Defense Working Capital Fund

Defense-Wide
Operating and Capital Budgets

Fiscal Year (FY) 2025 Budget Estimates

February 2024

Congressional Data

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DEFENSE-WIDE SUMMARY

Defense-Wide Working Capital Fund (DWWCF) consists of five activity groups. Defense Logistics Agency (DLA) operates three of these activity groups, Defense Information Systems Agency (DISA) operates one activity group, and Defense Finance and Accounting Service (DFAS) operates one activity group.

The mission of DLA is to provide effective and efficient worldwide support to warfighters and other customers. DLA operates the Supply Chain Management (SCM), Energy, and Document Services activity groups. DLA SCM manages materiel from initial acquisition to storage and distribution, and then finally reutilization or disposal. DLA Energy provides comprehensive worldwide energy solutions for the military services and other authorized customers. DLA Document Services provides time sensitive, competitively priced, and high-quality printing and digital services.

Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the warfighters and those who support them.

DISA is chartered to operate three business areas within the Defense-wide Working Capital Fund, including Computing Services, Telecommunications Services, and Enterprise Acquisition Services. DFAS was formed in 1991 to standardize, consolidate, and improve accounting and financial functions throughout the Department of Defense. The mission of DFAS is to deliver financial excellence and quality pay services to its customers utilizing its core values of integrity, service, and innovation.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the estimated DWWCF estimated year end balances for FY 2023, FY 2024, and FY 2025. The plan projects an increase of $52.8 million in cash from the beginning of FY 2023 through the end of FY 2025. DLA projects cash gains in the DLA Energy activity due to a reduction in non-product expenses. DLA SCM activity projects a cash loss due to returning Accumulated Operating Results (AOR) to customers and investments made in service readiness.

Dollars in Millions	FY 2023	FY 2024	FY 2025
Cash, Beginning of Period	**$5,311.3**	**$5,704.1**	**$5,317.3**
Disbursements	$-54,432.1	$-54,381.5	$-54,849.3
Collections	$54,352.3	$53,610.3	$54,893.8
Net Outlays	**$79.8**	**$771.2**	**$-44.5**
Appropriations (Title V): Total	$353.1	$278.1	$0.0
Cash Transfers	$119.5	$106.4	$2.3
Cash, End of Period	**$5,704.1**	**$5,317.4**	**$5,364.1**
Lower Operating Range	$2,377.5	$2,723.8	$2,381.6
Upper Operating Range	$6,236.6	$7,907.4	$7,514.6

FY 2023 Cash: The DWWCF gained $392.8 million in cash mainly due to appropriations and cash transfers of $472.6 million. DLA SCM lost $293.2 million due to materiel receipts outpacing sales, inflationary impacts, investments made for

service readiness, and “earning” the remaining advance billing received in FY 2022 for purchasing and delivering COVID-19 related materiel to the United States Department of Health and Human Services (HHS). DLA Document Services gained $19.9 million. DLA Energy generated a cash gain of $673.8 million. This was made up of -$201 million in net outlays and the receipt of $8.3 million in appropriations for Installation Energy Resilience, $119.5 million transfer-in for the Red Hill response and a $344.8 million appropriation for Red Hill. The DWWCF FY 2023 cash balance is $5,704.1 million.

FY 2024 Cash: The DWWCF projects a cash loss of $386.8 million. The following activities project a cash loss from net outlays: DLA SCM ($763.8 million) and DLA Energy ($84.0M). DLA SCM projects a cash loss due to returning $564.5 million in positive AOR to customers. Other factors contributing to the cash loss are investments made in service readiness and materiel receipts outpacing sales. DLA Energy projects a cash loss due to higher fuel costs. A cash gain is projected from net outlays for: DLA Document Services (-$11.4 million), DFAS Financial Operations (-$29.2 million) and DISA Information Services (-$36.1 million). This submission includes $106.4 million transfer-in for DLA Energy for Red Hill and an additional appropriation of $278.1M. The projected FY 2024 ending cash balance is $5,317.3 million.

FY 2025 Cash: The DWWCF projects a cash gain of $46.8 million. The following activities project a cash loss from net outlays: DLA SCM ($229.0 million), DFAS Financial Operations ($23.7 million), and DISA Information Services ($3.7 million). DLA SCM projects a cash loss due to investments made in service readiness. A cash gain is projected from net outlays for: DLA Energy (-$288.9 million) and DLA Document Services (-$12.0 million). DLA Energy projects a cash gain due to a reduction in non-product expenses. This submission includes $2.3 million in cash transfer-in for Installation Energy Resilience. The projected FY 2025 ending cash balance is $5,364.1 million.

DEFENSE-WIDE WORKING CAPITAL FUND
Source of New Orders & Revenue - Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**37,858**	**35,038**	**35,509**
Army	**7,828**	**7,798**	**8,026**
Operations & Maintenance	3,989	5,960	5,911
Research Development Testing & Evaluation	329	115	152
Procurement	1,073	971	998
Military Construction	946	7	8
Military Personnel	1,206	1,145	1,160
Family Housing	8	3	4
Other	163	80	279
Navy	**9,660**	**8,463**	**8,453**
Operations & Maintenance	7,386	5,094	5,137
Research Development Testing & Evaluation	208	23	2
Procurement	1,054	565	572
Military Construction	0	259	265
Military Personnel	524	431	437
Family Housing	0	0	0
Other	252	300	220
Air Force	**8,310**	**6,928**	**6,948**
Operations & Maintenance	7,088	6,877	6,237
Research Development Testing & Evaluation	193	88	88
Procurement	426	574	520
Military Construction	0	0	0
Military Personnel	60	89	79
Family Housing	2	2	0
Other	214	-496	264
Marine Corps	**1,816**	**1,571**	**1,602**
Operations & Maintenance	989	604	618
Research Development Testing & Evaluation	1	0	0
Procurement	467	297	302
Military Construction	0	0	0
Military Personnel	204	192	194
Family Housing	0	0	0
Other	0	-2	0
Defense-Wide	**10,244**	**10,279**	**10,481**
Operations & Maintenance	2,759	3,108	3,146
Research Development Testing & Evaluation	580	147	137
Procurement	644	119	119
Military Construction	0	1	1
Defense Health Program	2,823	2,676	2,712
Family Housing	0	0	0

DEFENSE-WIDE WORKING CAPITAL FUND
Source of New Orders & Revenue - Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	FY 2023	FY 2024	FY 2025
Other	3,238	2,908	3,024
b. Orders from other Fund Activities	**13,626**	**12,094**	**12,287**
Army Working Capital Funds	3,240	2,335	2,372
Navy Working Capital Funds	3,265	2,321	2,372
Air Force Working Capital Funds	6,119	6,777	6,546
Defense-wide	352	789	818
Other Working Capital Funds	518	113	115
Other	53	-327	-29
c. Total DoD	**51,484**	**47,132**	**47,796**
d. Other Orders:	**6,459**	**7,652**	**7,789**
Exchange Activities	0	0	0
Trust Funds	38	45	46
Non-Federal Agencies	1,003	1,007	1,033
Federal Agencies	1,552	4,639	4,719
Foreign Military Sales	2,270	1,102	1,120
Total for New Orders	**57,944**	**54,784**	**55,585**
2. Carry-In Orders	13,029	4,294	6,494
3. Total Gross Orders	**70,973**	**59,078**	**62,079**
4. Carry-Out Orders (-)	-15,374	-4,792	-6,043
5. Gross Sales	**55,599**	**54,286**	**56,036**
6. Credit (-)	-352	-887	-915
7. Net Sales	**55,247**	**53,399**	**55,121**
8. Reimbursable Sales/Other Income	1,040	129	129
9. Total Revenue	**56,286**	**53,528**	**55,250**

DEFENSE-WIDE WORKING CAPITAL FUND
Revenue and Expenses - Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**54,155.1**	**51,462.5**	**53,105.7**
Operations	53,990.3	51,205.7	52,841.7
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	164.8	256.8	264.1
Other Income	2,572.1	3,082.4	3,190.3
Refunds/Discounts (-)	-441.0	-1,016.8	-1,045.8
Total Income	**56,286.2**	**53,528.0**	**55,250.2**
Costs			
Cost of Material Sold from Inventory	35,898.7	32,371.4	33,504.3
Salaries and Wages:	4,758.5	5,275.2	5,523.6
Military Personnel Compensation & Benefits	62.2	68.4	70.1
Civilian Personnel Compensation & Benefits	4,696.2	5,206.8	5,453.4
Travel & Transportation of Personnel	48.7	81.6	86.9
Materials & Supplies (For Internal Operations)	338.7	111.3	115.1
Equipment	149.6	182.6	188.0
Other Purchases from Revolving Funds	665.6	776.9	804.5
Transportation of Things	1,017.2	1,258.5	1,249.2
Capital Investment Recovery (CIR)	170.8	217.2	230.1
Printing & Reproduction	70.0	59.7	61.3
Advisory & Assistance Services	186.6	202.4	183.2
Rent, Communication, Utilities, & Misc. Charges	2,414.5	2,756.5	2,758.2
Other Purchased Services	8,563.2	11,037.7	10,173.0
Total Expenses	**54,528.7**	**54,480.9**	**55,032.1**
Operating Result	**1,757.6**	**-952.8**	**218.1**
Other Adjustments Affecting NOR	**196.4**	**326.1**	**-54.7**
Net Operating Result	**1,954.0**	**-626.7**	**163.4**
Prior Year AOR	4,636.0	5,210.5	4,595.3
Other Changes Affecting AOR	427.8	11.5	0.0
Non-Recoverable AOR	-1,807.4	0.0	-719.0
Deferred AOR	0.0	0.0	-4,039.7
Total Accumulated Operating Results for Budget Purposes	**5,210.5**	**4,595.2**	**0.0**

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Defense Working Capital Fund
Defense-Wide Operating Budgets

Fiscal Year (FY) 2025 Budget Estimates
February 2024

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Defense Working Capital Fund
Defense Finance and Accounting Service
Operating Budget

Fiscal Year (FY) 2025 Budget Estimates
February 2024

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DEFENSE FINANCE AND ACCOUNTING SERVICE

Overview

As one of the world's largest finance and accounting operations, the Defense Finance and Accounting Service (DFAS) builds on its core values of Integrity, Service, and Innovation to lead the Department of Defense (DoD) in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

Established to leverage economies of scale and scope by centralizing various finance, accounting, human resources, and financial systems management services, DFAS effectively employs data transparency and customer collaboration to steadily and continually drive efficiencies. Since its inception, DFAS has consolidated more than 300 installation-level offices into ten sites and reduced the number of systems in use from 330 to 74.

As a Working Capital Fund, DFAS obtains its funding by charging customers for services provided, rather than through direct appropriations. DFAS establishes stabilized customer rates annually in advance of execution based upon anticipated workload, estimated costs, and prior year gains or losses, with the goal of breaking even over the long run and maintaining sufficient cash to meet daily operations.

DFAS is committed to exceptional customer service, delivering accurate and timely finance and accounting services at the lowest cost, while utilizing electronic processes wherever possible. DFAS works in partnership with the Office of the Secretary of Defense (OSD), Military Services, Defense Agencies, and Combatant Commands to provide timely business information to key decision-makers. By focusing on the finance and accounting needs of the Military Services, DFAS allows warfighters to better concentrate on their missions.

DFAS pays DoD military and civilian personnel, military retirees and annuitants, as well as major DoD contractors and vendors. DFAS also functions as a shared services provider, delivering services to federal customers outside the DoD. On behalf of all customers, DFAS disburses nearly $600 billion each year, while providing a diverse range of accounting services, customer support, and financial reporting to assist customers in tracking funds and managing their budgets. The range and breadth of accounting, financial management, and support services provided to customers are briefly outlined below.

Audit Support Services:

DFAS is leading the way toward the Department's goal of achieving fully-auditable financial statements. DFAS has now sustained 24 consecutive unmodified opinions on the DFAS Working Capital Fund (WCF), 29 consecutive unmodified opinions on the Military Retirement Fund, eight consecutive unmodified opinions on Non-Appropriated Fund (NAF) Financial Services, 21 consecutive modified opinions for the Medicare-Eligible Retiree Health Care Fund, as well as achieved unmodified audit opinions on Statement on Standards for Attestation Engagements (SSAEs) for DFAS' internal functions of Military Payroll, Civilian Payroll, Disbursing, Contract Pay, and Vendor Pay (CAPS-W, One Pay, IAPS, and GFEBS). In addition, DFAS exceeded its Federal Information System Controls Audit Manual (FISCAM) goals, with a 96 percent system controls pass rate.

Military/Civilian Pay Services:

Annually, DFAS processes over 135.4 million pay transactions for more than six million payroll customers, and manages $1.8 trillion in Military Retirement and Health Benefits Funds. DFAS pays all military retirees and annuitants, as

well as DoD civilian personnel and non-DoD customers including the Department of Veterans Affairs and the Executive Office of the President.

DFAS is actively supporting the transfer of the Military Pay mission to the Services for better alignment of workload and to generate efficiencies from the integration of personnel and pay. Currently DFAS performs end to end processing for Army and US Navy active and reserve military members and provides support for active and reserve military pay functions for Air Force and Marine Corps.

Commercial Pay Services:

DFAS processes nearly 12 million commercial invoices annually while reducing unit costs through increased use of electronic commerce (e.g. electronic receipt of contracts, invoices, and receiving reports). This, along with other process improvements, has resulted in reduced cycle times, fewer errors, and less rework, freeing up additional personnel and customer resources to support the warfighter.

DFAS continues to work with customers to transition workload from legacy systems to the Enterprise Resource Planning (ERP) system environment with Defense Enterprise Accounting and Management System (DEAMS) for the Air Force, General Fund Enterprise Business System (GFEBS) for the Army, Navy Enterprise Resource Planning (Navy ERP) for the Navy, and Defense Agencies Initiative (DAI) for the Defense Agencies.

Accounting Operations Services:

DFAS accounts for 1,601 active DoD appropriations by maintaining 50.7 million general ledger accounts. Accounting Operations provides responsive and professional financial management, accounting, analysis, and consultation services with a focus on helping the DoD and other customers become more audit ready every day. Accounting services provided on a Direct Billable Hour (DBH) basis include General Ledger (GL) reconciliations, Journal Voucher (JV) postings, United States Treasury reporting, billing, payment demand letters and collections, error clearing, problem disbursement work, systems access request processing, and many other accounting services.

Information Technology (IT) Services:

Robust investment in building and maintaining secure and audit-steady accounting, disbursing, and payroll systems is core to success of the DFAS mission. The constantly-evolving technological environment necessitates continuous management focus on IT planning, development and maintenance of systems, evolving cybersecurity threats, and maintaining essential computing infrastructure.

DFAS is focused on investing in target environment systems to consolidate capabilities into a modernized systems base, to permit retirement of legacy systems, and to realize reduced systems maintenance costs. DFAS has successfully retired 27 legacy systems between FY 2017 and FY 2023 and is partnering with customers to achieve additional legacy system retirements through FY 2026. Additionally, DFAS is continuing to test, validate, and update systems and processes in support of sustained auditability.

Budget Strategy

DFAS builds and executes its budget mindful that every dollar counts and that resourcing the warfighter is the top priority. To ensure that accounting and financial management resources are directed to the most critical requirements, DFAS has outlined the FY 2025 budget to align with four key strategic priorities:

- Strengthen Customer Partnerships: DFAS will partner with customers to provide modernized shared services, increase standardization of business systems and processes, advance data analytics for business insights, and strengthen audit support to achieve the Department's audit goals.

- Enhance Performance: DFAS will work to achieve key cost, schedule, and performance metrics, and continuously improve productivity to remain a competitive shared service provider. Through customer collaboration, DFAS will actively work to identify and resolve process gaps, strengthen controls, and support delivery of efficient value-added services for its customers.

- Modernizing the Business Environment: DFAS is focused on reforming processes and systems to modernize, drive cost savings, and continue to provide competitive shared service value in the Department's financial management community. This focus will ensure valuable resources are dedicated to supporting a ready and capable force.

- Investing in People: Employees are DFAS' most important asset and the foundation for achieving the other strategic priorities. In support of its people, DFAS will establish a collaborative process where employees will, at the onset, develop, share, and replicate best practices, reaching across organization boundaries to implement enterprise-wide solutions. DFAS will focus on digital technologies, data analytics, and core financial expertise to provide value in an increasingly digital business environment.

Budget Assumptions

DFAS bases budget assumptions and cost estimates on specific business needs required to meet customer workload forecasts. As a Working Capital Fund, DFAS has flexibility to adapt its execution plan in response to evolving customer requirements. Since its inception in 1991, DFAS has continually achieved measurable improvements in productivity, which help offset growing workload requirements and the rising cost of labor.

The FY 2025 budget incorporates the following assumptions:

- Full resourcing in support of customer audit assertion and audit remediation as part of the DoD mandate to produce auditable financial statements and improve data integrity

- Reducing or eliminating legacy system expenses, wherever possible, while transitioning to target systems environments

- Full Military Pay mission support budgeted for the Army, Navy, and Marine Corps, as these Services work towards implementing personnel and pay systems beyond FY 2025

- Optimization of the Civilian Pay mission to improve the customer experience, reduce process inconsistencies, and standardize reporting structures

- Information and Technology investments for DFAS Blue Cloud Environment (DBCE), Fourth Estate Network Optimization transition to DISA, technology refreshes (PowerBuilder, SharePoint, etc.), and system hosting and licenses

- Accelerate modernization of the Defense Retiree and Annuitant System (DRAS) due to the cancellation of DRAS2

- Incorporates resourcing for Robotics Process Automation and Artificial Intelligence investments targeting manual processes to improve internal controls, increase speed and accuracy, and enhance standardization

- The FY 2025 budget reflects a 2.0% civilian labor inflation assumption
- The FY 2025 budget has been set to break even, with expenses and revenue set equal

Reform Initiatives

DFAS is actively engaged in reform initiatives related to its mission and in support of the National Defense Strategy, in partnership with OSD, the Military Services, and Defense Agencies. Continuous partnership on Department sponsored efficiency initiatives has provided better alignment of resources to ensure greater buying power.

DFAS is actively tracking the reduction of legacy systems. The DFAS FY 2025 budget reflects savings from the Reduced Legacy Systems (RLS) initiative, where savings have been incorporated into customer billing rates. The below chart outlines DFAS' progress to date on its RLS plan:

Reform Operation Title	Item/Service or Category	Current Year Projected Sales	Current Year Savings	Budget Year Projected Sales	Budget Year Savings
Reduce Legacy Systems - CRISPS, SNIPS, PMIS, DFRRS	People Pay Mission Area	$ -	$ 0.35	$ -	$ 0.35
Reduce Legacy Systems - ICPS, DRO	Disbursing Mission Area	$ -	$ 1.15	$ -	$ 0.06
Reduce Legacy Systems - TSS, OLRV	Commercial Pay Mission Area	$ -	$ 0.80	$ -	$ 0.61
Reduce Legacy Systems - TBO, CORAS, DIT, CRS, IBOP, RECERT, SAMS, CHOOSE, SID, DWAS, DBMS, NFT, SS, MOCAS MT, NIMMS, DRRT, EBIZ, STARS, SWAP	Direct Systems Reimbursement	$ -	$ 11.84	$ -	$ 14.86
	Total	$ -	$ 14.14	$ -	$ 15.88
($ in millions)					

Operating Budget Summary

The following tables provide the DFAS estimates for revenue, cost, cash, and personnel levels.

Revenue and Expenses
($ in Millions)

	FY 2023	FY 2024	FY 2025
Revenue	$1,565.1	$1,640.7	$1,649.3
Cost of Operations	$1,549.4	$1,632.1	$1,649.4
Operating Results	$15.7	$8.6	($0.1)
Adjustment for Unfunded Depreciation on Non-DFAS Acquired PP&E	$7.1	$1.5	$0.1
Other Adjustment to NOR	$0.0	$0.0	$0.0
Recoverable Net Operating Results (NOR)	$22.8	$10.1	$0.0
Accumulated Operating Results (AOR) – Beginning	$7.4	$30.2	$34.7
Other Changes Affecting AOR	$0.0	($5.6)	$0.0
Adjustment for Recoverable/Deferred AOR	$0.0	$0.0	($34.7)
Recoverable AOR - Ending	$30.2	$34.7	$0.0

DFAS will make its positive AOR non-recoverable through FY 2025 to ensure sufficient cash to support ongoing daily operations. Decisions on future AOR adjustments will be re-evaluated each year based on operating results and cash requirements.

Cash

	PB 2025
Operating Range	$335.0M
Risk Mitigation Cash	$98.8M
Reserve Cash	$20.0M

DFAS monitors its cash balance throughout the year and budgets to ensure the agency maintains a sufficient balance to meet operating, capital investment, and other justified requirements throughout the year and into the subsequent year. The DFAS operating range is calculated based on an average of the highest net outlay point over the three previous fiscal years. The DFAS risk mitigation range is built to cover one month of non-discretionary labor disbursements (approximately 80% of total DFAS disbursements).

DFAS operates on a monthly collection cycle and would utilize risk mitigation cash to maintain a positive daily cash balance until the next collection, if needed. DFAS utilizes cash reserves to return unplanned AOR in future years, for cash recovery, or to cover the liquidation of future capital outlays, as needed. DFAS is holding cash reserves to support capital outlays for the modernization of the DRAS system that will outlay primarily over a three year period beginning in FY 2024.

Personnel

	FY 2023	FY 2024	FY 2025
Direct Hire Civilian FTEs	10,734	10,870	10,823
Indirect Hire Foreign National FTEs	187	200	200
Civilian End Strength	10,921	11,070	11,023
Military End Strength	24	24	24

Capital Investment Program
($ in Millions)

	FY 2023	FY 2024	FY 2025
Total Obligations	$ 6.7	$ 18.2	$ 0.0
Total Capital Outlays	$ 7.8	$ 14.6	$ 36.2

A pre-investment economic analysis has been completed for all capital investments included in these budget exhibits.

Automatic Data Processing Equipment (ADPE) and Telecommunications Equipment

There are no ADPE or Telecommunications projects scheduled for FY2025.

The FY2024 telecommunications includes a project for the installation and configuration of teleconferencing equipment for an estimated 160 meeting rooms across DFAS. The return to work initiative will have employees in the building and teleworking from home. DFAS leadership wants to ensure meeting rooms are outfitted with the ability to meet as a group on Microsoft Teams as is available on individual computers.

Software Development

There are no software development projects scheduled for FY2025.

The FY 2024 software development includes a project for the Defense Cash Accountability System (DCAS) to subsume Defense Cash Management System (DCMS) functionality. DCAS has a DFAS Reduce Legacy Systems related requirement to assume the functionality currently performed by three modules in the DCMS: DCMS Cash Accountability (DCA), Merged Accountability and Fund Reporting (MAFR), and Interfund Billing System (IBS). The scope of this project will include DCAS subsuming this functionality from DCMS. There is also a project for contracted software development services to transfer certain capabilities and functionalities from the PBAS to the EFD system. The PBAS-OC system is planning to retire as of September 30, 2025, as part of the Reduced Legacy System (RLS). The transferred capabilities and functionalities will include interfaces new to EFD: obligation authority, FAD generation, and general ledger accounting for FMS case management. Another project is for the DFAS tax office to convert unauthorized - Information Technology (U-IT) to Authorized - Information Technology (A-IT) and add it to the existing 1099 PRO architecture. This will code interfaces into the architecture hosted at DISA on Stratus. These interfaces will bring in future years tax data and then that data will be imported into 1099 PRO. Finally, there is a project for the development of daily reporting capabilities from the ADS system to Treasury. At a high level, this system change request (SCR) will enable ADS to feed data in the Standard Reporting Format (SRF) to the Payment Information Repository (PIR) with business from Disbursing Station Symbol Number (DSSN) 8522 for a new Agency Location Code (ALC). Treasury Accounting Symbol (TAS) – Business Event Type Code (BETC) data is sent by ADS to Treasury. The following five interfaces are planned to be coded: PIR Automated Clearing House (ACH) (Sent to PIR and DCAS via Global Exchange (GEX)), PIR DATA (Sent to PIR and Defense Cash Accountability System (DCAS) via GEX), SRF Data (DCAS via GEX), CTA Bulk (Manual Upload to CARS), SAM (Treasury Accounting Symbol (TAS) / Business Event Type Code (BETC) File into ADS).

Minor Construction

There are no Minor Construction projects scheduled for FY2025.

The FY24 Minor Construction includes a project for DFAS Indianapolis to allow for the Joint Defense Accounting Center (JDAC) 1 space to be reaccredited as a Defense Intelligence Agency (DIA) secure space while at the same time increasing the ability for secure conferences and future mission growth. This project will extend the life of the JDAC by bringing the space up to the new DIA secure space requirement and allowing for secure meeting within the United States Special Operations Command (SOCOM) conference room.

There is also a request for additional funding in FY24 for the FY22 Cleveland Physical Access Control System (PACS) project (will have a FY22 LOA). This project is to purchase and install a PACS system that will allow centralized secured access permissions and will bring the DFAS Cleveland facility up the DoD physical access requirements. It will require facility modifications for the areas of the access control point installations. The project will include the permanent installation of PACS, including affixing and wiring, on 75 doors (down from 139 doors due to giving up some floors in the AJC building) throughout the building. The work will additionally include the replacement or modification of some doors at these control points to bring them up to Fire and Life Safety requirements. Delays due to COVID and finalizing the long-term plan for the number of floors DFAS will maintain in the new telework environment has delayed the project. GSA has provided a new estimate of $3.053M for the project, this is driving the need for an additional $1.137M in funding for the project.

