc	5.000
Other Purchased Services	0.000
Capital Investment Recovery	0.000
FY 2025 Estimate:	\$1,982.616

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
1. New Orders			
a. Orders from DoD Components:	916.5	888.9	1,192.1
Army	228.1	221.2	286.6
Operations & Maintenance	228.1	221.2	286.6
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Navy	222.2	215.5	274.8
Operations & Maintenance	222.2	215.5	274.8
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Air Force	152.9	148.3	194.5
Operations & Maintenance	152.9	148.3	194.5
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Marine Corps	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Defense-Wide	313.3	303.9	436.2
Operations & Maintenance	313.3	303.9	436.2
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Defense Health Program	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
b. Orders from other Fund Activities	0.0	0.0	0.0
Army Working Capital Funds	0.0	0.0	0.0
Navy Working Capital Funds	0.0	0.0	0.0
Air Force Working Capital Funds	0.0	0.0	0.0
Defense-wide	0.0	0.0	0.0
Other Working Capital Funds	0.0	0.0	0.0
Other	0.0	0.0	0.0
c. Total DoD	916.5	888.9	1,192.1
d. Other Orders:	300.7	291.6	397.4
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	0.1	0.1	0.1
Federal Agencies	300.5	291.5	397.3
Foreign Military Sales	0.0	0.0	0.0

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Total for New Orders	1,217.2	1,180.5	1,589.5
2. Carry-In Orders	41.4	41.4	41.4
3. Total Gross Orders	1,258.6	1,222.0	1,631.0
4. Carry-Out Orders (-)	-41.4	-41.4	-41.4
5. Gross Sales	1,217.2	1,180.5	1,589.5
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	1,217.2	1,180.5	1,589.5
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	1,217.2	1,180.5	1,589.5

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Defense Counterintelligence Security Agency
Revenue and Costs
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Revenue			
Gross Sales	1,217.178	1,180.513	1,589.542
Operations	1,217.178	1,180.513	1,589.542
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	1,217.178	1,180.513	1,589.542
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	447.951	539.856	694.355
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	447.951	539.856	694.355
Travel & Transportation of Personnel	14.712	20.130	20.886
Materials & Supplies (For Internal Operations)	2.594	3.550	3.683
Equipment	27.896	38.171	39.604
Other Purchases from Revolving Funds	4.252	5.818	6.036
Transportation of Things	0.099	0.136	0.141
Capital Investment Recovery (CIR)	0.000	0.000	0.000
Printing & Reproduction	0.422	0.578	0.600
Advisory & Assistance Services	601.638	823.242	854.151
Rent, Communication, Utilities, & Misc. Charges	255.799	350.019	363.160
Other Purchased Services	0.000	0.000	0.000
Total Expenses	1,355.363	1,781.500	1,982.616
Operating Result	-138.185	-600.987	-393.074
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Result	-138.185	-600.987	-393.074
Prior Year AOR	169.136	30.951	-306.536
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	263.500	699.610
Total Accumulated Operating Results for Budget Purposes	30.951	-306.536	0.000