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Defense Finance and Accounting Service
Changes in the Costs of Operation
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	Costs
FY 2023 Enacted:	**$1,549.380**
FY 2024 Estimate in President's Budget:	**$1,579.369**
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	**0.000**
Pricing Adjustments:	**68.546**
Inflation Adjustment	7.747
Annualization Prior Year Pay Raise	13.792
FY 2023 Civilian Pay Raise	47.007
Program Changes:	**14.292**
Travel & Transportation of Personnel	2.378
Civilian Personnel Compensation	3.076
Material & Supplies	-0.651
Other Purchases from Revolving Funds	0.877
Transportation of Things	-0.060
Depreciation	-11.486
Printing & Reproduction	-0.527
Advisory & Assistance Services	2.520
Rent, Communication, Utilities and Misc. Charges	0.364
Other Purchased Service	17.799
FY 2024 Current Estimate:	**$1,632.218**
Pricing Adjustments:	**42.846**
FY 2024 Civilian Pay Raise	19.035
Annualization Prior Year Pay Raise	16.481
Inflation Adjustment	7.330
Productivity Initiatives and Other Efficiencies:	**0.000**
Program Changes:	**-25.594**
Other Purchased Service	4.816
Rent, Communication, Utilities and Misc. Charges	-1.179
Advisory & Assistance Services	-9.979
Printing & Reproduction	0.008
Depreciation	-2.580
Other Purchases from Revolving Funds	-17.161
Material & Supplies	0.374
Travel & Transportation of Personnel	-1.307
Civilian Personnel Compensation	1.451
Transportation of Things	-0.036
FY 2025 Estimate:	**$1,649.470**

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Defense Finance and Accounting Service
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**1,273.0**	**1,366.1**	**1,346.0**
Army	**477.3**	**503.4**	**509.5**
Operations & Maintenance	477.3	503.4	509.3
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	0.2
Other	0.0	0.0	0.0
Navy	**275.5**	**295.6**	**292.9**
Operations & Maintenance	274.3	294.4	291.6
Research Development Testing & Evaluation	1.2	1.2	1.3
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	**322.1**	**342.3**	**329.3**
Operations & Maintenance	322.1	342.3	329.3
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	**52.5**	**53.8**	**53.8**
Operations & Maintenance	52.5	53.8	53.8
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
Defense-Wide	**145.6**	**170.9**	**160.5**
Operations & Maintenance	127.0	147.6	141.1
Research Development Testing & Evaluation	18.6	23.3	19.4
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

Defense Finance and Accounting Service
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	FY 2023	FY 2024	FY 2025
Other	0.0	0.0	0.0
b. Orders from other Fund Activities	**139.3**	**130.2**	**148.1**
Army Working Capital Funds	12.5	13.5	13.9
Navy Working Capital Funds	0.0	0.0	0.0
Air Force Working Capital Funds	29.1	29.4	26.4
Defense-wide	86.2	72.1	93.2
DLA, Defense Working Capital Fund	52.3	55.2	55.7
DFAS, Defense Working Capital Fund	2.1	0.0	2.9
DISA, Working Capital Fund	16.0	0.0	17.8
Defense Commissary Agency	15.8	16.8	16.8
Other Working Capital Funds	11.4	15.2	14.6
Defense Technology Security Administration	0.0	0.0	0.0
Defense Counterintelligence and Security Agency	0.0	1.2	1.4
US Transportation Command	11.4	13.4	12.5
Defense Technical Information Center	0.0	0.0	0.0
Washington Headquarters Services	0.0	0.5	0.6
Other	0.0	0.0	0.0
c. Total DoD	**1,412.3**	**1,496.3**	**1,494.1**
d. Other Orders:	**152.8**	**144.4**	**155.2**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0
Federal Agencies	77.4	71.8	80.6
Foreign Military Sales	75.4	72.7	74.6
Total for New Orders	**1,565.1**	**1,640.7**	**1,649.3**
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	**1,565.1**	**1,640.7**	**1,649.3**
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	**1,565.1**	**1,640.7**	**1,649.3**
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	**1,565.1**	**1,640.7**	**1,649.3**
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	**1,565.1**	**1,640.7**	**1,649.3**

Defense Finance and Accounting Service
Revenue and Expenses
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**1,565.1**	**1,640.7**	**1,649.3**
Operations	1,549.5	1,627.1	1,636.8
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	15.6	13.6	12.4
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income	**1,565.1**	**1,640.7**	**1,649.3**
Costs			
Cost of Material Sold from Inventory	0.0	0.0	0.0
Salaries and Wages:	1,203.9	1,267.8	1,304.7
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	1,203.9	1,267.8	1,304.7
Travel & Transportation of Personnel	3.0	5.5	4.3
Materials & Supplies (For Internal Operations)	1.3	0.7	1.1
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	133.2	137.3	123.0
Transportation of Things	0.6	0.6	0.5
Capital Investment Recovery (CIR)	26.6	15.1	12.6
Printing & Reproduction	0.5	0.0	0.0
Advisory & Assistance Services	34.1	37.5	28.3
Rent, Communication, Utilities, & Misc. Charges	22.1	23.0	22.3
Other Purchased Services	123.9	144.7	152.6
Total Expenses	**1,549.4**	**1,632.1**	**1,649.4**
Operating Result	**15.7**	**8.6**	**-0.1**
Other Adjustments Affecting NOR	**7.1**	**1.5**	**0.1**
Depreciation, Non-DWCF Acquired PP&E	7.1	1.5	0.1
Net Operating Result	**22.8**	**10.1**	**0.0**
Prior Year AOR	7.4	30.2	34.7
Other Changes Affecting AOR	0.0	-5.6	0.0
Non-Recoverable AOR	0.0	0.0	0.0
Deferred AOR	0.0	0.0	-34.7
Total Accumulated Operating Results for Budget Purposes	**30.2**	**34.7**	**0.0**

Defense Working Capital Fund
Defense Information Systems Agency

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

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Information Services Activity Group

Overview

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the warfighters and those who support them.

The DoD information environment is designed to optimize use of the DoD IT assets, converging communications, computing, and enterprise services into a single joint platform that can be leveraged for all DoD missions. These efforts improve mission effectiveness, reduce total cost of ownership, reduce the attack surface of our networks, and enable DISA's mission partners to more efficiently access the information resources of the enterprise to perform their missions from any authorized IT device anywhere in the world. The DISA continues its efforts towards realization of an integrated Department-wide implementation of the DoD information environment through development, integration, and synchronization of technical plans, programs, and capabilities.

The DISA is uniquely positioned to provide the kind of streamlined, rationalized enterprise solutions the Department is looking for to effect IT transformation. The DISA owns/operates enterprise and cloud-capable DISA data centers, the worldwide Defense Information Systems Network (DISN), and the Defense Information Technology Contracting Organization (DITCO). The DISA data centers have been identified as Continental United States (CONUS) Core Data Centers (CDCs).

Several major initiatives reflect this focus on DISA being the premier, best value, enterprise IT provider for the Department of Defense:

- The DISA has led efforts to implement and manage Defense Enterprise Office Solutions, which is a commercially provided, cloud-based enterprise service for common communication, collaboration, and productivity services. As a result, DISA has affected the decommissioning of legacy email, video, and audio-conferencing services and this budget reflects continued progress towards eliminating additional legacy capabilities.
- The Fourth Estate Network Optimization reform initiative includes the convergence of DoD networks, service desks, and operations centers into a consolidated, secure, and effective environment.
- The DISA has deployed an on-premise cloud hosting capability and commercial cloud access infrastructure to enable the Department's migration to cloud computing, a reduced data center footprint, and streamlined cybersecurity infrastructure.
- This budget includes efforts to modernize the management of the network backbone by moving network management tools to the commercial cloud; moving to cloud-based platforms allows the network operator to gain access to accurate and real time data which allows more timely decisions to support the warfighter.

- Implementation of the Joint Warfighting Cloud Capability (JWCC) which is a multiple award contract vehicle providing the DoD with direct access to multiple Cloud Service Providers (CSPs) to acquire commercial cloud capabilities and services at the speed of mission - at all classification levels - from headquarters to the tactical edge. Direct awards with the CSPs also allows for streamlined provisioning of cloud services, fortified security, and commercial pricing parity.

The DISA operates the Information Services Activity Group within the Defense-Wide Working Capital Fund (DWWCF), which consists of three business areas: **Computing Services (CS), Telecommunications Services (TS),** and **Enterprise Acquisition Services (EAS).** For rate setting purposes, the DISA assesses profit/loss factors at the agency level. Billing rates include a capital asset surcharge in three areas: to support technology refreshment for the Defense Information Systems Network (DISN); to recover the cost of capital investments in support of the Fourth Estate Network Optimization reform initiative; and to recover prior year investments into the Pacific Enterprise Services – Hawaii program which is sunsetting mid-FY 2025.

The DISA is pursuing one Performance Improvement Initiative (PII) related to services offered in the ISAG portfolio. This budget includes support of the “Joint Service Provider (JSP) Help Desk Modernization” effort in which tools to improve IT service management performance are being provided on a reimbursable basis.

This budget includes a plan to defer $162.2 million in Accumulated Operating Result (AOR) in FY 2025 to maintain a stable cash position. DISA will address the impact to customers in the FY 2026 President’s Budget.

Key Budget Data

($ in millions)	FY 2023	FY 2024	FY 2025
Revenue	$8,064.3	$8,631.4	$8,855.2
Expense	$7,914.6	$8,608.3	$8,752.3
Net Operating Result	$149.7	$23.2	$102.9
Capital Surcharge Reservation Adjustment	($283.3)	($59.8)	($57.1)
Adjusted Net Operating Result	($133.6)	($36.6)	$45.8
Prior Year Accumulated Operating Result (AOR)	$286.0	$152.3	$116.4
AOR Adjustments	$0.0	$0.7	$0.0
Deferred AOR	$0.0	$0.0	($162.2)

Ending AOR	$152.3	$116.4	$0.0
Capital Budget	$108.4	$207.7	$214.2
Civilian Workyears	3,456	3,679	4,064
Military End Strength	20	17	17

The table above provides a summary of the financial accounts and personnel levels reflected in this budget request for the Information Services activity group. Data in all tables may not add due to rounding.

Rate Changes for Major Programs

In FY 2025, rates for Computing Services increase by 5.00% in the aggregate. The price of the DISN Infrastructure Services (DISN IS) increases by 5.50%. Pricing for other telecommunications services increase by 3.23% in the aggregate. The standard contracting fee and the Joint Enterprise Licensing Agreement (JELA) fee remains unchanged at 2.25% and 0.50%, respectfully.

Business Area	Major Service Offering	FY 2025 Rate/Fee	Percent Change
Computing Services	Composite Rate	-	+5.00%
Telecommunications Services	DISN Infrastructure Services Price	-	+5.50%
	Other Telecommunications Services	-	+3.23%
Enterprise Acquisition Services	Standard IT Contracting Fee	2.25%	0.00%
	Joint Enterprise License Agreement Contracting Fee	0.50%	0.00%

Cash Requirement

Cash Requirement ($ in millions)		FY 2023	FY 2024	FY 2025
1.	**Rate of Disbursement (total across all business areas)**	$202.8	$216.4	$227.1
1a.	Total Disbursements	$7,910.4	$8,440.8	$8,858.8
1b.	Collection Cycles	39	39	39
2.	**Range of Operation**	$497.3	$401.3	$404.5
2a.	Upper Bound of Expected Operating Range	$724.5	$632.7	$639.5
2b.	Lower Bound of Expected Operating Range	$227.2	$231.3	$235.0
3.	**Risk Mitigation (3 days of average disbursements)**	$65.0	$69.2	$72.8
4.	**Reserves**	$162.2	$162.2	$162.2
	Ending Cash Balance	$ 305.1	$341.2	$337.6

The DISA considers the following key metrics when developing the budgeted cash requirement: average rate of disbursement, range of operation, risk mitigation, and reserves.

Rate of Disbursement: The rate of disbursement is calculated based on the average volume of disbursements between large collections. The DISA applies different billing rules for different lines of businesses. These differences are largely driven by system processes or contract stipulations. Telecommunications Services are billed once a month, Computing Services are billed twice a month and IT Services are generally billed four times a month. Therefore, collections are posted on multiple days throughout each month. In FY 2023, the DISA experienced an average of 7.6 days between large collections across all business areas. At total disbursements of $7.9 billion, this comes out to an average aggregate amount of $202.8 million disbursed between collection cycles.

The expected rate of disbursement in FY 2024 and FY 2025 assumes the same number of average days between collections and is adjusted for projected business volume.

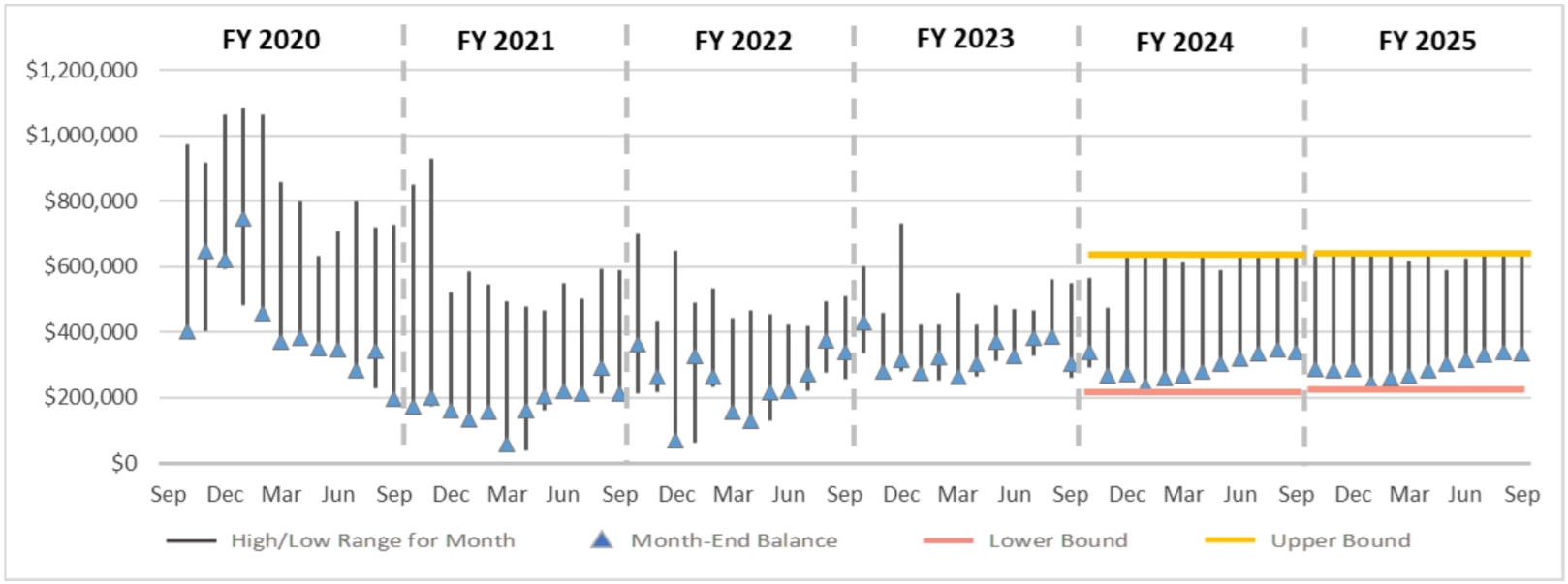
Range of Operation: The expected range of operation is largely based on analysis of prior year execution. From FY 2019 to FY 2023, the average difference between the high cash balance and low cash balance for each fiscal year was $735.4 million. Actual ranges are provided in the following table.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
High	$1,019.6	$1,085.0	$929.1	$701.9	$724.5
Low	$240.2	$212.0	$39.4	$64.1	$227.2
Range	**$779.4**	**$872.9**	**$889.7**	**$637.7**	**$497.3**

DISA had been setting rates below unit cost over that period to return prior year profits back to customers. This increased the range of operation for those fiscal years because cash balances began the year above DISA's calculated cash requirement and were intentionally driven lower via realized losses. Prior year and projected cash execution are included in the following chart. The final day of each month is typically the low point for monthly cash balances given the timing of billing cycles and collections.

Risk Mitigation: DISA has included a risk mitigation factor of three days of disbursements to address the potential for unplanned losses/lower cash execution.

Reserves: DISA is deferring $162.2 million of AOR to FY 2026 which will be held as a cash reserve. DISA is unable to return profits back to customers at this time due to higher execution levels than planned.


FY 2020
FY 2021
FY 2022
FY 2023
FY 2024
FY 2025
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep
High/Low Range for Month
Month-End Balance
Lower Bound
Upper Bound

Computing Services

Overview

The Computing Services business area operates the DoD Core Data Centers, which provide mainframe and server processing operations, data storage, production support, technical services, and end- user assistance for command and control, combat support, and enterprise services across the Department of Defense (DoD).

DISA's Computing Services business area currently operates eleven data centers: six in the continental United States (CONUS) and five outside the continental United States (OCONUS). CONUS data centers are configured to support a broad range of Department of Defense computing requirements while OCONUS data centers are designed for more regional requirements. The computing facilities continue to be highly accessible and secure data processing centers with dual, high-capacity connectivity to the Defense Information Systems Network and organic defense in-depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources and to gain economies of scale. Additionally, Computing Services provides "assured computing," whereby all mission-critical data is continuously available to customers.

The DISA data centers employ highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment to over four million users through:

- 17 mainframes
- Approximately 9,000 servers
- Approximately 110,000 terabytes of storage
- Approximately 219,000 square feet of raised floor
- Approximately 3,600 network devices

- Survivable connectivity to the Defense Information Systems Network core

The subsequent table displays the locations of data centers currently operated by DISA.

Data Center Locations
Mechanicsburg, PA Montgomery, AL Oklahoma City, OK Ogden, UT Columbus, OH San Antonio, TX
Europe (Stuttgart, Germany) Europe (Wiesbaden, Germany Bahrain (*Temporary Enterprise Computing Center with new MILCON Facility in FY 2029*) Yokota, Japan Ford Island, Hawaii

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the DoD components to:

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets
- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment and supplies
- Manage the information for the medical environment and patient care
- Support DoD business, contracting, financial, payroll and eBusiness applications

The DoD Chief Information Officer (CIO) is leading efforts within the Department to consolidate data centers, continue the adoption of enterprise services, and foster adoption of cloud computing—all of which directly affect DISA's Computing Services. The CDCs are highly capable, highly resilient data centers providing standardized hosting and storage services to the enterprise within the Single Security Architecture. CDCs also enable a significant reduction in the total number of DoD data centers by serving as consolidation points for computing and storage services currently hosted across hundreds of component facilities.

Service Descriptions

The Computing Services business area provides a variety of services tailored to the demands of the Department of Defense's information systems. This includes server and mainframe processing and storage, basic and optional services, cloud services, and enterprise services.

Enterprise infrastructure services continue to move the Department's data processing toward more centralized and standardized solutions. The Enterprise infrastructure enables a collaborative environment and trusted information sharing end-to-end that can adapt to rapidly changing conditions with the goal of protected data on protected networks. Major service offerings are discussed in further detail subsequently:

Traditional Server Hosting and Virtualization Services provide managed hosting solutions for mission partners that need DISA to provide the labor, hardware, and software required to manage and maintain their server Operating Environments (OEs). This includes mandatory services for traditionally hosted applications, such as systems administration, cybersecurity administration, hardware services, and optional services such as application support/web administration and database administration. Rates are tailored to the attributes of the mission partner's workload (e.g., processing power allocated to the OEs, virtual vs. physical OEs, and type of hardware).

Server Storage Services include a wide array of storage offerings tailored to each mission partner's level of service required to meet maximum acceptable data loss and minimum acceptable recovery time for each application. Rates charged are based on the usable gigabyte of storage allocated per month and the level of service requested by the mission partner for data recovery.

Large-scale Mainframe Computing Hardware & Software Processing includes multiple applications and processes throughout the Department of Defense in support of the warfighter on IBM System z platforms. This support includes the latest hardware through capacity services contracts, updating and maintaining operating systems, and all necessary software, and unique technical expertise. Capabilities include traditional mainframe as well as modernized Linux virtualization and containerized platform hosting.

DoD Enterprise Email (DEE) provides email services to end users at any location globally in a secure manner. All DEE accounts on the Non-classified Internet Protocol Router Network (NIPR) were decommissioned by the end of FY 2022 as the DoD migrated to the Defense Enterprise Office Solutions (DEOS) DoD365-J tenant. This budget assumes DEE accounts on the Secret Internet Protocol Router Network (SIPR) will remain

through FY 2023 and decommission mid FY 2024. Email Journaling for both NIPR and SIPR accounts, a service that permanently saves each message that a specified user sends or receives, remains in place. Journaling is a requirement for some flag officers, high ranking appointees, and members of the Senior Executive Service.

DoD Enterprise Portal Service (DEPS) is a Software as a Service (SaaS) offering that provides information sharing and collaboration capability to the DoD enterprise based on the Microsoft SharePoint platform. DEPS administrators create site collections and provide DoD Components the ability to independently create and manage their organization, community, and mission-focused sites. Due to the availability of collaboration functionality provided by Microsoft 365 licenses, the DEPS NIPR environment will sunset 30 Sep 2023 and the DEPS SIPR environment will sunset by 31 Dec 2024.

The ***Global Content Delivery Service (GCDS)*** is a system of fully accredited, globally-deployed edge computing nodes that acts as a central nervous system for applications on NIPRNet and SIPRNet. GCDS leverages commercial Internet technology to accelerate and secure DoD web content and applications across the DoD information network. The platform also secures critical applications using its Web Application Firewall and provides cloud storage, HD streaming, and Identity Credential and Access Management. This budget reflects a change in business strategy by fully recovering the GCDS program costs in the GCDS service offering and not recovering any of those costs from DISN Infrastructure Services.

DoD Automated Time and Attendance Production System (ATAAPS) is a Human Resource Management System (HRMS) that provides information to downstream payroll processing by the Defense Civilian Payroll System (DCPS), entitlement systems, and in some cases enterprise resource planning (ERP) business systems. ATAAPS provides the ability to accurately record time and attendance while capturing labor hours by job order. ATAAPS creates a common platform for the DoD Agencies, Military Services, and Other Government Agencies (OGA) who use DCPS as their civilian payroll system of record. ATAAPS helps to ensure agencies can easily and effectively enter, validate, certify, audit, and transmit records to DCPS.

Stratus is a DoD private cloud designed to provide optionality to Mission Partners. Stratus provides an Infrastructure as a Service (IaaS) solution that delivers a multi-tenant, self-service management capability for compute, storage, and network infrastructure. It delivers rapid elasticity, resource pooling, and broad network access through a self-service on-demand web-based portal where Mission Partners can manage their resources as needed.

Secure File Gateway ensures secure data transfer between DoD and those interfacing with the DoD (i.e., cooperative programs, commercial, public service, and others). Rates charged are based on the number of user accounts per month supporting file transfers.

Virtual Datacenter Security Stack (VDSS) serves as the virtual security enclave protecting applications and data hosted in commercial environments. It includes two core services: Web Application Firewall (WAF) and Next Generation Firewall. Together, these capabilities detect and prevent threats facing web applications and workloads.

Vulnerability Management Service (VMS) is a hybrid cloud endpoint security solution that provides dynamic security services to protect critical services, applications, and content from internal and external threats. The VMS service offers coverage to Mission Partners for data center hosted systems as well as commercial virtual private clouds (VPCs).

Datacenter Cybersecurity Service Provider (CSSP) provides the monitoring and analysis of network traffic entering and exiting mission partner boundaries for applications hosted in DISA datacenters. This applies both to Mission Partners that leverage server Operating Environments (OEs) provisioned by DISA and Mainframe environments.

Cloud Infrastructure as a Service (IaaS) CSSP provides monitoring and analysis of network traffic entering and exiting a mission partner's Virtual Private Cloud and is available for both commercially owned infrastructure and government cloud environments.

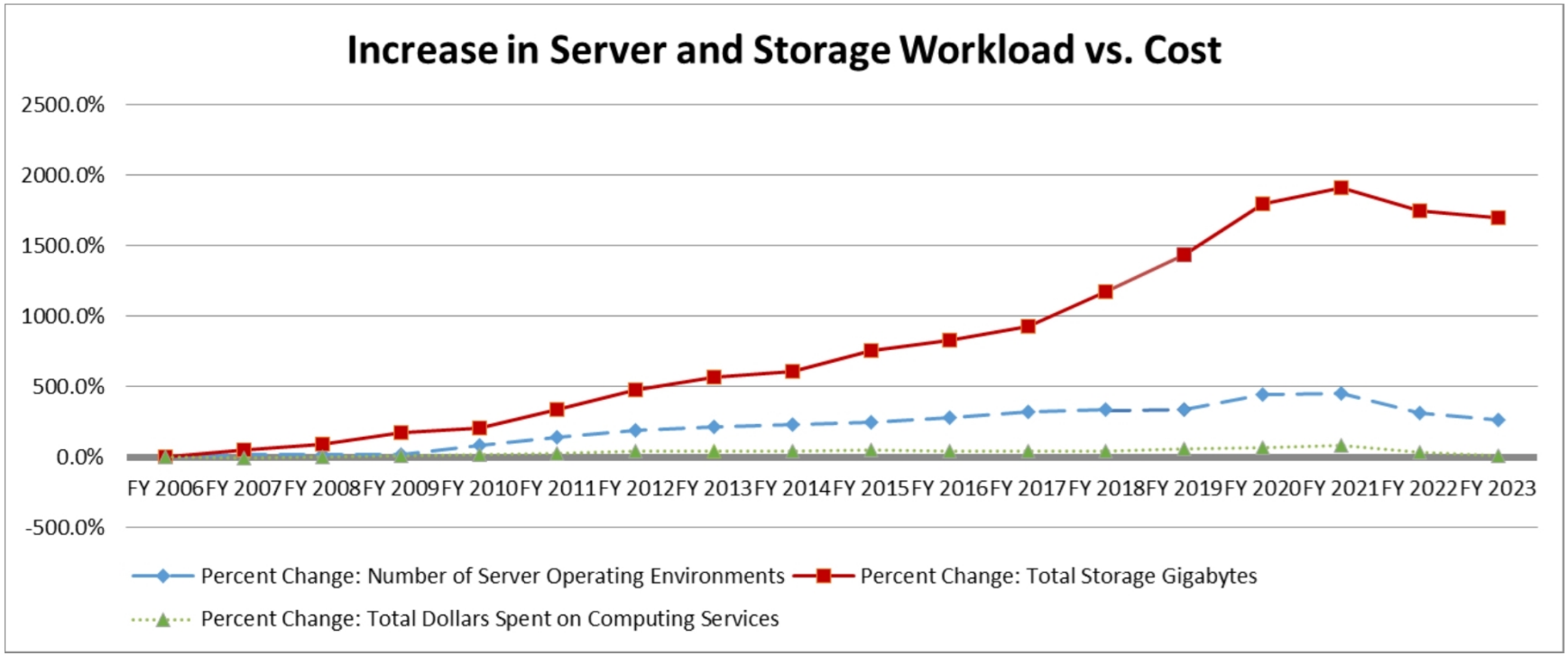
The ***Global Service Desk (GSD)*** provides a global enterprise service support environment delivering incident response, problem response, change management, and request fulfillment of customer needs. The GSD provides a strategic central point of contact for Mission IT and Common Use IT consumers. Fourth Estate Agencies are in the process of transitioning to the Global Service Desk as part of the Fourth Estate Network Optimization initiative. This budget reflects Global Service Desk labor and non-labor requirements to provide IT support for DISA's Joint Service Provider (JSP) on a reimbursable basis.

The ***DISA Service Platform (DSP)*** provides the ServiceNow application and currently hosts the Customer Relationship Management (CRM) tool, DISA IT Service Management Plus (ITSM+), DISA Marketplace and Account Tracking and Acquisition Tool. The DISA Service Platform will continue to expand the user base and capability set as additional customers come onto the platform. ITSM+ is the largest of the capabilities and continues to onboard new DISA organizations with the objective of being the single IT Service Management tool of the Agency.

Containers as a Service (CaaS) provides secure, on-premises container hosting that is designed to facilitate rapid application deployment, patching and scalability. The CaaS platform is a managed hosting capability for mission partners that need DISA to provide the labor, hardware, and software required to manage and maintain their containerized applications.

Performance Measures

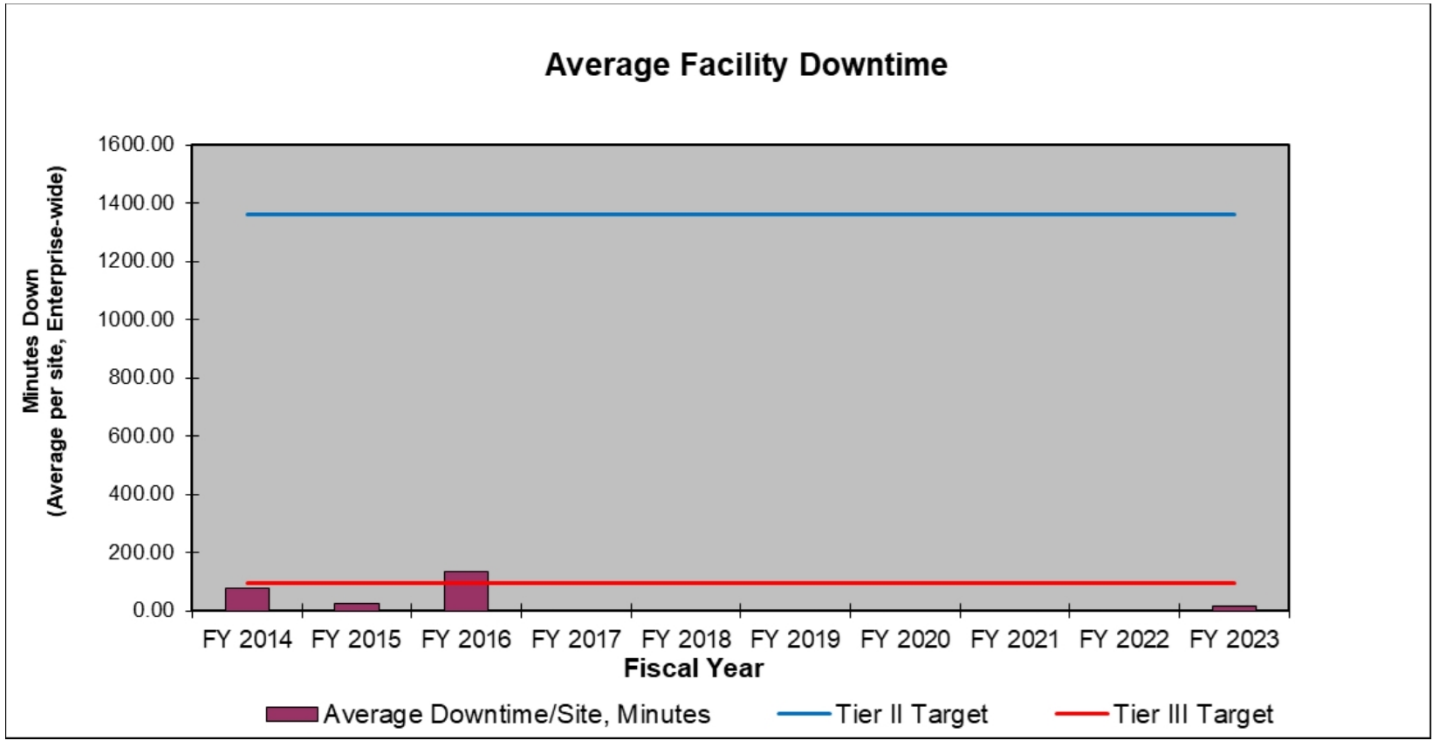
As shown in the subsequent table, demand for DISA's server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 267 percent, and total storage gigabytes have increased by 1,698 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 8 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA's unique ability to leverage robust computing capacity at the DISA Datacenters. However, in recent years, DISA has experienced a downward trend in server and storage workload as the DoD has made significant progress towards migrating applications to the commercial cloud.



DISA's information services play a key role in supporting the Department's operating forces. As a result, DISA is held to high performance standards. In many cases, performance measures are detailed with individual customers that exceed the general performance measures. The two metrics depicted in the subsequent tables reflect the availability of critical applications in DISA's Core Data Centers.

The ***"Core Data Center Availability"*** metric, expressed in minutes per year, represents application availability from the end user's perspective and includes all outages or downtime regardless of root cause or problem ownership. Tier II requires achieving 99.75% availability, which limits

downtime to approximately 1,361 minutes per year. Tier III, the standard for all DoD-designated Core Data Centers, requires achieving 99.98% availability, which limits downtime to approximately 95 minutes per year.



The ***"Capacity Service Contract Equipment Availability"*** metric represents DISA's equipment availability by technology, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as last mile communications issues, base power outages or the like. The Threshold refers to system uptime and capacity availability for intended use; this is the level required by contract. The Objective is the value agreed on by the vendor and the government to be an ideal target, and Actual is reported by the vendor monthly.

	Threshold	Objective	Actual
IBM System z Mainframe	99.95%	99.99%	100%
Unisys Mainframe	99.95%	99.99%	100%
P Series Server	99.95%	99.99%	100%
SPARC Server	99.95%	99.99%	100%
X86 Server	99.95%	99.99%	99.999%
Itanium	99.95%	>99.95%	100%
Storage	99.95%	>99.95%	99.999%
Communications Devices	99.95%	>99.95%	99.999%

Rates

This budget results in a composite 5.00 percent rate change in FY 2025. DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement of actual cost. The charts on the following pages display the rates by category.

Mainframe	FY 2024	FY 2025
IBM CPU Usage (Hour/Month)	$509.1060	$560.0166
IBM Storage (GB/Day)	$0.2501	$0.2551
IBM Long Term Storage (GB/Day)	$0.1667	$0.1700
zLINUX Infrastructure (vCPU/Month)	$1,300.66	$1,326.67
zLINUX Hardware (vCPU/Month)	$240.67	$245.48
Infrastructure	**FY 2024**	**FY 2025**
Containerization as a Service (vCPU or Core/Month)	$159.37	$162.56
Storage Primary Disk Tier 1 (GB/Month)	$0.3678	$0.3752
Server Storage - Shared COOP (GB/Month)	$0.3242	$0.3307
Server Storage - Backup Service (GB/Month)	$0.2011	$0.2051
Server Storage - Dedicated COOP SAN Replication (GB/Month)	$0.7079	$0.7221
Storage Primary Disk Tier 2 (GB/Month)	$0.0126	$0.0129
Server Storage - Object Storage (GB/Month)	$0.0792	$0.0808
Server/Storage Infrastructure - Cloud (vCPU/Month)	$153.00	$164.00
Server /Storage Infrastructure - Converged (x86) (vCPU/Month)	$166.00	$178.00
Server /Storage Infrastructure - Converged SPARC (OE/Month)	$570.00	$612.00
Server /Storage Infrastructure - Virtual (vCPU or Core/Month)	$200.00	$215.00
Server /Storage Infrastructure - Virtual Non-Standard (OE/Month)	$1,423.00	$1,527.00
Server/Storage Infrastructure - Class 1: Physical (OE/Month)	$2,718.00	$2,916.00
Server/Storage Infrastructure - Class 2: Physical (OE/Month)	$3,708.00	$3,979.00

Server/Storage Infrastructure - Class 3: Physical (OE/Month)	$4,410.00	$4,732.00
Cyber	**FY 2024**	**FY 2025**
Database Administration Security Only (OE/Month)	$204.32	$224.75
Cyber/Security Labor (OE/Month)	$47.64	$52.40
Financial Audit Compliance - IBM Mainframe (Hour/Month)	$2.00	$2.04
Financial Audit Compliance - Open Systems (OE/Month)	$275.09	$280.59
Financial Audit Compliance - Unisys Mainframe (SUPS/Month)	$0.20	$0.21
Vulnerability Management - Program (Program/Month)	$923.56	$942.03
Vulnerability Management - Endpoints (Endpoints/Month)	$31.66	$32.29
Enterprise Services	**FY 2024**	**FY 2025**
ATAAPS (Account/Month)	$1.33	$1.68
CSSP Datacenter Cybersecurity Service Provider (OE/Month)	$152.59	$167.85
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 1 Subscription (1 to 5 OEs) (Application/Month)	$1,606.72	$1,767.39
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 2 Subscription (6 to 10 OEs) (Application/Month)	$2,875.16	$3,162.68
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 3 Subscription (11 to 50 OEs) (Application/Month)	$5,132.59	$5,645.85
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 4 Subscription (51 to 100 OEs) (Application/Month)	$8,317.30	$9,149.03
CSSP Mainframe (Application/Month)	$97.73	$107.50
Enterprise Email - Journaling (GB/Month)	$1.74	$1.74
Enterprise Email - Business (Account/Month)	$6.00	
Enterprise Email - Premium (Account/Month)	$20.01	
Enterprise Email - Executive (Account/Month)	$35.99	
Enterprise Email - Senior Executive (Account/Month)	$53.31	
Enterprise Email - Negligent Discharge of Classified Information (Per Incident)	$2,784.16	
DEPS - Shared SIPR (Per User/Month)	$28.30	$29.72
DEPS Implementation - Shared SIPR (Per User)	$53.40	$0.00

GCDS Net Storage (GB/Month)	$3.15	$6.91
GCDS URL Web Delivery (URL/Month)	$864.83	$1,898.30
GCDS Web Application Firewall (Unit/Month)	$95.77	$210.22
Global Service Desk Tier I Support (1/4 FTE/Month)	$3,870.32	-
Global Service Desk Tier II Support (1/4 FTE/Month)	$3,870.32	$4,479.02
Global Service Desk Automated Contact Distribution (ACD) (License/Month)	$796.15	$642.49
Global Service Desk Tier I Support (Excludes ACD) (Tier1/Month)	$3,597.89	-
Global Service Desk Tier I - Automated Contact Distribution (ACD) Service (Tier1/Month)	$0.00	$348.89
Global Service Desk Tier I - Core Support (Tier1/Month)	$0.00	$3,415.95
Cloud Services	**FY 2024**	**FY 2025**
JIRA and Confluence (Per User/Month)	$128.96	$128.96
GITLAB Ultimate (Per User/Month)	$257.62	$257.62
SCCA - Virtual Data Center Security Stack (OE/Month)	$127.90	$140.69
Cloud Implementation - Premium Engineering: Bronze (One Time)	$1,798.21	$1,893.34
Cloud Implementation - Premium Engineering: Silver (One Time)	$3,595.32	$3,785.51
Cloud Implementation - Premium Engineering: Gold (One Time)	$8,989.94	$9,465.51
Cloud - IaaS Log View (Edge Gateway/Day)	$27.00	$28.43
Stratus vCPU (vCPU/Hour)	$0.0579	$0.0609
Stratus Memory (GB/Hour)	$0.0043	$0.0045
Stratus Primary Storage (GB/Day)	$0.0090	$0.0095
Stratus Backup Storage (GB/Day)	$0.0049	$0.0052
Stratus Tier 2 Storage (GB/Day)	$0.0007	$0.0008
Stratus Object Storage (GB/Day)	$0.0059	$0.0062
Hybrid Computing	**FY 2024**	**FY 2025**
Server Systems Administration Conventional: Virtual (OE/Month)	$456.00	$465.00
Server Systems Administration Conventional: Physical (OE/Month)	$456.00	$465.00
Server Systems Administration - Converged OSC SPARC (OE/Month)	$138.00	$145.00
Server Systems Administration - Converged x86 (OE/Month)	$274.00	$288.00

Server Systems Administration - Cloud (OE/Month)	$325.00	$374.00
Server Systems Administration - 24x7 (OE/Month)	$979.00	$1,031.00
Server H/W Services SPARC LDOM Processor (Core/Month)	$217.00	$221.00
Server H/W Services SPARC Class 1 Physical (OE/Month)	$1,403.00	$1,431.00
Server H/W Services SPARC Class 2 Physical (OE/Month)	$3,087.00	$3,149.00
Server H/W Services SPARC Class 3 Physical (OE/Month)	$7,688.00	$7,842.00
Server H/W Services Itanium Class 1 Physical (OE/Month)	$2,025.00	$2,066.00
Server H/W Services Itanium Class 2 Physical (OE/Month)	$4,188.00	$4,272.00
Server H/W Services Itanium Class 3 Physical (OE/Month)	$7,727.00	$7,882.00
Server H/W Services x86 VOE Processor (vCPU/Month)	$57.00	$58.00
Server H/W Services x86 Class 1 Physical (OE/Month)	$256.00	$261.00
Server H/W Services x86 Class 2 Physical (OE/Month)	$400.00	$408.00
Server H/W Services x86 Class 3 Physical (OE/Month)	$649.00	$662.00
Server H/W Services SPARC Virtual Memory (GB/Month)	$3.13	$3.19
Server H/W Services x86 Virtual Memory (GB/Month)	$2.01	$2.05
Server H/W Services Itanium IVMs (OE/Month)	$1,201.00	$1,225.00
Server Implementation - Standard (One Time)	$12,708.39	$13,380.66
Server Implementation - Capacity Hardware Only (One Time)	$7,464.32	$7,859.18
Server Implementation Converged - Physicals (One Time)	$11,563.49	$12,175.20
Server Implementation Converged - OSC SPARC Virtual (One Time)	$6,983.89	$7,353.34
Server Implementation Converged - x86 Virtual (One Time)	$11,105.53	$11,693.01
Application Support / Web Administration (OE/Month)	$1,103.00	$1,161.00
Server 24 x 7 Application Support (OE/Month)	$2,436.00	$2,565.00
Database Administration (OE/Month)	$2,052.00	$2,161.00
Server 24 x 7 Database Administration (OE/Month)	$2,707.00	$2,850.00
Oracle Database Software Itanium Virtual (Core/Month)	$626.00	$659.00
Oracle Database Software Itanium Class 1 Physical (OE/Month)	$7,560.00	$7,960.00
Oracle Database Software Itanium Class 2 Physical (OE/Month)	$15,107.00	$15,906.00

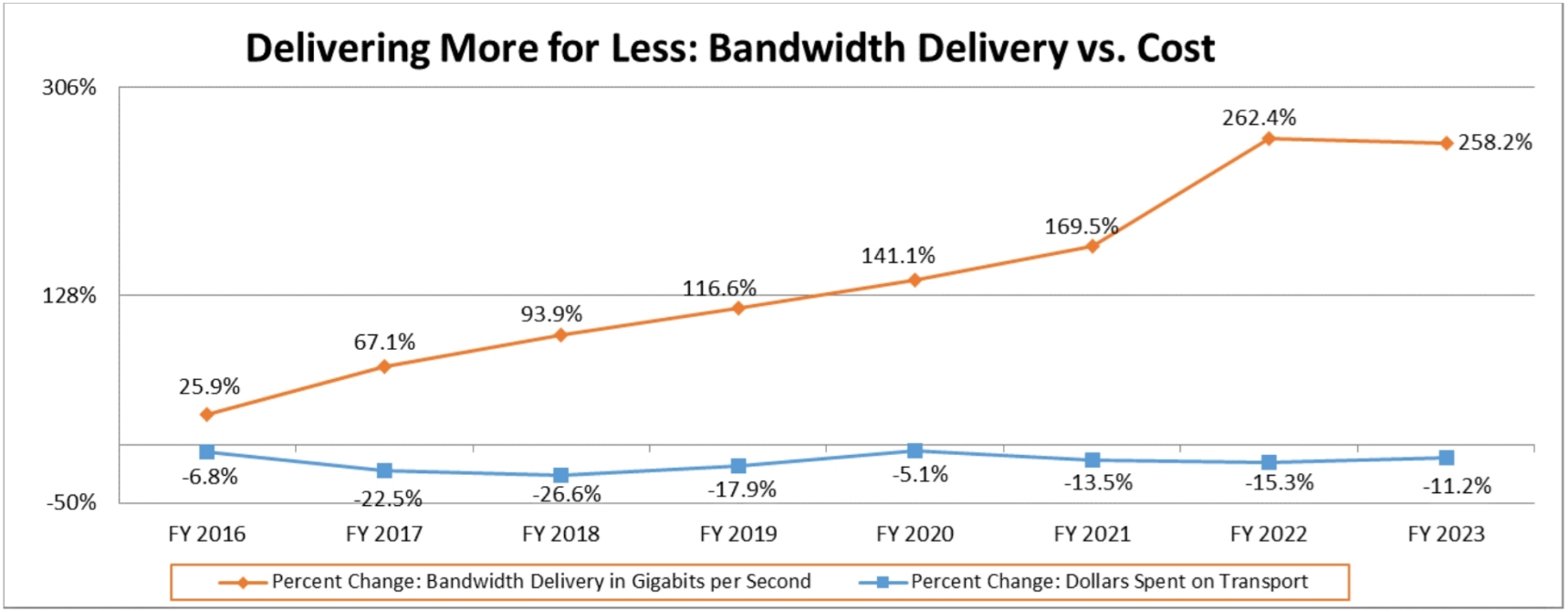
Oracle Database Software Itanium Class 3 Physical (OE/Month)	$22,656.00	$23,855.00
Oracle Database Software x86 & SPARC Virtual (vCPU or Core/Month)	$314.00	$331.00
Oracle Database Software x86 & SPARC Class 1 Physical (OE/Month)	$3,778.00	$3,978.00
Oracle Database Software x86 & SPARC Class 2 Physical (OE/Month)	$7,545.00	$7,944.00
Oracle Database Software x86 & SPARC Class 3 Physical (OE/Month)	$11,335.00	$11,935.00
Secure File Gateway (Per User/Month)	$181.00	$185.00

Telecommunications Services

Overview

The Telecommunications Services business area provides a set of high quality, reliable, survivable, and secure telecommunications services to meet the Department's command and control requirements. The major component of Telecommunications Services is the Defense Information Systems Network (DISN), a critical component of the Department of Defense Information Network (DoDIN) that provides the Warfighter with essential access to timely, secure, and operationally relevant information to ensure the success of military operations. The DISN is a collection of robust, interrelated telecommunications networks that provide assured, secure, and interoperable connectivity for the Department of Defense, coalition partners, national senior leaders, combatant commands, and other federal agencies. Specifically, the DISN provides dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The robustness of this telecommunications infrastructure has been

demonstrated by DISA's repeated ability to meet terrestrial and satellite surge requirements in Southwest Asia while supporting disaster relief and recovery efforts throughout the world. Overall, the DISN provides a lower customer price through bulk quantity purchases, economies of scale and reengineering of current communication services. Despite this continuing upward trend in demand, DISA has delivered transport services at an overall cost decrease to mission partners, as shown in the subsequent chart:



The previous chart compares the bandwidth delivery, including MPLS connections, to Transport costs. Since FY 2015, DISA has increased transport bandwidth delivery capacity 258.2 percent to meet customer demand. The increase is driven by internet traffic, DoD Enterprise Services, full motion video collaboration, and Intelligence, Surveillance and Reconnaissance (ISR) requirements. Over the same timeframe, transport costs associated with the physical connections between sites have decreased by -11.2 percent. Additionally, DISA has been able to keep these costs

down without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability and latency, two key performance metrics.

The table below illustrates DISA's telecommunication service offerings and the major cost centers that support those offerings, including the layout of DISN services under the current cost center allocation:

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN INFRASTRUCTURE SERVICES	Transport	Bandwidth Management	Backbone
		Maintenance	
		Core Sustaining Activities	Warehousing
			Minor Equipment
			Installation
			Other Sustaining Activities
			IP Data Systems
	Cyber Protection	Cyber Protection Activities	Enterprise Cross Domain Services
			Network Operations of Enterprise Infrastructure
			Network Hardening
			PKI and Directories
			Secure Configuration Management
			Joint Regional Security Stacks (JRSS)
	Security and Assurance	Network Security Monitoring	
	Cloud Services	Cloud Basesd Internet Isolation (CBII)	
	Centralized Services	Engineering and Logistics Management	
		Operational Support Services (OSS)	
		Network Support Services (NSS)	
OTHER TELECOM SERVICES	Video Services	Global Video Services (GVS)	
	Voice Services	Pacific Enterprise Services - Hawaii (PES-HI)	
		DISN Enterprise Classified Travel Kit (DECTK)	
		Enterprise Voice Services (EVS)	
	Other Services	Organizational Messaging	
		DoD Mobility	
		DoD COOP Integrated Network (DCIN)	
		Cross Domain Services (CDS)	
		Circuit Integration Support	
		Low Speed Time Division Multiplexing (LSTDM)	
		Joint Base Customer Edge (JB-CE) Router Management	
		Customer-unique Projects	
		Fourth Estate Network Optimization (4ENO)	
		Department of Defense 365 (DoD365) Joint Tenant	
		Teams Audio Conferencing	
	Mission Assurance	SIPRNet DMZ	
		Public Key Infrastructure (PKI) (service to other Federal Agencies)	
	Security and Assurance	Cybersecurity Service Provider (CSSP) and IA Analysis	
		Endpoint Security as a Service	

Service Descriptions

The ***Defense Information Systems Network Infrastructure Services (DISN IS)*** represents a collection of core capabilities required to operate, maintain, and sustain the globally available DISN communications backbone infrastructure. The DISN IS cost recovery model is designed to allocate costs to mission partners based on consumption, using access circuit capacity as a proxy for measuring consumption. The circuits and associated capacity are pulled from the World-Wide Online System (WWOLS) database, which is transparent and accessible by all DoD components. Once the data is aggregated, each customer is assigned a share of the DISN IS bill based on their percent of the total capacity across all customers. The DISA analyzes consumption (as measured by access circuit capacity) quarterly and uses the average of the previous four quarters to set future DISN IS allocations. The current rate model does not count Multi-Protocol Label Switching (MPLS) connections and associated capacity as part of the allocation methodology. These connections were intentionally omitted to incentivize rapid adoption of the technology across the Department. Due to progress the Department has made in transitioning to IP infrastructure, the cost allocations have been frozen at FY 2020 levels until a new rate model, that incorporates MPLS connections, is developed and coordinated within the Department.

The FY 2025 price of the DISN IS increases by 5.50% from FY 2024 levels. This increase is driven by sustainment of Boundary Cloud Access Points (BCAPs), specifically Microsoft Express Routes and contract labor; an increase to support Network Management tools modernization and transition to the cloud as well as hosting and security upgrades; and continued testing and patching of endpoint licenses for one year. These increases were partially offset by removal of costs related to Global Content Delivery Services (GCDS) as this has shifted to be full cost recovery from the Computing Services business area.

DISN Infrastructure Services cost elements are described below:

Transport Services provide a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Defense Agencies. Transport Services provide the information transport for services described subsequently, as well as for other specialized services. Transport Services also includes the sustainment of transport and IP equipment (both Non-classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR)) at the DISN Service Delivery Nodes (SDN), management of communications backbone capacity of the DISN, and repair operations on all DISN equipment to ensure operability.

Cyber Protection activities support the DISN by designing and deploying proactive protections, deploying attack detection, and performing information assurance operations to ensure that adequate security is provided for information collected, processed, transmitted, stored, or disseminated on the Department of Defense Information Network (DODIN). These efforts include tasks associated with affording protection to telecommunications, information systems, and information technology that process sensitive and classified data as well as efforts to ensure the confidentiality, authenticity, integrity, and availability of the information and the systems. Operating costs also include providing

mission partners secure access to the commercial cloud environment via the Boundary Cloud Access Point (BCAP), as well as sustainment of the Zero Day Network Defense (ZND) email capability, which detects and blocks polymorphic malware variants and other zero-day techniques at the DoD's enterprise email gateways.

Joint Regional Security Stacks (JRSS) is a joint Department of Defense (DoD) security architecture deployed regionally throughout the world. Each of the fifteen (15) Non-classified Internet Protocol Router (NIPR) stacks (a.k.a. a collection of software/hardware components designed to operate together as a single unit) is comprised of complementary defensive security solutions that perform the following: Removal of redundant Information Assurance (IA) protections that manage risk related to the use, storage and transmission of information; Leverage Enterprise Defensive capabilities with standardized security suites to protect against attacks that disrupt or cause damage to the network; Protection of the enclaves (secured portions of the hardware processor and memory) after the separation of server and user assets; and provision of the tool sets necessary to monitor and control all security mechanisms while supporting over 1.7 million Department of Defense (DoD) Users.

Cloud Based Internet Isolation (CBII) transfers Internet browsing sessions from traditional desktop browsers to a secure, isolated cloud platform. The enterprise service provides enhanced network defense by isolating potentially malicious code and content within a cloud platform, removing the threat from direct connections to DoD networks.

Security and Assurance Services enhance the security and availability of the DODIN by ensuring adherence to Information Assurance and Network Operations policies. Certain services are provided as stand-alone offerings, while others are bundled. Examples of services provided include the certification of systems, Cybersecurity Service Provider (CSSP) services, IA readiness reviews, and malware analysis.

Infrastructure Security provides Information Assurance (IA), Information Systems Security and Traditional Security support of the DISN to assure that the DISN systems and technology are secured according to the applicable security requirements, directives, and regulations.

Engineering and Logistics Management provide architecture, systems engineering and end-to-end analytical support for the DISN and its customers, resolving high priority technical issues affecting end-to-end interoperability and performance across the DISN. Additionally, these functions provide customer service request fulfillment, manage DISN and telecommunication systems release activities, and oversee worldwide deployment for all corresponding services. This also includes circuit transition efforts supporting DISN projects.

Operational Support Services includes network operations, network management, and centralized provisioning functions. Network Operations provides the trained personnel for tier I and II network support at the DISA NetOps centers located throughout the world. Network Management provides the tools necessary to automate the operations, administration, maintenance, and provisioning/engineering

activities for the DISN. These same tools give network managers/monitors the capability to “see” the network in real-time, a critical capability necessary to resolve crises and other network events.

Centralized provisioning provides order entry, order preparation, solution design, and service activation support.

Network Services Support includes centralized support services across the DISN programs, including contract acquisition support, mission management and operational metrics support, and workforce management support.

The ***Department of Defense (DoD) Secure Access File Exchange (SAFE)*** is a web-based file transfer service that provides authenticated DoD Common Access Card (CAC) users (authenticated users) and guests (unauthenticated users) the capability to securely send and receive large files, including files that are too large to be transmitted via email.

In addition to the DISN services previously discussed, the DISA offers other reimbursable telecommunications services, as described in the following section.

Commercial Satellite Communications (COMSATCOM) services, which includes both fixed satellite services (FSS), mobile satellite services (MSS), and Enhanced Mobile Satellite Services (EMSS).

Customer-Unique Projects are initiated when DoD components request special network assistance as their missions change and/or expand. These actions are executed on a 100 percent customer reimbursable basis.

Global Video Services **– Classified (GVS-C)** provides a full suite of on-demand, high-quality assured video conference capabilities and supports DoD subscribers, warfighters in the field and coalition partners worldwide. The unclassified capability has been decommissioned as a result of DoD mission partners migrating to the Defense Enterprise Office Solutions.

Pacific Enterprise Services – Hawaii (PES-HI) is an IP-based converged network providing voice, video, and data services to military bases in the state of Hawaii. The PES-HI reimbursable service includes the dedicated provisioning and transmission services within and between the military installations in Hawaii. PES-HI will sunset, along with the expiration of the two contracts that support legacy voice and infrastructure, no later than 8 June 2025. The sunset aligns with the Department of Defense Chief Information Office (DOD CIO) time-division multiplexing (TDM) Elimination Mandate for March 2025. The rate methodology will be changing to a fixed allocation instead of rate based; notional allocations are

shown displayed in the subsequent rate tables based on circuit counts from June 2023 but actual pricing will be set based on remaining circuits by customer as of June 2024.

Pacific Enterprise Services – Korea (PES-K) is a partnership between the DISA and the Army to modernize the Korean DISN Transport Metropolitan Area Network. The DISA manages Army-owned encryptors and routers on a reimbursable basis.

Organizational Messaging (OMS) provides assured messaging and directory services to support the exchange of official information and interoperability between the military services, DoD agencies, Combatant Commands, non-DoD U.S. Government activities, the Intelligence Community, NATO and Allied/Coalition Mission Partners.

The DoD Mobility services provides enterprise-level Unclassified and Classified mobile communications services, which ensure interoperability, increased security, and access to information. The Mobility Program utilizes Commercial Mobile Devices (CMDs) and commercial carrier infrastructure, coupled with mobility infrastructure service, to provide DoD organizations with access to classified and unclassified data on mobile devices. Sustainment costs recovered through the DWCF are driven by customer-specific requirements, i.e., Mobile Device Management hardware, Mobile Application Store, software licenses, and 24x7 operational support.

Public Key Infrastructure (PKI) as a Service to other Federal Agencies allows Federal entities to utilize DoD's PKI infrastructure for user authentication. The service provides access credentials to support identity authentication, data integrity, and communications privacy on Secret level networks. The DISA is the National Security System (NSS) Common Service Provider (CSP) and provides PKI service to requesting agencies on a reimbursable basis.

Security and Assurance Services enhance the security and availability of the DODIN by ensuring adherence to Information Assurance (IA) and Network Operations policies. Certain services are provided as stand-alone offerings, while others are bundled. Examples of services provided include the certification of systems, Cybersecurity Service Provider (CSSP) services, IA readiness reviews, and malware analysis.

Cross Domain Services (CDS) are responsible for enhancing security and availability of the Department of Defense Information Network (DODIN) by ensuring adherence to Information Assurance and Network Operations policies governing transfer of information between domains. Services offered on a cost reimbursable basis include Enterprise Hosted Structured File Transfer and Enterprise Hosted Web Service functions. Services related to Enterprise Cross Domain Email and Enterprise Cross Domain File Sharing are included as part of the DISN Infrastructure Services.

The ***SECRET Internet Protocol Router Network Federal Demilitarized Zone (SIPRNet FED DMZ)*** capability utilizes a federal DMZ to support capabilities for sharing information with coalition partners and United States government agencies. FED DMZ increases attack detection and decreases the probability of adversarial attack success by providing access control and filtering capabilities. Mission partners are charged based on number of connections into the FED DMZ.

The ***Joint Base Customer Edge Router Management Service*** provides operations and maintenance of the customer edge (CE) routers, leveraging DISA's existing contract vehicles, providing greater cost savings to the Department through economies of scale.

Fourth Estate Network Optimization (4ENO) includes the consolidation of NIPR and SIPR commodity IT services previously performed by Fourth Estate Agencies to the DISA as a single service that began in FY 2020. Using a phased approach, operations, maintenance, and sustainment of common-use IT for Fourth Estate Agencies will be completed by DISA and provided as a managed service on a reimbursable basis. This effort will streamline DoD networks and support functions, standardize solution sets, remove non-core competencies from Defense Agencies and enable a mission focus, strengthen the Department's security posture, and allow for a reallocation of savings to increase lethality. Due to a change in the way funding has been provided for the MS365 licenses, these have been removed from the rate and will be recovered on a reimbursable basis. The following Defense Agencies will be supported in FY 2025 rates: the DISA, the Defense Technical Information Center (DTIC), and the Defense POW/MIA Accounting Agency (DPAA). Additional Defense Agencies will begin migration efforts in FY 2024, FY 2025 and FY 2026; during the migration efforts, costs will be recovered on a reimbursable basis. Agencies will be added to future rates once migrations are completed.

The ***Enterprise Voice Services (EVS)*** portfolio provides IP-based, unclassified, and classified voice capabilities supporting hard phone and soft client calling and supporting services for Combatant Commands, Services and Agencies. The Enterprise Audio Conferencing (EAC) capability has been sunset as the DoD365 Integrated Phone System is available.

> ***Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP)*** services provide global, scalable, and redundant communications solutions delivered over highly available and secure networks. Both managed and basic voice over IP capabilities are available to DoD mission partners.
>
> ***Cloud Voice over IP (CVoIP)*** provides voice connectivity for commercial and Defense Switch Network (DSN) inbound and outbound calls to the impact level 5 cloud.

The ***Department of Defense 365 (DoD365) Joint Tenant*** is part of the Defense Enterprise Office Solutions (DEOS) portfolio, which enables standardized cloud adoption of messaging, office productivity, content management, and collaboration capabilities for end users across the DoD. The DoD365 Joint Tenant provides a single, shared tenant for the Fourth Estate Agencies and some Combatant Commands.

The ***Teams Audio Conferencing (TAC)*** capability, also known as the DoD365 Integrated Phone System (DIPS), is a voice conferencing service that allows users to make and receive calls through the Microsoft Teams application. DIPS will replace the current contract that provides dial-in capability only.

The ***DISN Enterprise Classified Travel Kit (DECTK)*** Gateway program supports DoD customers by providing classified voice and data services via small, rapidly deployable devices through any internet connection, anywhere in the world.

Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. These categories of metrics have guided the development of the Telecommunication Services budget submission. Shown below are major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2023 Actual	FY 2024 Operational Goal	FY 2025 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	**99.86%**	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	**39.39% Milliseconds (CONUS INTRA)**	≤ 100 milliseconds	≤ 100 milliseconds
Optical Transport network availability	**99.44%**	99.50%	99.50%

Rates

This section provides billing rates for FY 2024 and FY 2025. The ***DISN Infrastructure Services*** cost recovery model uses access circuit capacity as a proxy for measuring consumption; however, mission partner allocations have been held constant at FY 2020 levels in preparation for the development of a revised model that accommodates MPLS connections. The subsequent table shows the FY 2024 and FY 2025 allocation by customer in $ millions.

Customer Type	Customer	Mbps	% Allocation	FY 2024	FY 2025
MILDEP	Air Force	551,441.3	34.4354%	$441.175	$465.440
MILDEP	Army	502,158.2	31.3578%	$400.652	$422.688
MILDEP	Marine Corps	47,429.8	2.9618%	$37.842	$39.924
MILDEP	Navy	330,776.8	20.6557%	$263.914	$278.429
Other DoD	Advanced Research Projects Agency	1,421.7	0.0888%	$1.134	$1.197
Other DoD	Defense Acquisition University	1,904.1	0.1189%	$1.519	$1.603
Other DoD	Defense Commissary Agency	137.6	0.0086%	$0.110	$0.116
Other DoD	Defense Contract Audit Agency	610.0	0.0381%	$0.487	$0.513
Other DoD	Defense Contract Management Agency	869.9	0.0543%	$0.694	$0.732
Other DoD	Defense Finance and Accounting Service	3,542.3	0.2212%	$2.826	$2.982
Other DoD	Defense Information Systems Agency	81,358.1	5.0805%	$64.912	$68.483
Other DoD	Defense Logistics Agency	25,167.0	1.5716%	$20.080	$21.184
Other DoD	Defense Manpower Data Center	5,316.1	0.3320%	$4.242	$4.475
Other DoD	Defense Media Activity	3,890.3	0.2429%	$3.104	$3.275
Other DoD	Defense Microelectronics Activity	46.4	0.0029%	$0.037	$0.039
Other DoD	Defense Security Cooperation Agency	1,065.2	0.0665%	$0.850	$0.897
Other DoD	Defense Security Service	285.8	0.0178%	$0.228	$0.241
Other DoD	Defense Technical Information Center	514.8	0.0322%	$0.411	$0.433
Other DoD	Defense Threat Reduction Agency	3,981.6	0.2486%	$3.177	$3.351
Other DoD	DoD Education Agency	51.5	0.0032%	$0.041	$0.043
Other DoD	DoD Inspector General	342.2	0.0214%	$0.273	$0.288
Other DoD	Joint Chiefs of Staff	4,901.8	0.3061%	$3.911	$4.126
Other DoD	Defense Health Agency	15,384.3	0.9607%	$12.275	$12.950
Other DoD	Missile Defense Agency	10,518.2	0.6568%	$8.392	$8.854
Other DoD	Defense Programs Support Activity	437.3	0.0273%	$0.349	$0.368
Other DoD	OUSD A&S	2.9	0.0002%	$0.002	$0.002
Other DoD	OUSD R&E	1.7	0.0001%	$0.001	$0.001
Other DoD	OUSD (I)	1,507.3	0.0941%	$0.000	$0.000
Non-DoD	Department of Commerce	91.0	0.0057%	$0.073	$0.077
Non-DoD	Department of Energy	318.1	0.0195%	$0.244	$0.258
Non-DoD	Department of Homeland Security	156.4	0.0098%	$0.125	$0.132
Non-DoD	Department of Justice	355.8	0.0222%	$0.284	$0.299
Non-DoD	Department of State	1,812.1	0.1131%	$1.445	$1.524
Non-DoD	Federal Aviation Administration	11.0	0.0007%	$0.009	$0.009
Non-DoD	Federal Bureau of Investigation	48.1	0.0030%	$0.038	$0.040

Note: Defense Security Service is now Defense Counterintelligence and Security Agency

All other rates for ***telecommunications services*** include:

Cybersecurity Service Provider	FY 2024	FY 2025
CSSP Subscription (Customer/Month)	$4,233.56	$4,360.56
Sensor Deployment and Activation (per Sensor)	$3,885.16	$4,001.71
Annual Sustainment and Customer Management (Feed/Month)	$43.99	$45.31
Network Security Monitoring - Small (Feed/Month)	$2,955.05	$3,043.70
Network Security Monitoring - Medium (Feed/Month)	$3,377.16	$3,478.48
Network Security Monitoring - Large (Feed/Month)	$3,799.29	$3,913.27
Network Security Monitoring - Extra Large (Feed/Month)	$4,221.41	$4,348.06
Cybersecurity Monitoring - JRSS (Workload factor/Month)	$2,989.80	$3,079.50
Cybersecurity Monitoring - Extended (Workload factor/Month)	$4,308.25	$4,437.50
External Vulnerability Scans - Small CSSP Customer (Customer/Month)	$485.65	$500.21
External Vulnerability Scans - Medium (Customer/Month)	$596.41	$614.30
External Vulnerability Scans - Large/Extra Large (Customer/Month)	$735.86	$757.94
Web Vulnerability Scans - Small (Customer/Month)	$107.16	$110.38
Web Vulnerability Scans - Medium (Customer/Month)	$210.45	$216.76
Web Vulnerability Scans - Large/Extra Large (Customer/Month)	$357.02	$367.73
Certification and Assessment Services	**FY 2024**	**FY 2025**
System & Enclave Assessment - Small (System/Month)	$1,651.17	$1,700.70
System & Enclave Assessment - Medium (System/Month)	$3,009.58	$3,099.87
System & Enclave Assessment - Large (System/Month)	$7,842.42	$8,077.69
System & Enclave Assessment - Extra Large (System/Month)	$14,193.83	$14,619.65
Site Assistance Visit: 1 Team Lead, Instructor, or Reviewer (per Week)	$17,017.00	$17,527.51
Site Assistance Visit: 1 Team Lead and 3 Reviewers (per Week)	$59,442.00	$61,225.26
Site Assistance Visit: Team Lead and 4 Reviewers (per Week)	$75,768.00	$78,041.04
Site Assistance Visit: 1 Team Lead and 5 Reviewers (per Week)	$92,045.00	$94,806.35

Site Assistance Visit: 1 Team Lead and 6 Reviewers (per Week)	$108,345.00	$111,595.35
Exercise-Based OPFOR Emulation (Person/Week)	$7,500.00	$7,725.00
Dedicated Team Lead Support (Person/Month)	$32,277.00	$33,245.31
Penetration Testing (Person/Week)	$7,500.00	$7,725.00
Red Team Operation (Person/Week)	$7,500.00	$7,725.00
Intrusion Assessment (per Week)	$27,333.00	$28,152.99
Fourth Estate Network Optimization	**FY 2024**	**FY 2025**
NIPR Standard Seat with DoD365 E5 license (Seat/Month)	$385.50	
NIPR Standard Seat		$367.36
SIPR Standard Seat (Seat/Month)	$301.12	$321.20
NIPR Only Premium Seat (Seat/Month)	$770.67	$778.23
Mobility Services	**FY 2024**	**FY 2025**
DoD Mobility Unclassified Capability (Device/Month)	$4.29	$4.29
DoD Mobility Classified Capability - Secret (Device/Month)	$86.66	$90.99
DoD Mobility Classified Capability - Top Secret (Device/Month)	$86.66	$90.99
Windows Data at Rest - Secret (Device/Month)	$246.83	$259.17
Enterprise Collaboration Services	**FY 2024**	**FY 2025**
DoD365-J Tenant Management (Account/Month)	$11.48	$13.51
Negligent Discharge of Classified Information (per incident)	$2,784.16	$2,784.16
Teams Audio Conferencing (TAC) (Concurrent call/Month)	$7.11	$0.00
Teams Audio Conferencing (TAC) DoD Integrated Phone System (DIPS) Connections (Concurrent call/Month)	$20.11	$22.12
Teams Audio Conferencing (TAC) DoD Integrated Phone System (DIPS) Security Activation (Tenant/Year)	$102,106.94	$102,719.59
Teams Audio Conferencing (TAC) DoD Integrated Phone System (DIPS) Tenant Activation (Tenant/One-time)	$92,501.98	$93,056.98
Teams Audio Conferencing (TAC) DoD Integrated Phone System (DIPS) Security Reporting (Tenant/Month)	$2,376.01	$2,390.26
Organizational Messaging Service: Navy (per Month)	$693,030.47	$630,083.33
Organizational Messaging Service: Air Force (per Month)	$594,026.11	$540,000.00
Organizational Messaging Service: Army (per Month)	$594,026.11	$540,000.00
Organizational Messaging Service: DIA (per Month)	$99,004.35	$90,000.00
Enterprise Voice and Video Services	**FY 2024**	**FY 2025**

Enterprise Voice over IP (Managed) (Account/Month)	$23.98	$38.04
Enterprise Classified Voice over IP (Managed) (Account/Month)	$23.98	$28.24
Unclassified Backbone (EVoIP Basic) (Concurrent calls/Month)	$20.99	$31.75
Classified Backbone (VoSIP) (Phone number/Month)	$0.0007	$0.0020
Enterprise Audio Conferencing (40 User Bridge) (Bridge line/Month)	$13.13	$0.00
Enterprise Audio Conferencing (41-100 User Bridge) (Bridge line/Month)	$32.85	$0.00
Enterprise Audio Conferencing (101+ User Bridge) (Bridge line/Month)	$82.12	$0.00
Cloud Voice over IP (Concurrent call/Month)	$11.02	$16.67
Global Video Services: Air Force (per Month)	$469,503.81	$557,554.71
Global Video Services: Army (per Month)	$463,118.29	$495,199.28
Global Video Services: DISA (per Month)	$45,706.88	$83,410.51
Global Video Services: Marine Corps (per Month)	$13,107.12	$15,386.40
Global Video Services: Navy (per Month)	$96,791.05	$111,753.89
Global Video Services: Space Force (per Month)	$4,032.96	$13,361.88
Other Services	**FY 2024**	**FY 2025**
Defense Enterprise Classified Travel Kit (Kit/Month)	$790.72	$1,066.26
Pacific Enterprise Services - Hawaii: Navy (Phone number/Month)	$35.20	$0.00
Pacific Enterprise Services - Hawaii: Army (Phone number/Month)	$27.11	$0.00
Pacific Enterprise Services - Hawaii: Air Force (Phone number/Month)	$25.95	$0.00
Pacific Enterprise Services - Hawaii: Marine Corps (Phone number/Month)	$30.24	$0.00
Pacific Enterprise Services - Hawaii: Circuits (applied burdening percentage)	28.83%	0.00%
Pacific Enterprise Services - Hawaii: Data Transport (applied burdening percentage)	20.00%	0.00%
PES-HI Navy (per Month)*	$0.00	$866,478.17
PES-HI Army (per Month)*	$0.00	$518,077.11
PES-HI Marines (per Month)*	$0.00	$235,086.71
PES-HI Air Force (per Month)*	$0.00	$347,382.63
PES-HI Other (per Month)*	$0.00	$88,117.40
Circuit Integration Support (JCIP)	$988.00	$1,017.64
Low-Speed TDM (Connection/Month)	$838.35	$1,680.50

SIPR Federal Demilitarized Zone (Connection/Month)	$5,198.09	$5,354.03
Cross Domain New Filter Implementation (per Filter)	$210,562.02	$210,562.02
Cross Domain Filter Sustainment (Filter/Month)	$11,717.48	$11,717.48
PKI Common Service Provider (Cert/Month)	$8.75	$14.15
Commercial Satellite Services (United States Space Force)	**FY 2024**	**FY 2025**
COMSATCOM Professional Services (applied burdening percentage)	5.5951%	5.5951%
Enhanced Mobile Satellite Services: SIM (Device/Month)	$256.61	$256.61
Enhanced Mobile Satellite Services: SBD (Device/Month)	$67.57	$67.57
Enhanced Mobile Satellite Services: DTCS (Device/Month)	$23.20	$23.20

*PES-HI allocation displayed above is notional based on circuit counts from June 2023 and actual pricing will be set based on remaining circuits by customer as of June 2024. This will no longer be a stabilized rate.

Enterprise Acquisition Services

Overview

The Enterprise Acquisition Services business area is the Department's ideal source for procurement of best-value and commercially competitive information technology. Enterprise Acquisition Services provides contracting services for information technology and telecommunications acquisitions from the commercial sector and provides contracting support to the DISN programs, as well as to other DISA, DoD, and authorized non-Defense customers. These contracting services are provided through the DISA's Defense Information Technology Contracting Organization (DITCO) and include acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. These services provide end-to-end support for the mission partner.

Service Descriptions

Standard Contracting Services are provided by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services, and a wide range of other DoD programs that require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to the DoD for essential IT services such as cyber security, information assurance, engineering, hardware, equipment, software integration and support, DISN access, and non-DISN telecommunications circuits. All standard contracting services ordered by mission partners are provided on a 100 percent reimbursable basis, plus a fee-for-service to recover operating costs. The fee for standard IT contracting services remains unchanged in FY 2025 at 2.25%.

Joint Enterprise License Agreements provide economies of scale to the DoD when purchasing software licenses. The DISA has assumed a large business volume with relatively small contracting costs, which allows DISA to offer this service at a rate lower than the standard DITCO fee-for-service. The fee for joint enterprise license agreements remains unchanged in FY 2025 at 0.50%.

Performance Measures

The following performance measures apply for Enterprise Acquisition Services (EAS):

SERVICE OBJECTIVE	FY 2023 Actual	FY 2024 Operational Goal*	FY 2025 Operational Goal*
Percent of total eligible contract dollars competed	82.8%	73.00%	73.00%
Percent of total eligible contract dollars awarded to small businesses	29.25%	25.00%	25.00%

*FY 2024 and FY 2025 goals for percent of total eligible contract dollars competed are estimates based on the released FY 2023 goal. The goals have not yet been released by the Defense Procurement Acquisition Policy (DPAP).

Rates

Contracts awarded by the DITCO are provided on a 100 percent reimbursable basis. The cost of operations for the DITCO is recovered by charging mission partners a fee-for-service in addition to their direct vendor-provided contract cost. The fee-for-service for each contract type is provided in the subsequent table.

Contracting Rates	FY 2023	FY 2024	FY 2025
Standard IT Contracting Fee-for-Service	2.25%	2.25%	2.25%
Standard IT Contracting Decentralized Ordering Fee	1.00%	1.00%	1.00%
Joint Enterprise License Agreement (JELA) Fee	0.25%	0.50%	0.50%
JELA Decentralized Ordering Fee	0.10%	0.25%	0.25%

Major Changes between Fiscal Years

Cost of Operations

($ in millions)	FY 2023	FY 2024	FY 2025
FY 2024 President's Budget	$8,235.1	$8,486.1	-
FY 2025 Current Estimates	$7,914.6	$8,608.3	$8,752.3
Change FY 2024 President's Budget to Current Estimate		+$122.2	-
Annual Change in Current Estimates	-	+$693.7	+$144.0

FY 2023 Current Estimate to FY 2024 Current Estimates

The total cost of operations for the *Information Services Activity Group* increases by +$693.7 million from the FY 2023 Current Estimate. This is primarily driven by increased workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO) (+$550.2 million), inflationary increases (+$184.8 million), civilian labor and other operating costs required to support customer workload projections (+$4.8 million), revised capital depreciation due to re-phasing of capital projects ($11.0 million), hosting and security upgrades and transition of Network Management tools to the cloud to support more timely resolution of network vulnerabilities (+$13.3 million), maintenance of current Boundary Cloud Access Point (BCAP) architecture (+$8.4 million), testing and patching of legacy Endpoint Security licenses (+$4.7 million), increased cost for cyber security sustainment (+$5.4 million), and increases in enterprise support (+$27.5 million), as well as increase to COMSAT workload (+$53 million). Additional costs are associated with workload re-estimation for the Global Service Desk, ServiceNow, Global Content Delivery Service, and DoD Enterprise Email service offerings (+$18.9 million).

These increases are partially offset by a reduction in sustainment costs of the Joint Regional Security Stacks as the capability nears end of service (-$2.8 million), decommissioning of DoD Enterprise Email (DEE) and DoD Enterprise Portal Service (DEPS) (-$12.2 million), re-phasing of civilian positions in support of Global Service Desk and other Computing Services workload (-$10.7 million). Additionally, adjustments in the Fourth Estate Network Optimization reform initiative occurred due to a rephasing of customer migrations to the enterprise service (-$123.6 million). Other miscellaneous workload adjustments (-$39 million).

FY 2024 Current Estimate to FY 2025 Current Estimate

The total cost of operations for the *Information Services Activity Group* reflects a net increase of +$144.0 million from the FY 2024 Current Estimate to the FY 2025 Current Estimate. The overall increase of +$306.6 million is offset by -$162.4 million in decreases within the DISN Infrastructure Services that are detailed in the next section. The increase is primarily driven by the following factors: an inflationary increase of +$187.5 million; direct reimbursable requirements for the Fourth Estate Network Optimization (4ENO) initiative (+$63.4 million); re-estimation of customer workload for Computing Services due to workload terminations and other reimbursable offerings (+$16.2 million); revised capital depreciation due to re-phasing of capital projects (+$12.4 million); a change in cost recovery for Global Content Delivery Services (GCDS) for cost previously recovered via the DISN Infrastructure Services rate structure (+$9.1 million); re-phasing of civilian positions in support of Global Service Desk (GSD) and other Computing Services workload (+$5.1 million); increases in enterprise support (+$6.5 million); and additional operating costs required to support demand for reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO) (+$6.0 million); and other miscellaneous adjustments (+$0.4 million).

These increases are partially offset by decreases totaling -$162.4 million within the DISN Infrastructure Services, which include removal of Global Content Delivery Service (GCDS) to be fully recovered by the Computing Service GCDS service offering (-$13.2 million); a reduction in sustainment costs of the Joint Regional Security Stacks as capability nears end of service (-$4.8 million); sunset of the centrally managed endpoint support as part of the Department's strategy to move to Microsoft Defender for Endpoints (MDE) (-$4.8 million); a reduction in the cost of cyber security sustainment operations due to contract recompete (-$5.3 million); and other miscellaneous adjustments (-$8.9 million). Other decreases include discontinuation of dual operations for implementation of new service delivery support capability to improve quality of service (-$10.9 million); re-estimation of workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO) (-$93.8 million); decommissioning of the legacy DEE and DEPS capabilities as a result of customers migrating to the Defense Enterprise Office Solutions (-$4.3 million); Decommission of DoD Enterprise Portal Service (DEPS) Shared and Dedicated Non-classified Internet Protocol Router Network (NIPR) (-$1.4 million); revised workload estimates for Global Service Desk (GSD) and ServiceNow (-$2.3 million),and other miscellaneous adjustments associated with changes in customer workload requirements (-$12.7 million).

Capital Investment Program

($ in millions)	FY 2023	FY 2024	FY 2025
Equipment	$0.0	$0.0	$0.0
ADPE and Telecom	$100.9	$190.7	$186.4
Software	$6.0	$13.5	$24.3
Minor Construction	$1.5	$3.5	$3.5
Total Program Authority	$108.4	$207.7	$214.2
FY 2024 President's Budget	$207.3	$224.7	-
Change FY 2024 President’s Budget to Current Estimates	-	-$17.0	-
Change FY 2024 Current Estimate to FY 2025 Current Estimate	-	-	+$6.5

FY 2024 President’s Budget Submission to FY 2024 Current Estimates
Total capital investment obligation authority decreases by $17.0 million from the FY 2024 President’s Budget. The decrease is primarily due to a decrease in Facilities Support Equipment and removal of CIC to Service Now Integrations Software, CISCO Equipment Lifecycle Replacement, and IBM License Conversion. This decrease is partially offset by an increase in Software for the Integrated Defense Enterprise Acquisition System (IDEAS) and IT Service Management tools utilized by the Global Service Desk.

FY 2024 Current Estimate to FY 2025 Current Estimate
The FY 2025 capital investment program increases by $6.5 million from FY 2024 primarily due to the addition of EMSS Gateway Evolution project because of the delayed transition of the Commercial Satellite mission from DISA to United States Space Force, as well as an increase in EVOIP equipment and Cyber Security Tool Evolution software. This is partially offset by a decrease in Cyber Security Tool Evolution equipment.

Civilian Personnel

($ in millions)	FY 2023	FY 2024	FY 2025
Civilian End Strength	3,467	4,177	4,183
Civilian Full Time Equivalents	3,456	3,679	4,064
Civilian Labor Cost	$535.9	$611.5	$708.0

Civilian labor requirements increase by +223 full-time equivalents (FTEs) from FY 2023 to FY 2024. This increase is primarily driven by onboarding of Fourth Estate Agencies to the Global Service Desk and DoDNet services as part of the Fourth Estate Network Optimization reform initiative. Additional increases support changes in reimbursable workload and financial and personnel management support services as well as new Global Service Desk (GSD) positions for DISA's Joint Service Provider (JSP). Increases are partially offset by reductions in Computing Service’s Data Center support due to workload terminations as well as reductions in personnel due to the decommissioning of the legacy Defense Enterprise Email (DEE) and DoD Enterprise Portal Service (DEPS) as customers complete migrations to the Defense Enterprise Office Solutions (DEOS).

Civilian labor requirements increase by +384 FTEs from FY 2024 to FY 2025. This is primarily driven by the additional migrations and support of Fourth Estate Agencies to the Global Service Desk and DoDNet services, which also drives an increased need for financial and personnel management support. Additional billets support increased workload for the Defense Information Technology Contracting Organization (DITCO), filling vacancies in support of the DISN Infrastructure Services and mission partner engagement efforts and phasing in of GSD positions to include a full year of JSP and customer reimbursable positions. Increases are partially offset by civilian labor associated with a reduction of positions due to sunsetting DEPS SIPR in FY 2025 as well as reduction in Data Center system administration positions due to Defense Collaboration Services (DCS) decommissioning.

Military Personnel

($ in millions)	FY 2023	FY 2024	FY 2025
Military End Strength	20	17	17
Military Labor Cost	$2.9	$2.1	$2.1

Changes in military end strength are driven by the three-year average fill rate, which determines reimbursement to the military personnel accounts.

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Defense Information Systems Agency
Changes in the Cost of Operation
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	Costs
FY 2023 Estimated Actual:	**$7,914.649**
FY 2024 Estimate in President's Budget:	**$8,608.256**
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	**0.000**
Pricing Adjustments:	**184.806**
Non-Labor Inflation	156.313
Civilian/Military Pay Raise	27.136
Annualization of Civilian/Military Pay Raise	1.357
Program Changes:	**508.801**
Re-phasing of civilian positions in support of Global Service Desk and Computing Services workload	-10.743
Projected reduction in workload across DISA Computing Services primarily due to customer migrations to commercial cloud as well as re-estimation of direct reimbursable customer workload	-7.610
Decommissioning of DoD Enterprise Portal Service (DEPS) Shared and Dedicated Non-classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR) service offering	-4.577
Revised workload estimates for Global Service Desk offerings and re-estimation of ServiceNow® offering	7.792
Projected workload adjustments for the Global Content Delivery Service (GCDS)	5.868
Re-estimation of DoD Enterprise Email (DEE) Secret Internet Protocol Router Network (SIPR) service offering due to decommissioning	5.262
Revised capital depreciation due to re-phasing of capital projects	10.974
Maintain current architecture of Boundary Cloud Access Point (BCAP) infrastructure due to delays in modernization efforts	8.371
Dual operations for Network Management tools sustainment transition to the cloud as well as hosting and security upgrades	13.348
Testing and patching of legacy Endpoint Security licenses	4.700
Revised workload estimates for Commercial Satellite Communications managed by the United States Space Force	53.908
Adjustments in the Fourth Estate Network Optimization reform initiative due to a rephasing of customer migrations to the enterprise service	-123.602
Increased workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	550.194
Additional operating costs required to support demand for reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	4.810
One-time increase in the cost of cyber security sustainment operations due to contract recompete	5.405
Reduction in sustainment costs of the Joint Regional Security Stacks as capability nears end of service	-2.833
Other miscellaneous adjustments associated with changes in customer workload requirements	-43.002
Increases in enterprise support (i.e. base support, audit, DFAS bills, property management, financial management system and service delivery support improvements)	27.480

	Costs
Other miscellaneous adjustments	3.056
FY 2024 Current Estimate:	**$8,608.256**
Pricing Adjustments:	**187.520**
Non-Labor Inflation	165.384
Civilian/Military Pay Raise	18.003
Annualization of Civilian/Military Pay Raise	4.133
Productivity Initiatives and Other Efficiencies:	**0.000**
Program Changes:	**-43.488**
Decommissioning of of DoD Enterprise Email (DEE) Secret Internet Protocol Router Network (SIPR) service offering	-4.340
Revised workload estimates for Global Service Desk offerings and re-estimation of ServiceNow® offering	-2.335
Revised capital depreciation due to re-phasing of capital projects	12.385
Re-phasing of civilian positions in support of Global Service Desk and Computing Services workload	5.139
Decommission of DoD Enterprise Portal Service (DEPS) Shared and Dedicated Non-classified Internet Protocol Router Network (NIPR) by end of FY 2023 and Secret Internet Protocol Router Network (SIPR) service offering	-1.370
Re-estimation of customer workload for reimbursable Computing Services	16.195
Change in cost recovery for Global Content Delivery Services (GCDS) for cost previously recovered via the DISN Infrastructure Services rate structure	9.139
Other miscellaneous adjustments	0.377
Removal of Global Content Delivery Service (GCDS) from the DISN Infrastructure Services to be be fully recovered by the Computing Service GCDS service offering	-13.240
Reduction in the cost of cyber security sustainment operations due to contract recompete	-5.344
Reduction in sustainment costs of the Joint Regional Security Stacks as capability nears end of service	-4.797
Sunset of the centrally managed endpoint support as part of the Department's strategy to move to Microsoft Defender for Endpoints (MDE)	-4.800
Increases to the direct reimbursable requirements for the Fourth Estate Network Optimization (4ENO) initiative	63.362
Discontinuation of dual operations for implementation of new service delivery support capability to improve quality of service	-10.906
Additional operating costs required to support demand for reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	6.039
Re-estimation of workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	-93.832
Increases in enterprise support (i.e. base support, audit, DFAS bills, property management, financial management system and service delivery support improvements)	6.522
Other miscellaneous adjustments associated with the DISN Infrastructure Services	-8.946
Other miscellaneous adjustments associated with changes in customer workload requirements	-12.736
FY 2025 Estimate:	**$8,752.288**

Defense Information Systems Agency
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**7,353.177**	**7,988.660**	**8,207.946**
Army	**2,060.869**	**2,275.337**	**2,314.717**
Operations & Maintenance	1,620.373	2,243.157	2,277.941
Research Development Testing & Evaluation	69.522	31.736	36.306
Procurement	370.860	0.444	0.470
Military Construction	0.114	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	**745.248**	**821.767**	**836.811**
Operations & Maintenance	729.984	563.662	573.521
Research Development Testing & Evaluation	10.903	0.032	0.032
Procurement	4.265	0.000	0.000
Military Construction	0.096	258.073	263.258
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	**1,340.412**	**1,423.366**	**1,452.012**
Operations & Maintenance	1,250.288	1,414.202	1,442.606
Research Development Testing & Evaluation	56.497	7.759	7.973
Procurement	33.627	1.405	1.433
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	**183.127**	**228.187**	**230.948**
Operations & Maintenance	182.504	228.187	230.948
Research Development Testing & Evaluation	0.623	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
Other	0.000	0.000	0.000
Defense-Wide	**3,023.521**	**3,240.003**	**3,373.458**
Operations & Maintenance	2,203.849	2,770.432	2,821.667
Research Development Testing & Evaluation	250.230	50.554	48.448
Procurement	373.561	2.941	3.288
Military Construction	0.000	0.000	0.000
Defense Health Program	66.253	72.151	73.721
Family Housing	0.000	0.000	0.000
Other	129.628	343.925	426.334
b. Orders from other Fund Activities	**483.045**	**402.093**	**408.039**
Army Working Capital Funds	5.396	0.500	0.565
Army Industrial Operations	5.396	0.500	0.565
Air Force Working Capital Funds	32.509	37.408	39.127

US Transportation Command (TRANSCOM)	19.961	23.390	24.394
Consolidated Sustainment Activity Group (CSAG)	12.548	14.017	14.733
Navy Working Capital Funds	113.139	17.495	18.170
Other Navy Activity Groups	96.323	2.939	3.080
Marine Corps Depot Maintenance	4.464	0.000	0.000
Navy Supply Management	2.474	10.275	10.616
Navy Depot Maintenance	9.897	4.280	4.474
Navy Base Support	-0.019	0.000	0.000
Marine Corps Supply	0.000	0.000	0.000
Defense-wide Working Capital Funds	234.248	248.570	250.151
DLA Supply Chain Management	112.691	113.419	115.169
Defense Finance and Accounting Service (DFAS)	122.292	135.151	134.982
DISA Computing Services (CSD)	-0.737	0.000	0.000
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	0.002	0.000	0.000
Other Working Capital Funds	97.753	98.120	100.026
Other	6.443	5.827	5.948
Defense Commissary Agency (DECA) Operations	40.689	36.787	37.531
Corps of Engineers	50.621	55.506	56.547
Other	0.000	0.000	0.000
c. Total DoD	**7,836.222**	**8,390.753**	**8,615.985**
d. Other Orders:	**228.079**	**240.675**	**239.171**
Exchange Activities	0.000	0.000	0.000
Trust Funds	38.196	44.888	45.786
Non-Federal Agencies	0.193	1.940	1.979
Federal Agencies	133.233	158.202	155.213
Foreign Military Sales	56.457	35.645	36.193
Total for New Orders	**8,064.301**	**8,631.428**	**8,855.156**
2. Carry-In Orders	0.000	0.000	0.000
3. Total Gross Orders	**8,064.301**	**8,631.428**	**8,855.156**
4. Carry-Out Orders (-)	0.000	0.000	0.000
5. Gross Sales	**8,064.301**	**8,631.428**	**8,855.156**
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	**8,064.301**	**8,631.428**	**8,855.156**
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	**8,064.301**	**8,631.428**	**8,855.156**

Defense Information Systems Agency
Revenue and Expenses
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**8,064.301**	**8,631.428**	**8,855.156**
Operations	7,975.268	8,487.855	8,699.198
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	89.033	143.573	155.958
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	**8,064.301**	**8,631.428**	**8,855.156**
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	539.339	614.146	710.651
Military Personnel Compensation & Benefits	2.876	2.096	2.116
Civilian Personnel Compensation & Benefits	536.463	612.050	708.535
Travel & Transportation of Personnel	5.256	12.868	13.015
Materials & Supplies (For Internal Operations)	56.004	27.370	27.898
Equipment	0.000	0.000	0.000
Other Purchases from Revolving Funds	20.592	21.861	22.045
Transportation of Things	0.823	2.960	3.033
Capital Investment Recovery (CIR)	89.033	143.573	155.958
Printing & Reproduction	3.956	0.024	0.024
Advisory & Assistance Services	30.376	17.493	15.613
Rent, Communication, Utilities, & Misc. Charges	2,167.377	2,486.805	2,480.383
Other Purchased Services	5,001.893	5,281.156	5,323.668
Total Expenses	**7,914.649**	**8,608.256**	**8,752.288**
Operating Result	**149.652**	**23.172**	**102.868**
Other Adjustments Affecting NOR	**-283.297**	**-59.772**	**-57.074**
Less Capital Surcharge Reservation	-283.297	-59.772	-57.074
Net Operating Result	**-133.645**	**-36.600**	**45.794**
Prior Year AOR	285.952	152.307	116.366
Other Changes Affecting AOR	0.000	0.659	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	-162.160
Total Accumulated Operating Results for Budget Purposes	**152.307**	**116.366**	**0.000**

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Defense Working Capital Fund

Defense Logistics Agency

Operating Budget

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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FUNCTIONAL DESCRIPTION

As the Nation's Combat Logistics Support Agency, the Defense Logistics Agency (DLA) manages the end-to-end defense global supply chain – from raw materials to end user disposition – for the Military Services, 11 Combatant Commands, federal, state, and local agencies, and partner and allied nations. DLA sources and provides nearly all the consumable items America's military forces need to operate, including subsistence (food/water), clothing and textiles, bulk petroleum and other energy products, construction material and equipment, medical material and equipment, and repair parts for land, sea, and air.

The DLA Supply Chain Management (SCM) Activity Group provides approximately $42.4 billion in goods and services from initial purchase of DLA materiel to distribution and storage and then reutilization or disposal. This activity group is broken into three business segments: DLA Materiel Supply Chains (MSCs), DLA Distribution, and DLA Disposition Services. Costs associated with these business segments include operations (salaries and expenses), materiel (items sold), and capital investments (purchase of equipment, software development and minor construction).

- **DLA MSCs** manage approximately five million consumable items and respond to customer orders from the Military Services, Federal Agencies, non-federal Agencies, and Partner Nations and Allies, as well as supporting Humanitarian Assistance and Disaster Relief efforts. DLA MSCs consist of:
    - DLA Troop Support
        - Subsistence (Class I)
        - Clothing and Textiles (Class II)
        - Construction and Equipment (Class IV and VII)
        - Medical (Class VIII)
    - DLA Weapon Systems (Class IX)
        - DLA Aviation
        - DLA Land and Maritime
- **DLA Distribution Supply Chain** is responsible for the global distribution and warehousing of Military Service and DLA materiel. Major customers are the Military Services' Supply Management Activity Groups, other federal agencies, and DLA. The Distribution network consists of 24 distribution centers strategically located throughout the world and provides logistics planning and contingency operation capabilities to the Department of Defense (DoD).
- **DLA Disposition Services** is responsible for the reuse, or reutilization, of excess and surplus property within the DoD. DLA Disposition Services makes property available for transfer to other Federal Agencies if the property is not reutilized. Also, property that cannot be reutilized may be offered for competitive sale to the public, recycled, or disposed**.** Any remaining property becomes surplus and is made available for donations to authorized State Agencies and charitable organizations. DLA Disposition Services also performs other vital DoD missions, such as scrap metal recovery, demilitarization, and hazardous waste disposal.

BUDGET HIGHLIGHTS

DLA SCM's budget is affected by four major factors: inflation, readiness inventory, digital business transformation (Information Technology (IT)), and reimbursable overhead burdening.

Inflation: Inflation continues to affect DLA SCM's budget. DLA SCM is somewhat protected from the inflation in the broader economy due to having many items on long-term contracts. As those contracts renew, however, higher prices permanently impact DLA's prices. DLA anticipates increases of 7.6% in fiscal year 2024 and 6.1% in fiscal year 2025. These anticipated increases are largely unavoidable, as the effect of inflation takes several years to be included in new long-term contracts.

Even if inflation returns to baseline quickly, SCM's materiel cost increases will remain elevated for several years as the remaining contracts roll over. Inflation impacts will be recovered in its prices.

Readiness Inventory Factor: The budget will achieve an 85% materiel availability for FY 2024 and FY 2025 by increasing materiel obligations for the Weapons Supply Chains by $790.4M and $859.0M, respectively. The FY 2024 materiel obligation request of $790.4M is not financed in the rates and will be funded with DLA's cash. The FY 2025 materiel obligation of $859.0M will be primarily financed in the rates. A readiness inventory factor of $719.0M will ensure the SCM cash position remains within approved limits. The surcharge will be applied exclusively to the Weapons Supply Chains with DLA accepting risk of the remaining $140.0M.

The readiness inventory factor funds will preclude future backorder growth in the Weapons Supply Chains, where DLA primarily buys in advance of need. DLA's Enterprise Business System settings are configured to drive material availability to 85%.

Digital Business Transformation: DLA continues to recapitalize IT investments and modernize its distribution network in FY 2025. Major components of this investment include implementing the Warehouse Management System (WMS) to ensure DLA Distribution Centers achieve and maintain modern state-of-the-art capabilities, replacing the legacy Federal Logistics Information Services cataloging system with a modern and sustainable platform and implementing an Identity, Credential, and Access Management solution.

Reimbursable Overhead Burdening: DLA's enterprise overhead includes costs incurred by DLA activities including, but not limited to human resources, finance, and installation support. With the growth of DLA's reimbursable activity and increased transparency of where costs are incurred, enterprise overhead benefiting reimbursable programs has increased. Although DLA is fully recovering its costs, the status quo cost allocation for enterprise overhead where reimbursable programs do not pay these costs is no longer a reasonable or justifiable cost allocation methodology to overhead.

This budget reflects the application of a flat rate percentage of 2.4% in FY 2025 to reimbursable programs to ensure DLA's costs are rationally and reasonably aligned to where costs are incurred. The realignment of costs does not change the total DLA Working Capital Fund costs to be recovered.

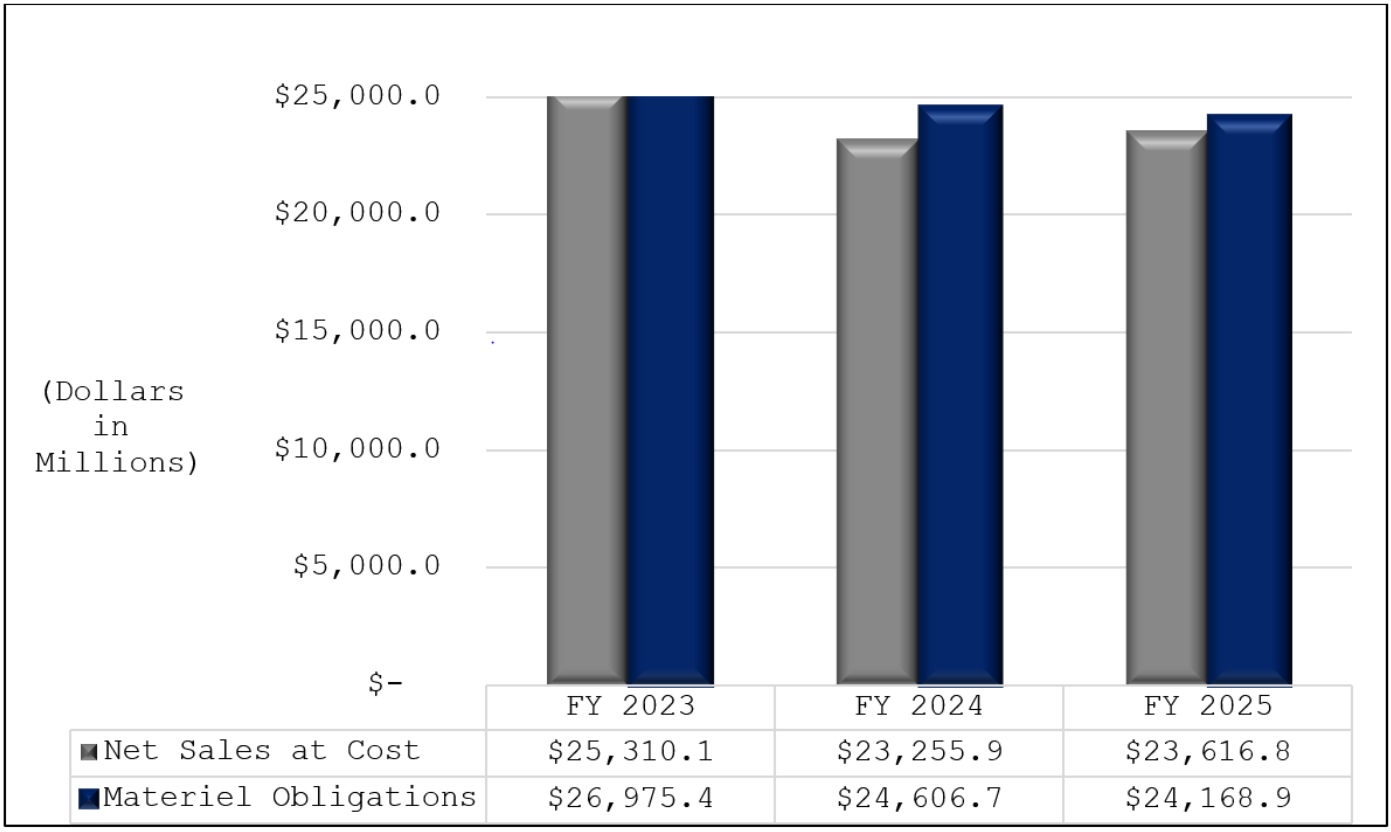
The flat rate reallocates approximately $14.4M in costs. The table below displays the amount reallocated from each Materiel Supply Chain.

Supply Chain	Reallocated Enterprise Overhead
Clothing and Textiles	$ 0.3
Medical	$0.7
Subsistence	$ 0.0
Construction and Equipment	$ 0.0
Aviation	$ 10.1
Land	$ 1.2
Maritime	$ 2.0
Total	**$ 14.4**

WORKLOAD

DLA Materiel Supply Chains (MSCs): DLA's workload is the basis for budget development. DLA MSCs consider several factors including enterprise and supply chain specific assumptions. Another key input comes from planning sessions with comptroller personnel and logistics professionals from the Military Services.

DLA continuously assesses its demand assumptions as part of its demand planning summits. DLA strives to maximize materiel availability in support of Service readiness while balancing cash solvency. In FY 2023 through FY 2025, materiel obligation projections exceed net sales. The higher materiel obligations will ensure a budget that supports a MA of 85%, which should preclude future backorder growth in the Weapon System supply chains.



	FY 2023	FY 2024	FY 2025
Net Sales at Cost	$25,310.1	$23,255.9	$23,616.8
Materiel Obligations	$26,975.4	$24,606.7	$24,168.9

DLA Distribution: Materiel receipts, issues, and storage space occupied are the major workload measures for DLA Distribution.

Receipts and Issues: Processing workload projections are based on the regression analysis of prior and current year actual DLA direct sales and processing workload applied to future sales estimates. Workload is depicted in number of lines processed. Processing workload is projected to increase in to in FY 2025 as displayed in the following chart:

PB 2025 Processing Workload	FY 2023	FY 2024	FY 2025
Lines Received and Shipped in Millions	11.9	12.0	12.6

Storage: Storage workload projections are based on prior and current year actual data. Projected overall storage workload is expected to increase slightly in FY 2025.

PB 2025 Storage Workload (Occupied Cubic Feet in Millions)	FY 2023	FY 2024	FY 2025
Covered Storage Space	36.8	35.7	35.3
Open Storage Space	39.8	36.6	37.2
Specialized Storage Space	2.7	1.8	2.4
Total	**79.3**	**74.1**	**74.9**

*Numbers may not add due to rounding

Distribution infrastructure and resources for overseas forward positioned inventory in support of operational plan requirements and the storage of inactive stock are not business functions that lend themselves to a working capital fund environment. The unknown nature of demand, need for agile responsiveness to support in theater operations, and the storage of inventory for the life span of weapons systems is better suited to an appropriated funding model. DLA is assessing other funding alternatives for its distribution functions.

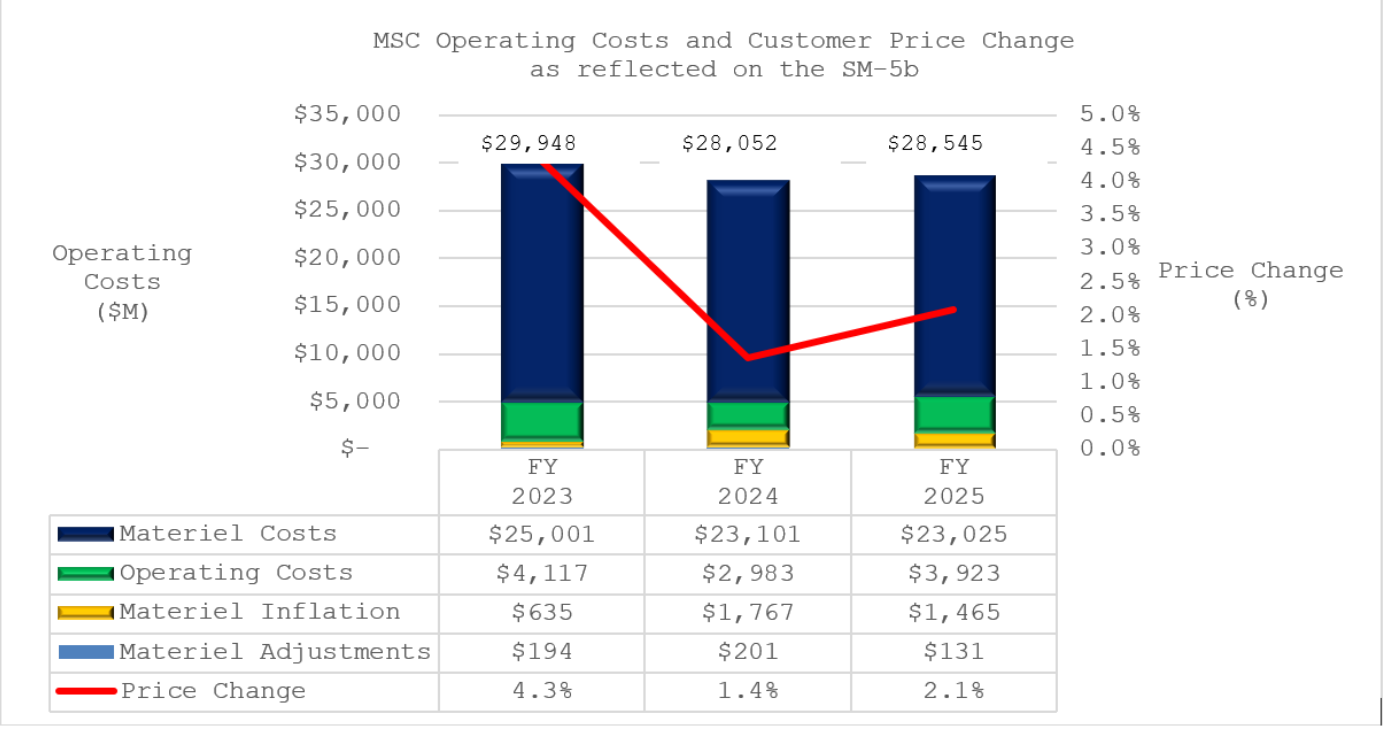
DLA Disposition Services

DLA Disposition Services' key workload metric is Line Items Received. Actual workload for FY 2023 was 2.4-million-line items and is expected to remain at that same level through FY 2025. Each line item represents a single Disposal Turn-In Document (DTID) received by DLA Disposition Services for the processing of Excess, Obsolete, or Unserviceable items. Each DTID (line item) may contain any quantity (one or many) of that item. This workload measure is the one used for rate setting and billing.

PRICING

DLA MSCs: One of DLA's Strategic Plan initiatives is to provide greater financial transparency to its customers. To achieve this goal, DLA SCM is transitioning to reporting and tracking operating costs instead of the cost recovery rate. The approved operating costs represent the amount DLA must recover for purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, and cataloging as well as recovery or return of prior year operating results and any necessary capital, readiness, or cash surcharges. The increase in the FY 2025 operating costs is due to the inclusion of the readiness inventory factor of $719M. DLA anticipates normal cash balances in FY 2025.

The price change to customer represents the change in price at the item level affected by both price and program changes in the budget. Changes in customer price are driven by factors such as: inflation, basic costs incurred to procure, store, and ship items to the customer, and prior year operating results. Like the operating costs, the FY 2025 increase in the Price Change to the Customer is also driven primarily by the inclusion of the readiness inventory factor and increases associated with enterprise investments in information technology and other programs. The table below displays the composite price change to customers and the operating costs for FY 2023 through 2025.



	FY 2023	FY 2024	FY 2025
Materiel Costs	$25,001	$23,101	$23,025
Operating Costs	$4,117	$2,983	$3,923
Materiel Inflation	$635	$1,767	$1,465
Materiel Adjustments	$194	$201	$131
Price Change	4.3%	1.4%	2.1%

DLA Distribution: DLA Distribution recovers costs associated with receipt, issue, storage, and a variety of other provided services using multiple pricing methodologies and rates. Information on DLA Distribution rates is shown in the Appendix.

DLA Disposition Services: DLA Disposition Services recovers costs not covered by sales and reimbursable charges through a Service Level Bill (SLB). Bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. In FY 2025, the SLB will increase by $68.4M resulting from a net of cost increases and decreased accumulated operating results returns.

($ Millions)	**FY 2023**	**FY 2024**	**FY 2025**
Army	$154.3	$140.2	$160.2
Navy	$60.7	$54.4	$67.2
USMC	$18.1	$16.0	$25.9
Air Force	$46.5	$41.0	$55.3
Coast Guard	$1.3	$1.5	$2.2
DLA	$38.6	$30.2	$38.8
Other (Unit Cost Reimb)	$10.2	$7.6	$9.7
Total	**$329.7**	**$290.9**	**$359.3**

DLA Information Operations: DLA Information Operations provides DoD's enterprise solution built on a common framework supporting process automation through every phase of the procurement process, reducing manual data entry and administrative tasks from pre-award through contract close. The Procurement Integrated Enterprise Environment (PIEE) electronic business suite provides real-time, web-based storage of key documents and processing of requirements, award, post award administration, payment, property management, and purchase card business areas. This includes interfaces with the military services and Defense Agencies contract writing, payment, logistics and Enterprise Resource Planning systems. This suite of applications, formerly referred to as Wide Area Workflow/Electronic Data Access, is funded by the military services and other agencies through shared costs in the SLB.

Over the past five years, PIEE has matured to implement additional application functionalities for a total increase of $19.7M in FY 2025. With this increase in functionality, the program adjusted the cost allocation methodology from a sole user allocation split to an allocation representing percentage of contract dollars obligated in the Federal Procurement Data System between the military services, Defense Contract Management Agency, DLA and Defense Finance and Accounting Service. DLA will continue to evaluate the best approach for financing this program moving forward.

($ Millions)	**FY 2023**	**FY 2024**	**FY 2025**
Army	$11.1	$13.0	$15.5
Navy	$7.0	$7.4	$14.9
USMC	$1.0	$1.6	$0.6
Air Force	$8.7	$8.9	$13.8
DLA	$6.0	$4.7	$8.0
DCMA	$2.1	$1.5	$2.3
DFAS	$1.0	$0.7	$2.3
Total	**$36.9**	**$37.8**	**$57.4**

ANALYSIS OF BUDGET STATEMENTS

NET OPERATING RESULTS (NOR)/Accumulated Operating Results (AOR): The following table shows the NOR/AOR, which exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other changes. In support of cash preservation efforts, DLA included a non-recoverable cash surcharge in FY 2023 and FY 2025 and requests to defer the return of positive AOR of $359.5M in FY 2025.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Revenue	$32,742.4	$30,347.4	$31,710.2
Expenses	$31,621.2	$30,924.5	$31,498.7
Operating Results	$1,121.2	($578.0)	$211.6
Other Changes Affecting NOR	$0.0	$0.0	$0.0
Transfers	$0.0	$0.0	$0.0
Appropriations	$0.0	$0.0	$0.0
Net Operating Results	$1,121.2	($577.1)	$211.6
Prior Year AOR	$1,685.8	$1,427.5	$866.9
Other Changes Affecting AOR	$444.1	$16.4	$0.0
Retained AOR	($16.2)	$0.0	$0.0
Non-Recoverable AOR	($1,807.4)	$0.0	($719.0)
Deferred AOR	$0.0	$0.0	($359.5)
Accumulated Operating Results	$1,427.5	$866.9	$0.0

*Numbers may not add due to rounding.

CASH PROJECTIONS (see table below)

FY 2023: DLA Supply Chain Management had a cash loss of $293.2 million as a result of material receipts outpacing sales, inflationary impacts, and earning the remaining FY 2022 advance billings by purchasing and delivering COVID-19 related materiel to HHS. DLA Supply Chain Management focused extensively on Department Audit Readiness goals, making necessary investments in its people and processes, and meeting customer performance requirements. Cash balances remained within the operating range for FY 2023.

FY 2024: DLA Supply Chain Management projects a cash loss of $763.8 million primarily due to returning $564.5 million in positive AOR to customers. Other factors contributing to the cash loss are investments made in service readiness and materiel receipts outpacing sales. Cash balances remain within the operating range for FY 2024.

FY 2025: DLA Supply Chain Management projects a cash loss of $229.0 million primarily due to investments made in service readiness. Cash balances remain within the operating range for FY 2025.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Disbursements	-$31,615.5	-$31,220.8	-$31,597.9
Collections	$31,322.2	$30,456.9	$31,368.9
Net Outlays	-$293.2	-$763.8	-$229.0
Appropriations Received	$0.0	$0.0	$0.0
Transfer	$0.0	$0.0	$0.0
Total Change in Cash	-$293.2	-$763.8	-$229.0
Beginning Cash Balance	$2,961.9	$2,668.7	$1,904.8
Ending Cash Balance	$2,668.7	$1,904.8	$1,675.8
Lower Operating Range	$760.7	$930.6	$951.7
Upper Operating Range	$3,149.9	$3,231.0	$2,752.0

*Numbers may not add due to rounding

PERSONNEL PROFILE

The following table displays DLA SCM projected workforce levels for FY 2023 through FY 2025. The full-time equivalents (FTEs) increase in FY 2025 is in support of digital transformation initiatives.

	FY 2023	FY 2024	FY 2025
Civilian End Strength	22,585	23,882	24,007
Civilian FTEs	22,010	23,470	23,552
Military End Strength/FTEs	496	496	496

Capital Investment Program

The capital budget includes investments that exceed a cost estimate of $250,000 and have a useful life of two or more years. Overall, the Capital Investment Program decreases in fiscal year 2025 as DLA has a reduced need for capital in support of distribution modernization efforts. DLA's capital investments fall into one of four capital categories:

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Non-Automated Data Processing Equipment (non-ADP)	$32.0	$37.2	$47.6
Automated Data Processing Equipment (ADPE)	$4.1	$7.3	$7.4
Software Development (SWD)	$32.8	$69.4	$49.8
Minor Construction (MC)	$27.9	$51.4	$38.6
Total	**$96.8**	**$165.3**	**$141.4**

Non-Automated Data Processing Equipment (Non-ADPE) includes purchases of material warehouse and disposal handing equipment, warehouse-racking systems, and security related equipment such as intrusion detection systems. Costs are driven by the Distribution Modernization Program, which includes automated warehouse management equipment and robotic systems. Implementation started in FY 2022 at larger-sized locations requiring heavy equipment and costs vary in FY 2024 and FY 2025 based on equipment needs for each location.

Automated Data Processing Equipment (ADPE) includes telecommunications and network/production hardware systems and hardware purchases such as local area networks and wide area networks. The significant reduction in FY 2024 and FY 2025 reflects a decrease in ADPE requirements associated with the Distribution Modernization Program (DMP). During the preliminary phase of this program, the automated inventory system equipment requirement was expected to transition into an acquisition program in FY 2024 as a turn-key solution with equipment and embedded software components. As requirements evolved, it is now believed that the WMS will satisfy the software needs for capability development. Given that this is no longer viable as an ADPE requirement, funding for this effort has been realigned to non—ADPE and SWD requirements.

Software Development (SWD) includes enhancements to several existing programs such as DLA's enterprise resource planning system, Enterprise Business System, which includes G-Invoicing efforts, the medical software system, Functional Executive Agent Medical Support, and FedMall, which is an eCommerce ordering system. Capital requirements reduced overall starting in FY 2025 as software development efforts for these programs are complete and enter sustainment.

Minor Construction (MC) includes the construction of new, replacement of existing, or modification to current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate changing missions, upgrading security facilities (gates, fences, and lighting) to meet current anti-terrorism/force protection standards, and renovating demilitarization facilities. The minor construction investments represent project costs based on current capitalized thresholds.Funding in FY 2024 and 2025 supports climate change projects, per Executive Orders (EO) 14008, 13990, 13693, and 14054. These EOs require climate resiliency by changing standard operations and infrastructure and meeting aggressive targets for carbon pollution-free electricity and emission. In support of these goals, DLA will install solar electrical systems and resilience generators at various sites starting in FY 2024 and will continue these efforts in the outyears.

Appendix

DLA Distribution Rates

Other DLA Distribution Rates							
		2023	2023	2024	2024	2025	2025
		CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS
Material Processing Center (per Line)		$20.51		$24.49		$30.99	
Estimated Transportation ($M)		$233.00	$88.20	$237.20	$90.80	$248.70	$109.80
Total Processing Cost ($M)		$384.87	$103.54	$558.03	$112.00	$545.98	$107.20
Composite Rate (line item)							
Composite Rate (First eaches, MB only)		$35.46	$76.55	$52.33	$86.29	$49.96	$85.10
Workload (Millions of eaches MB only)		10,579	1,287	10,664	1,297	11,341	1,260
Market Basket Issue Priority Group (IPG) 1 & 2 fee per line item		2.64	2.64	$2.64	$2.64	$2.64	$2.64
Market Basket no Prepositioned Materiel Receipt (PMR) fee per line item		7.55	7.55	$7.55	$7.55	$7.55	$7.55
Market Basket Supply Discrepancy Report (SDR) fee per line item		22.91	22.91	$22.91	$22.91	$22.91	$22.91
Market Basket no PMR & SDR (Combo) fee per line item		24.92	24.92	$24.92	$24.92	$24.92	$24.92
Reimbursable Rates:							
DLA Facility		$146.14		$168.55		$146.93	
Non-DLA Facility		$107.26		$123.26		$104.84	
Storage Rates							
	Covered Storage	$9.22		$12.13		$11.68	
	Open	$1.28		$1.72		$1.62	
	Specialized	$13.12		$17.06		$16.00	

Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

			FY 2023 Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations	Variability Targets	Target Total
Division:	26,242.298	30,186.260	35,581.545	0.000	0.000	35,581.545	96.846	0.000	35,678.391
CLOTHING & TEXTILES	1,673.047	1,727.190	2,634.850	0.000	0.000	2,634.850	0.107	0.000	2,634.957
MEDICAL	7,550.469	9,023.774	8,018.683	0.000	0.000	8,018.683	5.295	0.000	8,023.978
SUBSISTENCE	2,663.225	2,910.426	3,005.656	0.000	0.000	3,005.656	0.112	0.000	3,005.768
CONSTRUCTION & EQUIPMENT	7,154.710	6,713.421	8,016.109	0.000	0.000	8,016.109	0.139	0.000	8,016.248
INDUSTRIAL HARDWARE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVIATION	3,654.194	5,457.034	5,540.662	0.000	0.000	5,540.662	0.000	0.000	5,540.662
LAND	1,770.405	2,164.033	1,810.009	0.000	0.000	1,810.009	0.000	0.000	1,810.009
MARITIME	1,776.248	2,190.382	1,938.997	0.000	0.000	1,938.997	3.347	0.000	1,942.344
MANAGEMENT HEADQUARTERS	0.000	0.000	183.596	0.000	0.000	183.596	0.000	0.000	183.596
ENTERPRISE OPERATIONS	0.000	0.000	1,112.435	0.000	0.000	1,112.435	0.341	0.000	1,112.776
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,540.652	0.000	0.000	1,540.652	15.888	0.000	1,556.540
CENTRAL FUND	0.000	0.000	116.194	0.000	0.000	116.194	0.000	0.000	116.194
DISTRIBUTION	0.000	0.000	1,319.817	0.000	0.000	1,319.817	60.099	0.000	1,379.916
DISPOSITION SERVICES	0.000	0.000	343.885	0.000	0.000	343.885	11.518	0.000	355.403
TOTAL SUPPLY CHAIN MANAGEMENT	**26,242.298**	**30,186.260**	**35,581.545**	**0.000**	**0.000**	**35,581.545**	**96.846**	**0.000**	**35,678.391**

Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

FY 2024

Business Division	Net Customer Orders	Net Sales	Obligation Targets: Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
Division:	22,921.823	27,309.464	32,539.190	0.000	0.000	32,539.190	165.236	6,981.771	39,686.197
CLOTHING & TEXTILES	1,405.341	1,955.155	2,112.747	0.000	0.000	2,112.747	0.198	525.348	2,638.293
MEDICAL	7,025.001	7,501.235	7,285.641	0.000	0.000	7,285.641	5.426	1,815.593	9,106.660
SUBSISTENCE	2,575.945	2,800.839	2,666.469	0.000	0.000	2,666.469	0.205	666.369	3,333.043
CONSTRUCTION & EQUIPMENT	5,596.902	6,078.226	6,038.379	0.000	0.000	6,038.379	0.255	1,509.429	7,548.063
INDUSTRIAL HARDWARE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVIATION	3,712.380	5,591.979	5,387.254	0.000	0.000	5,387.254	7.633	1,197.595	6,592.482
LAND	1,302.961	1,692.505	1,753.016	0.000	0.000	1,753.016	0.000	425.491	2,178.507
MARITIME	1,303.293	1,689.525	1,978.509	0.000	0.000	1,978.509	6.348	473.859	2,458.716
MANAGEMENT HEADQUARTERS	0.000	0.000	185.547	0.000	0.000	185.547	0.000	0.000	185.547
ENTERPRISE OPERATIONS	0.000	0.000	1,308.353	0.000	0.000	1,308.353	3.874	0.000	1,312.227
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,847.202	0.000	0.000	1,847.202	25.599	0.000	1,872.801
CENTRAL FUND	0.000	0.000	280.483	0.000	0.000	280.483	0.000	70.121	350.604
DISTRIBUTION	0.000	0.000	1,301.874	0.000	0.000	1,301.874	105.359	227.594	1,634.827
DISPOSITION SERVICES	0.000	0.000	393.716	0.000	0.000	393.716	10.339	70.372	474.427
Total	**22,921.823**	**27,309.464**	**32,539.190**	**0.000**	**0.000**	**32,539.190**	**165.236**	**6,981.771**	**39,686.197**

Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions) (Cont.)

	FY 2025								
			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
Division:	23,616.774	28,564.945	32,826.241	0.000	0.000	32,826.241	143.444	6,992.662	39,962.347
CLOTHING & TEXTILES	1,480.445	1,724.070	1,697.855	0.000	0.000	1,697.855	0.150	421.494	2,119.499
MEDICAL	7,256.053	7,608.709	7,432.938	0.000	0.000	7,432.938	5.423	1,850.281	9,288.642
SUBSISTENCE	2,628.362	2,935.307	2,724.023	0.000	0.000	2,724.023	0.156	680.371	3,404.550
CONSTRUCTION & EQUIPMENT	5,714.827	6,281.372	5,540.145	0.000	0.000	5,540.145	0.195	1,384.865	6,925.205
INDUSTRIAL HARDWARE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVIATION	3,825.058	6,163.209	5,607.806	0.000	0.000	5,607.806	5.710	1,243.947	6,857.463
LAND	1,355.811	1,920.478	1,817.109	0.000	0.000	1,817.109	0.000	440.977	2,258.086
MARITIME	1,356.218	1,931.800	2,049.827	0.000	0.000	2,049.827	6.557	490.619	2,547.003
LOGISTICS INFORMATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TRANSACTION SERVICES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MANAGEMENT HEADQUARTERS	0.000	0.000	190.736	0.000	0.000	190.736	0.000	0.000	190.736
ENTERPRISE OPERATIONS	0.000	0.000	1,368.192	0.000	0.000	1,368.192	2.722	0.000	1,370.914
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,976.640	0.000	0.000	1,976.640	20.641	0.000	1,997.281
CENTRAL FUND	0.000	0.000	697.580	0.000	0.000	697.580	0.000	174.395	871.975
DISTRIBUTION	0.000	0.000	1,339.101	0.000	0.000	1,339.101	90.175	234.809	1,664.085
DISPOSITION SERVICES	0.000	0.000	384.289	0.000	0.000	384.289	11.715	70.904	466.908
Total	**23,616.774**	**28,564.945**	**32,826.241**	**0.000**	**0.000**	**32,826.241**	**143.444**	**6,992.662**	**39,962.347**

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Supply Chain Management Activity Group
Requirements to Budget
Fiscal Year (FY) 2025 Budget Estimates
February 2024

	FY 2023	FY 2024	FY 2025
A. CUSTOMER DEMANDS (WHAT DO YOU NEED)			
1. Total New Demands (Sales/Exchanges in FY)	26,319.764	23,025.766	23,723.163
2. Stock Due Out (Backorders) (BOP)	3,963.399	4,895.627	4,561.549
3. New Items (excluding provisioning) Operating Objective	**21,912.726**	**23,771.063**	**22,422.715**
4. Provision (SM-5a element)/NA	0.000	0.000	0.000
5. Other Demands (Specify) (Non-reoccurring)	169.162	58.475	782.313
GFM	25.000	25.000	25.000
In-Transit	134.055	12.515	12.515
Ships/Produce	0.000	0.000	0.000
Precious Metals	0.000	0.000	0.000
Shoe Last	0.000	0.000	0.000
Readiness (Leaning Forward - Sales in next year)	0.000	0.000	0.000
Homeless Blanket	2.835	3.722	3.796
Warstoppers	7.272	17.238	22.042
Inventory Maintenance	0.000	0.000	718.960
Special Program Requirements	0.000	0.000	0.000
Total Customer Demands	52,365.051	51,750.931	51,489.741
B. ASSETS AVAILABLE TO SATISFY CUSTOMER DEMANDS			
1. Serviceable On Hand (BOP)	11,403.250	11,878.419	12,436.416
2. Changes During Period	273.229	524.352	506.337
3. On Order BOP	13,739.557	14,896.256	14,588.734
Total Serviceable Assets Available	25,416.036	27,299.027	27,531.487
C. FUNDING REQUIREMENTS			
1. Unfunded Demands (A-B)	26,949.015	24,451.904	23,958.254
2. Transportation (FDT)	26.434	38.607	39.420
3. Repair Costs / NA	56.353	0.000	0.000
4. Other Costs (Specify)	3,458.253	4,128.201	4,305.561
Total Funding Requirement	30,490.054	28,618.712	28,303.234
Deferred Funding Adjustments			
1. Requirement deferred/eliminated (-)	0.000	0.000	0.000
2. Deferred requirement added (+)	1,752.216	124.401	179.566
Funding Requirement with Adjustments	32,242.270	28,743.113	28,482.800
Non-WCF Initial Spares from other DoD Appropriations	0.000	0.000	0.000

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Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**18,549.926**	**10,752.212**	**643.615**	**7,154.099**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	-10.350	101.486	-4.101	-107.735
b. Price Change Amount (Memo)	-936.044	-936.044	0.000	0.000
c. Inventory Reclassified and Repriced	17,603.532	9,917.654	639.514	7,046.364
3. Purchases	**25,596.288**	**25,157.314**	**438.974**	**0.000**
4. Gross Sales At Cost	**-25,387.536**	**-25,055.205**	**-332.331**	**0.000**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	489.634	489.042	0.000	0.592
Transfer to other DLA ICPs	-13.971	-13.971	0.000	0.000
Transfer from other DLA ICPs	503.605	503.013	0.000	0.592
b. Returns From Customers For Credit +	77.466	77.466	0.000	0.000
c. Returns From Customers Without Credit	111.087	102.604	0.000	8.483
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-649.646	-196.352	0.000	-453.294
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	623.340	663.356	-23.616	-16.400
h. Total Adjustments	651.881	1,136.116	-23.616	-460.619
6. Inventory - End of Period (EOP)	**18,464.165**	**11,155.879**	**722.541**	**6,585.745**
7. Inventory EOP, Revalued		**0**	**0**	**0**
a. Economic Retention (Memo)	0.000	0.000	0.000	0.000
b. Contingency Retention (Memo)	0.000	0.000	0.000	0.000
c. Potential DoD Reutilization (Memo)	0.000	0.000	0.000	0.000
8. Inventory on Order EOP	**15,004.667**	**14,904.866**	**99.801**	**0.000**

Narrative FY 2023:

9. Narrative (Explanation of unusual changes): DLA's FY23 BOP to EOP inventory decreased by $85.761M. The decrease is primarily a result of the sell of COVID related items to include: Coronavirus Test Kits, Hospital Gowns, Exam Gloves and Masks and lags in inventory replenishment in Land. The decreases are partially offset by increases in Subsistence for build up of MREs, Unitized Group Ration (UGR) Heat and Serves, and Unitized Group Ration-Express (UGR-E).

Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2024			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**18,464.165**	**11,155.879**	**722.541**	**6,585.745**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	0.000	-41.268	0.012	41.256
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	18,464.165	11,114.611	722.553	6,627.001
3. Purchases	**23,393.489**	**23,042.199**	**351.290**	**0.000**
4. Gross Sales at Cost	**-23,359.844**	**-23,022.568**	**-337.276**	**0.000**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	344.140	344.140	0.000	0.000
Transfer to other DLA ICPs	-1.462	-1.462	0.000	0.000
Transfer from other DLA ICPs	345.602	345.602	0.000	0.000
Transfers from Military Services	0.000	0.000	0.000	0.000
b. Returns From Customers for Credit	103.943	103.943	0.000	0.000
c. Returns From Customers Without Credit	303.715	284.534	0.000	19.181
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-341.324	-12.001	0.000	-329.323
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	-151.775	-154.857	-0.151	3.233
h. Total Adjustments	258.699	565.759	-0.151	-306.909
6. Inventory - End of Period (EOP)	**18,756.509**	**11,700.001**	**736.416**	**6,320.092**
7. Inventory EOP, Revalued		**0**	**0**	**0**
a. Economic Retention (Memo)	0.000			
b. Contingency Retention (Memo)	0.000			
c. Potential DoD Reutilization (Memo)	0.000			
8. Inventory on Order EOP	**14,896.256**	**14,800.958**	**95.298**	**0.000**

Narrative FY 2024:

9. Narrative (Explanation of unusual changes): DLA's FY24 BOP to EOP inventory is projected to increase by $292.344M. The increase is a result of 1) C&T Inventory increases due to the implementation of a new generation of body armor and helmets and the roll-out of Army Green Service Uniform (AGSU) and 2) increased obligations for Class IX in FY 2024.

Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2025			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**18,756.509**	**11,700.001**	**736.416**	**6,320.092**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.000	0.000	0.000	0.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	18,756.509	11,700.001	736.416	6,320.092
3. Purchases	**23,611.956**	**23,253.523**	**358.433**	**0.000**
4. Gross Sales at Cost	**-23,723.163**	**-23,379.024**	**-344.139**	**0.000**
5. Inventory Adjustments				
a. Capitalizations + or (-)	373.302	373.302	0.000	0.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	343.302	343.302	0.000	0.000
Transfers from Military Services	30.000	30.000	0.000	0.000
b. Returns From Customers for Credit	106.390	106.390	0.000	0.000
c. Returns From Customers Without Credit	287.149	264.968	0.000	22.181
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-324.238	-11.999	0.000	-312.239
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	-221.938	-226.324	0.000	4.386
h. Total Adjustments	220.665	506.337	0.000	-285.672
6. Inventory - End of Period (EOP)	**18,865.967**	**12,080.837**	**750.710**	**6,034.420**
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000	0.000	0.000	0.000
b. Contingency Retention (Memo)	0.000	0.000	0.000	0.000
c. Potential DoD Reutilization (Memo)	0.000	0.000	0.000	0.000
8. Inventory on Order EOP	**14,588.734**	**14,496.196**	**92.538**	**0.000**

Narrative FY 2025:

9. Narrative (Explanation of unusual changes): DLA's FY25 BOP to EOP inventory is projected to increase by $109.458M. The increase is a result of 1) C&T Inventory increases due to the implementation of a new generation of body armor and helmets and the roll-out of Army Green Service Uniform (AGSU) and 2) increased obligations for Class IX in FY 2024-2025.

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Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2023

	Total	WRM Protected	WRM Other
1. Inventory BOP	643.615	622.398	21.217
2. Price Change	0.000	0.000	0.000
3. Reclassification	-4.101	0.000	-4.101
4. Inventory Changes			
a. Receipts	**438.974**	**438.974**	**0.000**
(1). Purchases	438.974	438.974	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-332.331**	**-332.331**	**0.000**
(1). Sales	-332.331	-332.331	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**-23.616**	**-28.333**	**4.717**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	-23.616	-28.333	4.717
5. Inventory EOP	**722.541**	**700.708**	**21.833**
STOCKPILE COSTS			
1. Storage	11.442	11.442	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**11.442**	**11.442**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	438.974	438.974	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**438.974**	**438.974**	**0.000**

Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2024

	Total	WRM Protected	WRM Other
1. Inventory BOP	722.541	700.708	21.833
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.012	0.000	0.012
4. Inventory Changes			
a. Receipts	**351.290**	**351.290**	**0.000**
(1). Purchases	351.290	351.290	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-337.276**	**-337.276**	**0.000**
(1). Sales	-337.276	-337.276	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**-0.151**	**0.000**	**-0.151**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	-0.151	0.000	-0.151
5. Inventory EOP	**736.416**	**714.722**	**21.694**
STOCKPILE COSTS			
1. Storage	11.602	11.602	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**11.602**	**11.602**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	351.290	351.290	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**351.290**	**351.290**	**0.000**

Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2025

	Total	WRM Protected	WRM Other
1. Inventory BOP	736.416	714.722	21.694
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts	**358.433**	**358.433**	**0.000**
(1). Purchases	358.433	358.433	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-344.139**	**-344.139**	**0.000**
(1). Sales	-344.139	-344.139	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**750.710**	**729.016**	**21.694**
STOCKPILE COSTS			
1. Storage	11.602	11.602	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**11.602**	**11.602**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	358.433	358.433	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**358.433**	**358.433**	**0.000**

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Supply Chain Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**19,273.6**	**15,631.5**	**15,807.7**
Army	**4,308.5**	**3,945.2**	**3,998.3**
Operations & Maintenance	1,205.4	2,250.2	2,280.5
Research Development Testing & Evaluation	164.9	0.0	0.0
Procurement	683.0	961.2	974.2
Military Construction	938.9	-1.2	-1.2
Military Personnel	1,204.9	1,144.1	1,159.5
Family Housing	4.6	0.0	0.0
Other	37.5	123.3	124.9
Other (non-interfund, approp data not available)	69.1	-532.3	-539.5
Navy	**4,922.2**	**3,508.4**	**3,555.6**
Operations & Maintenance	2,833.5	679.5	688.6
Research Development Testing & Evaluation	195.5	0.0	0.0
Procurement	1,037.4	551.7	559.2
Military Construction	0.0	1.3	1.3
Military Personnel	523.8	430.5	436.3
Family Housing	0.4	0.0	0.0
Other	189.2	154.4	156.5
Other (non-interfund, approp data not available)	142.4	1,690.9	1,713.7
Air Force	**1,522.4**	**402.5**	**373.7**
Operations & Maintenance	735.3	0.0	0.0
Research Development Testing & Evaluation	50.8	0.0	0.0
Procurement	376.0	496.9	503.6
Military Construction	0.0	0.0	0.0
Military Personnel	60.1	78.3	79.3
Family Housing	1.8	0.0	0.0
Other	0.6	63.9	64.7
Other (non-interfund, approp data not available)	297.9	-236.5	-273.9
Marine Corps	**1,501.4**	**1,175.1**	**1,190.9**
Operations & Maintenance	706.4	242.8	246.1
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	466.4	294.0	298.0
Military Construction	0.0	0.0	0.0
Military Personnel	204.3	191.7	194.2
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Other (non-interfund, approp data not available)	124.3	446.5	452.6
Defense-Wide	**7,019.1**	**6,600.3**	**6,689.2**
Operations & Maintenance	418.1	63.5	64.4
Research Development Testing & Evaluation	305.2	0.0	0.0

Supply Chain Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Procurement	269.1	95.4	96.6
Military Construction	0.2	1.1	1.1
Defense Health Program	2,757.1	2,603.5	2,638.6
Family Housing	0.0	0.0	0.0
Other	3,107.9	2,556.7	2,591.2
Other (non-interfund, approp data not available)	161.5	1,280.1	1,297.3
b. Orders from other Fund Activities	**10,953.3**	**9,639.3**	**9,803.3**
Army Working Capital Funds	3,214.0	2,316.2	2,347.4
Navy Working Capital Funds	2,592.5	1,765.6	1,789.4
Air Force Working Capital Funds	4,706.4	5,088.7	5,191.5
Defense-wide	31.9	468.7	475.1
Other Working Capital Funds	408.4	0.0	0.0
Other	0.2	0.0	0.0
c. Total DoD	**30,226.9**	**25,270.8**	**25,611.0**
d. Other Orders:	**4,433.8**	**5,492.5**	**5,566.5**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	1.7	0.0	0.0
Federal Agencies	703.9	3,749.5	3,800.0
Foreign Military Sales	2,137.6	890.3	902.2
Other (non-interfund)	1,590.5	852.7	864.2
Total for New Orders	**34,660.7**	**30,763.3**	**31,177.5**
2. Carry-In Orders	12,889.5	4,267.7	6,467.7
3. Total Gross Orders	**47,550.2**	**35,031.0**	**37,645.1**
4. Carry-Out Orders (-)	-15,348.5	-4,767.8	-6,019.1
5. Gross Sales	**32,201.6**	**30,263.1**	**31,626.0**
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	**32,201.6**	**30,263.1**	**31,626.0**
8. Reimbursable Sales/Other Income	540.8	84.3	84.3
9. Total Revenue	**32,742.4**	**30,347.4**	**31,710.2**

Supply Chain Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**30,274.906**	**27,439.253**	**28,696.013**
Operations	30,219.812	27,381.878	28,635.611
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	55.094	57.375	60.402
Other Income	2,556.180	3,037.945	3,145.284
Refunds/Discounts (-)	-88.646	-129.789	-131.068
Total Income	**32,742.440**	**30,347.409**	**31,710.229**
Costs			
Cost of Material Sold from Inventory	25,310.070	23,255.901	23,616.774
Salaries and Wages:	2,757.415	3,083.363	3,190.924
Military Personnel Compensation & Benefits	44.558	50.901	52.224
Civilian Personnel Compensation & Benefits	2,712.857	3,032.462	3,138.700
Travel & Transportation of Personnel	31.894	52.233	58.391
Materials & Supplies (For Internal Operations)	267.572	64.516	66.794
Equipment	124.972	165.533	170.510
Other Purchases from Revolving Funds	169.919	204.746	219.527
Transportation of Things	419.387	518.993	529.159
Capital Investment Recovery (CIR)	55.094	57.375	60.402
Printing & Reproduction	1.041	1.074	1.096
Advisory & Assistance Services	93.965	108.652	106.475
Rent, Communication, Utilities, & Misc. Charges	139.047	139.300	143.756
Other Purchased Services	2,250.822	3,272.792	3,334.848
Total Expenses	**31,621.198**	**30,924.478**	**31,498.656**
Operating Result	**1,121.242**	**-577.069**	**211.573**
Other Adjustments Affecting NOR	**0.000**	**0.000**	**0.000**
Plus Passthrough or Other Appropriations Affecting NOR	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Result	**1,121.242**	**-577.069**	**211.573**
Prior Year AOR	1,685.818	1,427.525	866.891
Other Changes Affecting AOR	427.835	16.435	0.000
Non-Recoverable AOR	-1,807.370	0.000	-718.960
Deferred AOR	0.000	0.000	-359.504
Total Accumulated Operating Results for Budget Purposes	**1,427.525**	**866.891**	**0.000**

Functional Description

As the integrated materiel manager for bulk petroleum, the Defense Logistics Agency (DLA) Energy provides comprehensive worldwide energy solutions to the Department of Defense (DoD) and other authorized customers. DLA Energy buys and sells petroleum and aerospace products, arranges for petroleum support services, provides maintenance on fuel infrastructure, performs energy-related environmental assessments and cleanup, coordinates bulk petroleum transportation, and performs petroleum quality surveillance functions worldwide. DLA Energy issues contracts for electricity, natural gas, and renewable energy for the military services and for the privatization of their utility systems. DLA Energy also issues energy savings performance contracts for DoD, helping the department meet specified energy reduction goals. In addition, DLA Energy will have an expanded and significant role in the DoD climate initiative.

Budget Highlights

The DLA Energy budget is based on the economic assumptions for fuel issued by the Office of Management and Budget (OMB) and is subject to the underlying risks of the global fuel market. The FY 2025 budget assumes the average cost of refined fuel will be $119.53 /barrel. The average cost of refined fuel purchased in FY 2024 through December was $138.20/barrel.

DLA will continue to support the Department of the Navy and the Joint Task Force Red Hill in its mission to defuel and permanently close the Red Hill Bulk Fuel Storage Facility. As the cost projections for this effort are updated, DLA Energy will finance the cost through either a transfer-in of appropriations or within the non-product costs portion of the standard fuel price.

Operations

DLA Energy operations include civilian and military labor, information technology, and other non-labor costs. The increase in FY 2025 is primarily due to labor and contractor support inflation.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Operations	$628.6	$788.9	$831.1

Sustainment, Restoration, and Modernization (SRM)

DLA Energy has established SRM funding levels based on the results of recent planning studies and projects identified by the military services. The SRM program includes maintenance, repair, demolition, facilities, and minor construction. The increase in FY 2025 is primarily due to SRM being budgeted to 100% of the facilities sustainment model beginning in fiscal year 2023.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
SRM	$1,025.3	$910.2	$932.5

Transportation

DLA Energy budgets for worldwide transportation of fuel through various modes of transportation to include tanker, truck, pipeline, barge, and rail car. The transportation budget is primarily comprised of commercial transportation (pipeline and rail). Increased costs are driven primarily by sea transportation (Military Sealift Command, which is part of the Transportation Working Capital Fund). The increase in FY 2025 supports increased operational requirements for additional vessels and increased transportation rates.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Transportation	$699.5	$728.0	$886.5

Terminal Operations (TOPS)

DLA Energy funds contractor and government operated storage and distribution operations worldwide. The increase in FY 2024 is primarily due to shifting of requirements due to changing award patterns and exercising of option years.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
TOPS	$393.0	$790.3	$752.2

Environmental

DLA Energy provides funding for environmental compliance and restoration at military service locations that store and manage DLA-owned fuel. Environmental costs include permit fees, oil spill response and other related expenses, organization fees, waste disposal fees, costs associated with updating spill response plans, sampling, and analyzing fees, and remediation costs.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Environmental	$94.0	$98.3	$100.2

Aerospace Energy (AE)

In addition to petroleum-based products, DLA Energy provides missile propellants and cryogenics to customers worldwide. This includes product, transportation, operations, and storage costs.

The increase in FY 2025 is primarily due to requirements for Hydrazine and Gaseous Nitrogen for federal, and commercial space launch operations.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Aerospace	$23.9	$66.7	$164.6

Performance Indicators

Net Sales

DLA Energy measures its workload in terms of net petroleum barrels sold. The military services provide their projected requirements to DLA Energy. DLA Energy uses historical sales to estimate requirements for other authorized customers.

(Barrels in Millions)	FY 2023	FY 2024	FY 2025
Net Sales	79.5	84.3	82.4

Net Operating Results (NOR)

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable, other income, such as federal and state excise taxes collected on sales. Other changes affecting NOR include transfers and direct appropriations.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Revenue	$13,590.1	$12,559.9	$12,661.0
Expenses	$13,145.4	$12,983.6	$12,784.3
Operating Results	$444.7	($423.7)	($123.3)
Other Changes Affecting NOR	$472.6	$384.4	$2.3
Transfers	$0.0	$106.4	$2.3
Capital Surcharge	$0.0	$0.0	$0.0
Appropriations	$472.6	$278.0	$0.0
Net Operating Results	$917.3	($39.3)	($121.0)
Prior Year Accumulated Operating Results (AOR)	$2,726.4	$3,643.7	$3,604.4
Other Changes Affecting AOR	$0.0	$0.0	0.0
Deferred AOR	$0.0	$0.0	$0.0
Non-Recoverable AOR	$0.0	$0.0	($3,483.4)
Accumulated Operating Results	$3,643.7	$3,604.4	$0.0

Cash

Pricing decisions, projected market conditions, and workload estimates provide the inputs for determining cash collections, disbursements, and net outlays. The DLA Energy projects ending cash balances for FY 2024 and FY 2025 could change due to the higher cost for refined fuel.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Disbursements	$13,099.7	$12,762.3	$12,372.1
Collections	$13,300.9	$12,678.3	$12,660.9
Net Outlays	($201.2)	$84.0	($288.8)
Transfers from Appropriations	$0.0	$106.4	$2.3
Other Direct Appropriations	$472.6	$278.0	$0.0
Total Change in Cash	$673.8	$300.4	$291.1
Beginning Cash Balance	$1,633.5	$2,307.3	$2,607.7
Ending Cash Balance	**$2,307.3**	**$2,607.7**	**$2,898.8**
Lower Estimate of the Operating Range	$1,237.2	$1,296.0	$937.7
Upper Estimate of the Operating Range	$1,858.4	$3,096.0	$3,238.0

Energy Pricing (Petroleum)

For FY 2025, DoD petroleum pricing is based on economic assumptions forecasts provided by OMB. OMB establishes petroleum projections based on market futures data from the New York Mercantile Exchange.

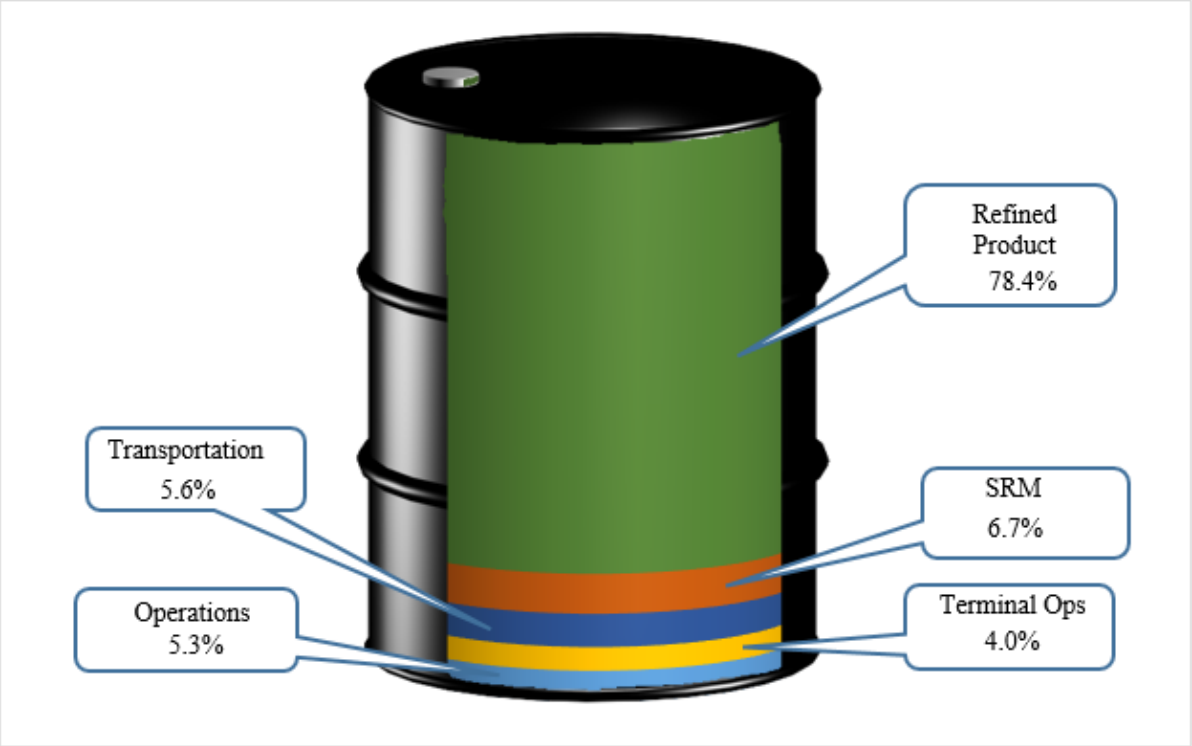
The following table provides the Standard Fuel Prices for FY 2023 to FY 2025. The SFP includes the refined product cost assumptions, and the non-product costs, which includes a market volatility factor.

(Dollars per Barrel)	FY 2023	FY 2024	FY 2025
Petroleum Refined Cost	$134.48	$107.73	$119.53
Petroleum Non-Product Cost	$32.40	$36.38	$32.93
Market Volatility Factor	$0.7	$3.73	$0.00
Standard Price	**$167.58***	**$147.84**	**$152.46**

*The effective standard fuel price in FY 2023 was $167.58 per barrel.

The market volatility factor captures losses and the delta between product-related costs and the product portion of the standard price.

Standard Price Expense Allocation



Reflects percentages based on PB 2025, FY 2025, standard fuel price.

Inventory

DLA Energy's FY 2025 inventory objective is to maintain 54.1 million barrels, of which 34.5 million barrels represent War Reserve Materiel (WRM).

In the following table, normal losses refer to spills, evaporation, shrinkage, and contamination. Combat losses include losses from insurgent attacks, theft, and spillage.

(Barrels in Millions)	FY 2023	FY 2024	FY 2025
Beginning Inventory:	**51.4**	**51.8**	**54.1**
Peacetime Operating	16.9	17.3	19.6
WRM	34.5	34.5	34.5
Receipts	81.7	87.6	83.4
Net Sales	(79.5)	(84.3)	(82.4)
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (normal)	(1.8)	(1.0)	(1.0)
Combat Losses	0.0	0.0	0.0
Ending Inventory:	**51.8**	**54.1**	**54.1**
Peacetime Operating	17.3	19.6	19.6
WRM	34.5	34.5	34.5

Manpower

The table below contains the budgeted personnel numbers for DLA Energy for FY 2024 and 2025. The increase in personnel in FY 2025 is for additional manpower needed for supplier operations (i.e. contracts, bulk fuel management).

	FY 2023	FY 2024	FY 2025
End Strength:	**1,304**	**1,578**	**1,618**
Military	72	72	72
Civilian	1,232	1,506	1,546
FTEs:	**1,273**	**1,523**	**1,563**
Military	72	72	72
Civilian	1,201	1,451	1,491

Capital

The capital budget comprises projects exceeding the $250,000 expense investment threshold for equipment and minor construction categories.

Minor construction is limited to projects valued less than $4 million but more than $250,000.

The equipment consists of Automated Fuel Handling Equipment (AFHE) and Automated Tank Gauges (ATG) at various installations that have reached the end of their lifecycle. The AFHE allows bulk fuel to be monitored and controlled for fuel operations from a central location on site. The ATG measures, monitors, and inventories fuel levels that are placed in storage tanks.

The minor construction capital request supports the requirements of aging petroleum infrastructure. These requirements include upgrades to fuel storage facilities and systems to ensure compliance with environmental and efficiency standards. The minor construction investment represents project cost based on current capitalized thresholds.

The fiscal year 2025 capital budget includes an approved budget increase from the PB 2024 budget cycle.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Equipment	$0.6	$23.0	$16.5
Minor Construction	$51.6	$49.3	$50.3
Total	**$52.2**	**$72.3**	**$66.8**

Installation Energy Resilience

In FY 2023, DLA Energy had an expanded and significant role in the Department of Defense climate initiative. DLA Energy will continue to use its acquisition capacity to transition the current Department of Defense U.S. electricity portfolio to 24/7 carbon-free electricity. Through FY 2024, this initiative is financed through a direct appropriation. Beginning in FY 2025 this initiative will be financed with the Working Capital Fund.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
Installation Energy Resilience Requirements (Appropriated)	$8.3	$8.3	$0.0
Installation Energy Resilience Requirements (In Rates)	$0.0	$0.0	$8.4

Red Hill Bulk Fuel Storage Tank Facility

DLA will continue to support the Department in its mission to defuel and permanently close the Red Hill Bulk Fuel Storage Facility. Some of the costs related to Red Hill will be funded through transfers received from the Red Hill Transfer Fund and the Red Hill Recovery Fund. DLA will utilize these funds in accordance with the purposes for which they were appropriated in section 8150 of division C, P.L 117-103, and section 165(c) of division A of P.L. 117-43, as amended, and in accordance with section 8119, division C, P.L 117-328. In FY 2022, DLA Energy received $119.5M from the FY 2022 Red Hill Transfer Fund for defueling. In FY 2023, DLA Energy received $344.8M from the FY 2023 Red Hill Recovery Fund that will be used for tank closure and fuel dispersal. Additionally, in FY 2024, DLA Energy will receive $269.7M from the Red Hill Recovery Fund that will be used for defueling, tank closure and fuel dispersal activities. In FY 2024 and 2025, additional Red Hill Response Cost Projections totaled $106.4M and $2.3M respectively, will be funded by the department to cover additional tank closure and fuel dispersal cost not provided in the Red Hill Transfer and Red Hill Recovery Funds.

(Dollars in Millions)	FY 2023	FY 2024	FY 2025
FY 2022 $200 Million Red Hill Transfer Fund	$119.5	$0.0	$0.0
FY 2023 $1 Billion Red Hill Recovery Fund	$344.8	$269.7	$0.0
Red Hill Response Cost Projections	$0.0	$106.4	$2.3
Total	**$464.3**	**$376.1**	**$2.3**

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Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2023

Business Division	Net Customer Orders	Net Sales at Standard	Obligation Targets: Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations	Variability Targets	
Division:	13,331.610	13,574.087	21,044.861	0.000	-0.926	21,043.935	52.220	0.000	21,096.155
Aerospace	60.638	60.638	23.880	0.000	-0.926	22.954	0.000	0.000	22.954
Reimbursable	0.000	0.000	14.300	0.000	0.000	14.300	0.000	0.000	14.300
Energy Mission	13,270.972	13,513.449	21,006.681	0.000	0.000	21,006.681	52.220	0.000	21,058.901
CAPE	0.000	0.000				0.000			0.000
Total	**13,331.610**	**13,574.087**	**21,044.861**	**0.000**	**-0.926**	**21,043.935**	**52.220**	**0.000**	**21,096.155**

FY 2024

Business Division	Net Customer Orders	Net Sales Standard	Obligation Targets: Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	
Division:	13,402.539	12,515.495	12,147.898	0.000	114.663	12,262.561	72.300	8,405.497	29,145.855
Energy Mission	13,347.443	12,460.399	12,046.966	0.000	114.663	12,161.629	72.300	8,405.497	29,044.923
Aerospace	55.096	55.096	66.675	0.000	0.000	66.675	0.000	0.000	66.675
Reimbursable	0.000	0.000	34.257	0.000	0.000	34.257	0.000	0.000	34.257
CAPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**13,402.539**	**12,515.495**	**12,147.898**	**0.000**	**114.663**	**12,262.561**	**72.300**	**0**	**20,740.358**

FY 2025

Business Division	Net Customer Orders	Net Sales at Standard	Obligation Targets: Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	
Division:	13,530.731	12,615.971	13,332.730	0.000	2.250	13,334.980	66.800	9,573.527	32,548.834
Energy Mission	13,482.783	12,568.023	13,133.506	0.000	2.250	13,135.756	66.800	9,573.527	32,349.610
Aerospace	47.948	47.948	164.596	0.000	0.000	164.596	0.000	0.000	164.596
Reimbursable	0.000	0.000	34.628	0.000	0.000	34.628	0.000	0.000	34.628
CAPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**13,530.731**	**12,615.971**	**13,332.730**	**0.000**	**2.250**	**13,334.980**	**66.800**	**0**	**22,975.307**

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Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023			
DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. Inventory - Beginning of Period (BOP)	**6,544.5**	**2,337.7**	**4,206.8**	**0.0**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	150.9	10.4	140.5	0.0
c. Inventory Reclassified and Repriced	6,674.6	2,327.3	4,347.3	0.0
3. Purchases	**11,017.6**	**11,017.6**	**0.0**	**0.0**
4. Gross Sales At Cost	**-11,011.2**	**-11,011.2**	**0.0**	**0.0**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns From Customers For Credit +	281.2	281.2	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Reciepts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-241.5	-241.5	0.0	0.0
Retail/Wholesale Losses	-241.5	-241.5	0.0	0.0
h. Total Adjustments	39.7	39.7	0.0	0.0
6. Inventory - End of Period (EOP)	**6,720.7**	**2,373.4**	**4,347.3**	**0.0**
7. Inventory on Order EOP	**6,720.7**	**2,373.4**	**4,347.3**	**0.0**

Narrative:
(Explanation of unusual changes)

Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2024			
DLA Energy	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**6,720.7**	**2,373.4**	**4,347.3**	**0.0**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-892.9	-262.3	-630.6	0.0
c. Inventory Reclassified and Repriced	5,827.8	2,111.1	3,716.7	0.0
3. Purchases	**9,473.2**	**9,473.2**	**0.0**	**0.0**
4. Gross Sales at Cost	**-9,765.1**	**-9,765.1**	**0.0**	**0.0**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns From Customers for Credit	646.4	646.4	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-107.7	-107.7	0.0	0.0
Retail/Wholesale Losses	-107.7	-107.7	0.0	0.0
h. Total Adjustments	538.7	538.7	0.0	0.0
6. Inventory - End of Period (EOP)	**6,074.6**	**2,357.9**	**3,716.7**	**0.0**
7. Inventory on Order EOP	**6,074.5**	**2,357.8**	**3,716.7**	**0.0**

Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2025			
DLA Energy	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**6,074.5**	**2,357.8**	**3,716.7**	**0.0**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	391.6	-15.5	407.1	0.0
c. Inventory Reclassified and Repriced	6,466.1	2,342.3	4,123.8	0.0
3. Purchases	**10,011.9**	**10,011.9**	**0.0**	**0.0**
4. Gross Sales at Cost	**-10,609.5**	**-10,609.5**	**0.0**	**0.0**
5. Inventory Adjustments				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns From Customers for Credit	717.2	717.2	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-119.5	-119.5	0.0	0.0
Retail/Wholesale Losses	-119.5	-119.5	0.0	0.0
h. Total Adjustments	597.7	597.7	0.0	0.0
6. Inventory - End of Period (EOP)	**6,466.2**	**2,342.4**	**4,123.8**	**0.0**
7. Inventory on Order EOP	**6,466.1**	**2,342.3**	**4,123.8**	**0.0**

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2023

	Total	WRM Protected	WRM Other
1. Inventory BOP	4,206.839	4,206.839	0.000
2. Price Change	140.500	140.500	0.000
3. Reclassification	**4,347.339**	**4,347.339**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**4,347.339**	**4,347.339**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2024

	Total	WRM Protected	WRM Other
1. Inventory BOP	4,347.300	4,347.300	0.000
2. Price Change	-630.600	-630.600	0.000
3. Reclassification	**3,716.700**	**3,716.700**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**3,716.700**	**3,716.700**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2025

	Total	WRM Protected	WRM Other
1. Inventory BOP	3,716.700	3,716.700	0.000
2. Price Change	407.100	407.100	0.000
3. Reclassification	**4,123.800**	**4,123.800**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**4,123.800**	**4,123.800**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**9,722.0**	**9,797.7**	**9,874.1**
Army	**935.9**	**1,024.8**	**1,150.2**
Operations & Maintenance	686.0	962.7	843.0
Army	547.2	802.9	672.5
Army Reserve	29.9	26.2	36.7
Army National Guard	108.9	133.6	133.8
Army Reserve, Recovery Act	0.0	0.0	0.0
Research Development Testing & Evaluation	94.3	83.6	115.9
Procurement	18.9	9.5	23.2
Aircraft Procurement, Army	14.4	5.6	17.7
Missile Procurement, Army	0.2	0.2	0.3
Weapons & Tracked Vehicles, Army	3.2	3.0	4.0
Ammunition, Army	0.1	0.1	0.1
Other, Army	0.9	0.7	1.2
Military Construction	7.4	8.2	9.2
Army National Guard	2.5	2.7	3.1
Army Reserve	0.9	1.0	1.1
Army	4.1	4.4	5.0
Military Personnel	0.7	0.7	0.8
National Guard	0.3	0.3	0.4
Army	0.2	0.3	0.3
Reserve, Army	0.1	0.1	0.1
Family Housing	2.9	3.2	3.6
O&M	0.1	0.1	0.1
Construction	2.9	3.1	3.5
Other	125.7	-43.0	154.5
Defense Health Program, Defense	33.4	36.6	41.1
Chemical Agent and Monitions Destruction, Army	0.3	0.3	0.4
Other	0.1	0.1	0.1
National Guard and Reserve Equipment, Defense	0.0	0.0	0.0
Department of Defense Base Closure Account 1990	2.3	2.6	2.9
Support for International Sporting Competitions, Defense	0.8	0.9	1.0
Defense Emergency Response Fund, Defense (Army)	2.1	2.3	2.6
Army Other (non-interfund approp data not available)	86.6	-85.8	106.5
Navy	**3,623.8**	**3,736.8**	**3,659.6**
Operations & Maintenance	3,548.3	3,556.0	3,583.3
Navy Reserve	145.2	139.9	146.6
Navy	3,403.1	3,416.1	3,436.6
Research Development Testing & Evaluation	0.2	22.0	0.2
Research, Development, Test and Evaluation - Recovery Act, Navy	0.0	0.0	0.0

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
RDT&E, Navy	0.1	21.9	0.1
Procurement	12.5	12.9	12.6
Aircraft Navy	8.2	8.4	8.2
Weapons Navy	0.6	0.7	0.6
Ammunition, Navy & Marine Corps	0.0	0.0	0.0
Other, Navy	3.7	3.8	3.7
Military Construction	0.0	0.0	0.0
Military Personnel	0.4	0.4	0.4
Reserve Personnel, Navy	0.4	0.4	0.4
Military Personnel, Navy	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Other	62.5	145.6	63.1
Defense Health Program, Defense	0.3	0.3	0.3
Shipbuilding & Conversion, Navy	0.1	0.1	0.1
Defense Emergency Response Fund, Defense (Navy)	0.0	0.1	0.1
Department of Defense Base Closure Account 2005 (Navy)	0.0	0.0	0.0
Navy Other (non-interfund approp data not available)	62.1	145.0	62.6
Air Force	**5,095.9**	**4,728.8**	**4,759.8**
Operations & Maintenance	4,780.3	5,120.6	4,465.1
Air Force	3,258.5	4,021.4	3,043.6
Air Force Reserve	445.6	614.6	416.2
Air National Guard	1,076.3	484.6	1,005.3
Research Development Testing & Evaluation	86.0	79.8	80.4
Procurement	15.9	75.5	14.8
Aircraft, Air Force	1.5	1.4	1.4
Missile, Air Force	14.2	13.2	13.3
Other, Air Force	0.2	30.9	0.2
Space, Air Force	0.0	29.9	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	10.5	0.0
Reserve Personnel, Air Force	0.0	10.5	0.0
Family Housing	0.4	2.2	0.4
Other	213.3	-559.8	199.2
Foreign Military Sales	0.0	0.0	0.0
Defense Health Program, Defense	0.0	0.0	0.0
Host Nation Support for U.S. Relocation Activities, Defense	0.0	0.0	0.0
Burdensharing Contribution, Defense	25.6	23.7	23.9
Wildlife Conservation, etc., Military Reservations, Air Force	0.0	0.0	0.0
DoD, Base Closure Account 2005 (Air Force)	-0.1	-0.1	-0.1

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Air Force Other (non-interfund approp data not available)	187.8	-583.4	175.4
Marine Corps	**48.8**	**80.6**	**90.7**
Operations & Maintenance	48.0	79.4	86.8
Marine Corps	47.2	77.5	85.3
Marine Corps Reserve	0.8	1.9	1.5
Research Development Testing & Evaluation	0.0	0.0	0.1
Research, Development, Test, and Evaluation, Navy	0.0	0.0	0.1
Procurement	0.7	3.4	3.6
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Reserve Personnel, MC	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.1	-2.3	0.2
National Guard & Reserve Equipment, Defense	0.0	0.0	0.0
Marine Corps Other (non-interfund approp data not available)	0.1	-2.3	0.2
Defense-Wide	**17.6**	**226.7**	**213.8**
Operations & Maintenance	9.8	126.1	118.9
Research Development Testing & Evaluation	5.7	73.3	69.1
Procurement	1.6	20.2	19.0
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	0.6	7.1	6.7
b. Orders from other Fund Activities	**1,970.7**	**1,836.8**	**1,834.8**
Army Working Capital Funds	7.9	4.5	9.7
Army Industrial Operations	0.0	0.0	0.0
Army Supply Management	0.0	0.0	0.0
Army Working Capital Funds	7.9	4.5	9.7
Navy Working Capital Funds	559.3	537.6	564.5
Navy Depot Maintenance (Fleet Readiness Center)	0.0	0.0	0.0
Navy Supply Managment	0.0	0.0	0.0
R&D	0.0	0.0	0.0
Transportation	0.0	0.0	0.0
USMC Depot Maintenance	0.0	0.0	0.0
USMC Supply Management	0.0	0.0	0.0
Navy Working Capital Funds	559.3	537.6	564.5
Air Force Working Capital Funds	1,350.4	1,621.4	1,289.4
Air Force Depot Maintenance (CSAG-M)	0.0	0.0	0.0
AF Supply Wholesale (CSAG-S)	0.0	0.0	0.0
AF Supply Retail (SMAG-R)	0.0	0.0	0.0

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
USTRANSCOM	0.0	0.0	0.0
Air Force Working Capital Funds	1,350.4	1,621.4	1,289.4
Defense-wide	0.0	0.0	0.0
DLA, Defense Working Capital Fund	0.0	0.0	0.0
Supply Chain	0.0	0.0	0.0
Energy	0.0	0.0	0.0
Document Services	0.0	0.0	0.0
DFAS, Defense Working Capital Fund	0.0	0.0	0.0
DISA, Working Capital Fund	0.0	0.0	0.0
Other Procurement, Defense-Wide	0.0	0.0	0.0
RDT&E, Defense-Wide	0.0	0.0	0.0
Defense Agencies, Defense Working Capital Fund	0.0	0.0	0.0
Other Working Capital Funds	0.1	0.0	0.0
Pentagon Reservation Maintenance Revolving Fund	0.0	0.0	0.0
Building Maintence Fund	0.0	0.0	0.0
Defense Counterintelligence and Security Agency	0.0	0.0	0.0
DECA, Defense Working Capital Fund	0.1	0.0	0.0
Other	52.9	-326.7	-28.7
Operational Test and Evaluation, Defense	0.0	0.0	0.0
Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency	0.0	0.0	0.0
DoD, Acquisition Workforce Development Fund	0.2	0.0	0.0
Global Health Programs, State	0.0	1.7	1.7
Overseas Humanitarian, Disaster, and Civic Aid, Defense	0.3	0.1	0.1
Dept of Treasury	0.0	0.1	0.1
DLA and other Non-DoD (data not able to partition)	1.9	0.0	0.0
Other DoD (non interfund approp data not available)	45.7	-331.0	-30.6
Defense Health Program, Defense	4.8	2.4	0.0
c. Total DoD	**11,692.7**	**11,634.5**	**11,708.9**
d. Other Orders:	**1,638.9**	**1,768.1**	**1,821.8**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	1,001.0	1,004.8	1,031.5
Federal Agencies	637.9	659.8	683.6
Foreign Military Sales	0.0	103.5	106.7
Total for New Orders	**13,331.6**	**13,402.5**	**13,530.7**
2. Carry-In Orders	115.4	0.0	0.0
3. Total Gross Orders	**13,447.0**	**13,402.5**	**13,530.7**

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	**13,447.0**	**13,402.5**	**13,530.7**
6. Credit (-)	-352.4	-887.0	-914.8
7. Net Sales	**13,094.6**	**12,515.5**	**12,616.0**
8. Reimbursable Sales/Other Income	495.4	44.4	45.0
9. Total Revenue	**13,590.1**	**12,559.9**	**12,661.0**

Energy Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**13,926.477**	**13,402.535**	**13,530.731**
Operations	13,921.433	13,360.341	13,495.456
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	5.044	42.194	35.275
Other Income	15.969	44.448	45.039
Refunds/Discounts (-)	-352.390	-887.040	-914.760
Total Income	**13,590.056**	**12,559.943**	**12,661.010**
Costs			
Cost of Material Sold from Inventory	10,588.618	9,115.463	9,887.552
Inventory Gains/Losses	241.526	107.731	119.530
Salaries and Wages:	216.211	261.156	267.814
Military Personnel Compensation & Benefits	14.815	15.408	15.808
Civilian Personnel Compensation & Benefits	201.396	245.748	252.006
Travel & Transportation of Personnel	8.394	10.703	10.835
Materials & Supplies (For Internal Operations)	1.047	1.039	1.153
Equipment	0.030	2.648	2.863
Other Purchases from Revolving Funds	338.856	409.989	436.276
Transportation of Things	595.194	734.426	715.008
Capital Investment Recovery (CIR)	5.044	42.194	35.275
Printing & Reproduction	-0.010	0.493	0.493
Advisory & Assistance Services	18.795	31.283	27.329
Rent, Communication, Utilities, & Misc. Charges	0.590	15.016	15.160
Other Purchased Services	1,131.094	2,251.506	1,265.056
Total Expenses	**13,145.389**	**12,983.647**	**12,784.344**
Operating Result	**444.667**	**-423.704**	**-123.334**
Plus Passthroughs or Other	0.000	0.000	0.000
Other Adjustments Affecting NOR	**472.634**	**384.415**	**2.250**
Transfers	119.520	106.363	2.250
Appropriations	353.114	278.052	0.000
Net Operating Result	**917.301**	**-39.289**	**-121.084**
Prior Year AOR	2,726.431	3,643.732	3,604.440
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	-3,483.356
Total Accumulated Operating Results for Budget Purposes	**3,643.732**	**3,604.443**	**0.000**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

FY 2023 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS	**0.00**	**$0.00**	**$1.41**
OCONUS	0.00	$0.00	$1.02
CONUS	0.00	$0.00	$0.38
Diesel Fuel:	**14.00**	**$166.10**	**$2,325.35**
Distillates- F76	11.80	$166.67	$1,966.65
High Sulfur- DF1	0.00	$0.00	$0.00
Generic (High Sulfur)- DF2	0.80	$155.85	$124.68
Ultra Low Sulfur- DS1	0.30	$172.91	$51.87
Ultra Low Sulfur- DS2	0.90	$163.64	$147.28
Burner Grade- FS1	0.10	$98.24	$9.82
Burner Grade- FS2	0.10	$215.46	$21.55
Biodiesel- BDI	0.00	$0.00	$3.50
Jet Fuel:	**53.90**	**$166.22**	**$8,959.06**
JP8 & JA1	15.20	$165.86	$2,521.09
JAA	29.30	$165.53	$4,850.11
JP5	9.30	$168.79	$1,569.76
JTS	0.10	$181.03	$18.10
Kerosene	**0.00**	**$0.00**	**$1.57**
KS1	0.00	$0.00	$1.57
Motor Gasoline:	**0.90**	**$137.46**	**$123.71**
Regular, Unleaded - MUR	0.60	$136.88	$82.13
Midgrade, Unleaded - MUM	0.10	$204.87	$20.49
Premium, Unleaded - MUP	0.10	$110.41	$11.04
Gasohol - GUM	0.00	$0.00	$0.71
Ethanol - E85	0.10	$93.37	$9.34
Residual:	**0.10**	**$46.50**	**$4.65**
Burner Grade - FS4	0.0 0	$0.00	$0.000
Residual (Burner Grade) - FS6	0.00	$0.00	$0.23
FOR	0.10	$44.25	$4.43
Other	**10.60**	**$180.55**	**$1,913.85**
Bunkers - Marine - MGO	1.30	$164.31	$213.60
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.20	$186.99	$785.34
Non-Contract - Jet Fuel - NA1, NAA	1.30	$215.47	$280.12
Non-Contract - Ground Fuel - NLS, NMU	0.30	$162.27	$48.68
Afganistan - NNJ	0.00	$0.00	$-0.24
Afganistan - NNF	0.00	$0.00	$-0.16
Rounding Factor & Other Products	3.50	$167.57	$586.50
TOTAL	**79.50**	**$167.67**	**$13,329.60**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

FY 2024 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS	**0.01**	**$145.00**	**$1.45**
(CONUS) - 130	0.01	$180.63	$1.45
(OCONUS) - 100(LL)	0.00	$0.00	$0.00
Diesel Fuel:	**14.89**	**$146.07**	**$2,175.01**
Distillates - F76	12.47	$147.42	$1,838.92
High Sulfur - DF1	0.00	$0.00	$0.00
Generic (High Sulfur) - DF2	0.89	$131.88	$116.71
Ultra Low Sulfur - DS1	0.30	$157.92	$47.85
Ultra Low Sulfur - DS2	0.99	$140.28	$138.32
Burner Grade - FS1	0.06	$152.03	$8.97
Burner Grade - FS2	0.16	$128.52	$20.56
Biodiesel - BDI	0.03	$147.00	$3.68
Jet Fuel:	**57.14**	**$147.16**	**$8,408.88**
JP8 & JA1	16.15	$147.84	$2,387.47
JAA	31.03	$146.16	$4,535.78
JP5	9.88	$148.68	$1,468.66
JTS	0.08	$202.02	$16.97
Kerosene:	**0.01**	**$123.00**	**$1.23**
KS1	0.01	$154.13	$1.23
Motor Gasoline:	**0.92**	**$126.55**	**$116.43**
Regular, Unleaded - MUR	0.62	$124.74	$76.72
Midgrade, Unleaded - MUM	0.14	$145.74	$19.68
Premium, Unleaded - MUP	0.08	$120.12	$10.09
Gasohol - GUM	0.01	$126.00	$1.01
Ethanol - E85	0.08	$117.61	$8.94
Residual:	**0.09**	**$45.11**	**$4.06**
Burner Grade - FS4	0.00	$0.00	$0.00
Residual (Burner Grade) - FS6	0.00	$0.00	$0.0
FOR	0.09	$43.68	$4.06
Other	**11.22**	**$156.27**	**$1,753.35**
Bunkers - Marine - MGO	1.35	$148.26	$200.00
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.43	$165.48	$733.57
Non-Contract - Jet Fuel - NA1, NAA	1.41	$186.06	$261.97
Non-Contract - Ground Fuel - NLS, NMU	0.30	$152.46	$44.98
Afganistan - NNJ	0.00	$0.00	$0.0
Afganistan - NNF	0.00	$0.00	$0.0
Rounding Factor & Other Products	3.74	$137.30	$512.82
TOTAL	**84.28**	**$147.85**	**$12,460.41**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

FY 2025 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS:	**0.01**	**$153.00**	**$1.53**
(CONUS) - 130	0.01	$191.75	$1.53
(OCONUS) - 100(LL)	0.00	$0.00	$0.00
Diesel Fuel:	**14.57**	**$150.58**	**$2,194.02**
Distillates - F76	12.20	$152.04	$1,854.95
High Sulfur - DF1	0.00 0	$0.00	$0.00
Generic (High Sulfur) - DF2	0.87	$136.01	$117.79
Ultra Low Sulfur - DS1	0.30	$162.83	$48.36
Ultra Low Sulfur - DS2	0.96	$144.55	$139.35
Burner Grade - FS1	0.06	$155.86	$9.04
Burner Grade - FS2	0.16	$132.40	$20.79
Biodiesel - BDI	0.03	$150.00	$3.75
Jet Fuel:	**55.89**	**$151.78**	**$8,482.86**
JP8 & JA1	15.80	$152.46	$2,408.04
JAA	30.35	$150.78	$4,576.56
JP5	9.66	$153.31	$1,481.09
JTS	0.08	$209.43	$17.17
Kerosene:	**0.01**	**$131.00**	**$1.31**
KS1	0.01	$163.63	$1.31
Motor Gasoline:	**0.90**	**$130.51**	**$117.46**
Regular, Unleaded - MUR	0.60	$128.47	$77.34
Midgrade, Unleaded - MUM	0.13	$150.24	$19.83
Premium, Unleaded - MUP	0.08	$124.56	$10.21
Gasohol - GUM	0.01	$133.75	$1.07
Ethanol - E85	0.07	$121.69	$9.01
Residual:	**0.09**	**$45.33**	**$4.08**
Burner Grade - FS4	0.00	$0.00	$0.00
Residual (Burner Grade) - FS6	0.00	$0.00	$0.00
FOR	0.09	$44.78	$4.08
Other:	**10.97**	**$161.05**	**$1,766.77**
Bunkers - Marine - MGO	1.32	$152.87	$201.63
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.34	$170.52	$739.39
Non-Contract - Jet Fuel - NA1, NAA	1.38	$191.89	$264.24
Non-Contract - Ground Fuel - NLS, NMU	0.29	$156.82	$45.32
Afganistan - NNJ	0.00	$0.00	$0.00
Afganistan - NNF	0.00	$0.00	$0.00
Rounding Factor & Other Products	3.65	$141.35	$516.19
TOTAL	**82.44**	**$152.45**	**$12,568.03**

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Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2023

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoD Sales				
Hydrazine Products	**415**	**$246.14**	**0.000**	**$0.1**
Non-HPH	1,180	$151.70	0.000	$0.2
HPH Only	-765	$94.44	0.000	$-0.1
N2O (Tetroxide) Products	**-1,201**	**$149.63**	**0.000**	**$-0.2**
Bulk Helium Products	**3,362**	**$1,063.51**	**0.000**	**$3.6**
Nitrogen Products	**220**	**$36.50**	**0.000**	**$0.0**
Non-Vandenberg	0	$0.00	0.000	$0.0
Vandenberg	220	$36.50	0.000	$0.0
Helium Products	**-30,160**	**$65.82**	**0.000**	**$-2.0**
Other Products	**4,198,375**	**$5.49**	**0.000**	**$24.3**
Aviator's Breathing Oxygen	3,022,349	$2.89	0.000	$8.7
Liquid Nitrogen (4769)	1,176,026	$2.60	0.000	$3.1
Other (See Complete Price List)	0	$0.00	0.000	$12.5
Total DoD Sales	**0**		**0**	**$25.8**
Non-DoD Sales				
Hydrazine Products	**20,318**	**$283.78**	**115.670**	**$4.0**
Non-HPH	9,595	$165.02	81.490	$2.4
HPH Only	10,723	$118.76	34.180	$1.6
N2O (Tetroxide) Products	**14,650**	**$100.82**	**68.470**	**$2.5**
Bulk Helium Products	**5,802**	**$0.00**	**934.520**	**$5.4**
Nitrogen Products	**376,918**	**$5.08**	**39.720**	**$9.4**
Non-Vandenberg	151,941	$5.08	5.190	$1.6
Vandenberg	224,977	$0.00	34.530	$7.8
Other (See Complete Price List)	**0**	**$0.00**	**0.000**	**$13.6**
Total Non-DoD Sales	**0**		**0**	**$34.9**
Total	**0**		**0**	**$60.7**

Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2024

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoD Sales				
Hydrazine Products	**9,500**	**$227.40**	**0.0**	**$1.1**
Non-HPH	8,500	$113.70		$1.0
HPH Only	1,000	$113.70		$0.1
N2O (Tetroxide) Products	**600**	**$314.33**		**$0.2**
Bulk Helium Products	**3,780**	**$176.30**		**$0.7**
Nitrogen Products	**5,831**	**$101.94**	**0.0**	**$0.1**
Non-Vandenberg	4,831	$9.21		$0.0
Vandenberg	1,000	$92.73		$0.1
Helium Products	**50,000**	**$35.00**		**$1.8**
Other Products	**4,554,915**	**$3.58**	**0.0**	**$15.1**
Aviator's Breathing Oxygen	3,205,495	$1.71		$5.5
Liquid Nitrogen (4769)	1,349,420	$1.87		$2.5
Other (See Complete Price List)	0	$0.00		$7.1
Total DoD Sales	**0**		**0**	**$18.9**
Non-DoD Sales				
Hydrazine Products	**40,500**	**$194.55**	**32.9**	**$4.6**
Non-HPH	21,500	$104.85	8.9	$2.4
HPH Only	19,000	$89.70	24.0	$2.2
N2O (Tetroxide) Products	**22,900**	**$312.70**	**1.6**	**$7.2**
Bulk Helium Products	**2,220**	**$0.25**	**176.1**	**$0.4**
Nitrogen Products	**108,900**	**$329.88**	**14.3**	**$11.7**
Non-Vandenberg	9,900	$245.22	6.2	$2.5
Vandenberg	99,000	$84.66	8.1	$9.2
Other Products	**0**	**$0.00**	**0.0**	**$12.3**
Other (See Complete Price List)				$12.3
Total Non-DoD Sales	**0**		**0**	**$36.2**
Total	**0**		**0**	**$55.1**

Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

FY 2025

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoD Sales				
Hydrazine Products	**10,000**	**$162.4**	**0.000**	**$0.8**
Non-HPH	8,500	$81.2	0	$0.7
HPH Only	1,500	$81.2	0	$0.1
N2O (Tetroxide) Products	**900**	**$220.5**	**0**	**$0.2**
Bulk Helium Products	**3,780**	**$176.3**	**0**	**$0.7**
Nitrogen Products	**5,831**	**$59.8**	**0.000**	**$0.1**
Non-Vandenberg	4,831	$6.1	0	$0.0
Vadenberg	1,000	$53.7	0	$0.1
Helium Products	**50,000**	**$0.0**	**0**	**$0.0**
Other Products	**4,554,915**	**$3.6**	**0.000**	**$15.1**
Aviator's Breathing Oxygen	3,205,495	$1.7		$5.5
Liquid Nitrogen (4769)	1,349,420	$1.9		$2.5
Other (See Complete Price List)	0	$0.0		$7.1
Total DoD Sales	**0**		**0**	**$16.9**
Non-DoD Sales				
Hydrazine Products	**60,000**	**$129.6**	**32.850**	**$4.9**
Non-HPH	31,500	$72.4	8.850	$2.6
HPH Only	28,500	$57.2	24.000	$2.3
N2O (Tetroxide) Products	**32,600**	**$218.9**	**1.630**	**$7.2**
Bulk Helium Products	**2,220**	**$0.3**	**176.050**	**$0.4**
Nitrogen Products	**261,885**	**$48.1**	**11.810**	**$6.3**
Non-Vandenberg	162,885	$2.4	3.740	$1.0
Vadenberg	99,000	$45.7	8.070	$5.3
Other Products	**0**	**$0.0**	**0.000**	**$12.3**
Other (See Complete Price List)				$12.3
Total Non-DoD Sales	**0**		**0**	**$31.1**
Total	**0**		**0**	**$48.0**

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FUNCTIONAL DESCRIPTION: DLA Document Services is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include conversion, electronic storage and output, and distribution of hard copy and digital documents. DLA Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Publishing Office (GPO).

DLA Document Services value to DoD is characterized by two elements. First, DLA Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document management services. Second, DLA Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to digital formats.

CUSTOMERS:

DLA Document Services' primary customers by revenue are Army, Navy, Air Force, Defense Agencies, and Non-DoD customers. Both appropriated and DWCF-funded activities are included in each Service's new orders.

	FY 2023 Actual ($ in Millions)	**FY 2024 Estimate** ($ in Millions)	**FY 2025 Estimate** ($ in Millions)
Army	45.8	49.3	53.0
Navy	93.2	100.2	107.7
USMC	30.6	32.8	35.3
USAF	28.7	30.9	33.2
DoD	37.9	40.7	43.8
Other DoD	80.1	86.1	92.6
Other Federal	5.8	6.3	6.7
Total New Orders	**322.1**	**346.3**	**372.3**

BUDGET HIGHLIGHTS

The submission reflects growth in the Equipment Management Solutions (EMS) business line through a strategic focus on providing office printing devices to the DoD and Federal Agencies. In May 2021, the DoDI 5330.03 "Single Manager of DoD Document Services" was updated and signed by the Under Secretary of Defense for Acquisition and Sustainment, OUSD(A&S). DLA is designated as the single manager for document services on behalf the DoD. For office printing devices, this is a significant change from being a preferred option to being the single manager.

DLA is continuously modernizing the Document Services mission structure, transitioning from traditional on-site print production to an agile, on-line ordering capability supported by fewer but more capable CONUS production facilities. This new service delivery model provides improved services while decreasing costs and increases DLA's emphasis on consultative services to DoD in the move from print to an ever-greater demand for electronic data and content management services. DLA embeds Customer Relations Specialists (CRS) with customers at key strategic locations. CRSs serve as the face to customers and provide DoD the full range of document services capabilities to include office print devices, scanning and conversion, traditional and unique printed products, and other data automation services. Transitioning from onsite production facilities to consultative/online services reduces operational costs, to include reduced staffing, facilities, equipment, and maintenance, while increasing the use of GPO for common, non-urgent printing services.

UNIT COST AND PRICING

Unit Cost per In-house Production Unit

FY 2023 Goal	FY 2023 Actual
$0.1098	$0.1487

DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services FY 2023 unit cost actual is higher than the goal, due to less than anticipated workload in In-House Production. Actual In-house workload units will come in 36% lower than the goal (431.9 million actual versus 676.0 million goal).

Composite Customer Rate Change

FY 2023 Goal	FY 2023 Actual
9.23%	23.65%

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. For the Commercial program, which includes services that do not have a standard rate per item such as EMS, GPO orders, and Electronic Data Content Management (EDCM), DLA Document Services charges customers at cost and applies an overhead rate in percentage form. The non-labor inflation rate is used as the price change for the cost-plus fixed fee commercial program. The FY 2023 actual customer composite rate change is higher than the goal due to a decrease in workload units in In-House Operations. FY 2024 composite rate change is set with the goal to cover all operating costs, and to help recover a portion of the negative prior year AOR. In FY 2025, the composite rate change is set slightly below the non-labor inflation rate. This submission reflects the goal of meeting zero AOR by FY 2025 and stabilizing rates in the future years.

Unit Cost	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
In-House Production Units	431.9 (Million)	494.5 (Million)	517.8 (Million)
In-House Production Rate	$0.1487	$0.1431	$0.1439
Customer Rate	$0.1478	$0.1481	$0.1438
Composite Customer Rate Change	23.65%	2.17%	1.19%

ANALYSIS OF BUDGET STATEMENTS

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

The NOR measures a single fiscal year impact of revenue and expenses incurred by the business. A positive NOR demonstrates that revenues exceeded expenses for the business activity.
AOR reflects multi-year results of annual NORs. It measures the accumulated effects of NORs from inception of the business unit and demonstrates fiscal strength over a longer time.

(In millions)	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Revenue	324.3	348.6	374.6
Cost of Goods Sold	298.0	332.4	347.4
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Inventory Surcharge	0.0	0.0	0.0
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results	26.3	16.2	27.1
Prior Year Adjustments	0.0	0.0	0.0
Prior Year Accumulated Operating Results	-69.6	-43.3	-27.1
Non-Recoverable Adjustment Impacting AOR	0.0	0.0	0.0
Ending Accumulated Operating Result	-43.3	-27.1	0.0

FY 2023: DLA Document Services ended FY 2023 with a $26.3 million net operating result. This was due to customer rate increases in In-House Operations, EMS, and GPO lines of business and an effort to clean up prior year open customer funding documents.

FY 2024: During the PB 2024 budget submission, DLA Document Services budgeted to achieve AOR of $0 by FY 2024 in anticipation of receiving higher increased workload in the EMS program. DLA Document Services adjusted EMS workload projections for FY 2024 to align it closer to historical workload execution, with anticipation of gradually receiving workload increases in FY 2025 due to DODI 5330.03.

FY 2025: This submission reflects increase in In-House Operation and EMS workload with the goal to achieve an AOR of $0 in FY 2025.

OUTLAYS: Net outlays measure the difference between collections and disbursements. Positive net outlays reflect disbursements in excess of collections. Negative net outlays reflect collections in excess of disbursements. Disbursements are driven by expense and the change in accounts payable. Collections are driven by revenue and the change in accounts receivable. When calculating the lower and upper operating range for cash, which is found in Budget Exhibit 13-b, the Lower Operating Range (LOR) equals the amount for Risk Mitigation plus the amount for Reserves. Document Services includes Unliquidated Obligations (ULOs) as part of their Risk Mitigation to prevent the risk of insufficient minimum cash balance if those ULOs are disbursed. The Upper Operating Range (UOR) equals the LOR plus the highest ending cash balance minus the lowest ending cash balance amounts from the Fund-13.

(In millions)	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Expense (less CIR)	298.0	331.2	346.3
Capital Disbursements	0.0	-5.7	0.0
Accounts Payable Change	3.7	-10.7	1.1
Disbursements	289.8	326.1	347.4
Revenue	324.3	348.6	374.6
Accounts Receivable Change	-10.2	-11.1	-15.1
Collections	309.7	337.5	359.4
Net Outlays	-19.9	-11.4	-12.0

FY 2023: DLA Document Services ended FY 2023 with -$19.9 million cash outlays. The cash gain is primarily due to NOR of $26.3 million, and cleanup of aged receivables that were 120 days and older.

FY 2024: The projected cash gain is due to projected NOR of $16.2 million. This submission reflects customer rate increases in In-House Operations, GPO, and EMS programs.

FY 2025: This submission reflects workload increase in EMS and In-House Operations lines of business with the goal of meeting AOR of $0 by end of FY 2025.

PERSONNEL: This submission reflects full-time equivalents (FTEs) required to produce the projected workload. DLA Document Services anticipates ending FY 2025 with 455 Civilian End strength and projected FTEs of 454.

	FY 2023 Actual	FY 2024 Plan	FY 2025 Plan
Civilian End Strength	365	454	455
Civilian Full-Time Equivalents	340	433	454

CAPITAL BUDGET: DLA Document Services asset requirements in FY 2023 - FY 2025 are anticipated to cost less than the capitalization threshold of $250,000, which will require no additional capital investment funding.

(In millions)	FY 2023	FY 2024	FY 2025
Capital Budget Program			
Equipment (Non-ADPE)			
Equipment (ADPE)			
Software Development (SWD)			
Minor Construction			
Total			

Document Services Activity Group
Changes in the Cost of Operation
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	Costs
FY 2023 Actual:	**$298.015**
FY 2024 Estimate in President's Budget:	**$332.391**
Estimated Impact in FY 2024 of Actual FY 2023 Experience:	**-16.119**
Civilian Personnel	-2.072
Travel of Persons	-0.208
Material & Supplies	-4.245
Commercial Equipment Purchases	11.220
Other Purchased Services from Revolving Fund	0.369
Transportation of things	0.273
Printing and Reproduction	-3.382
Advisory and Assistance Services	8.429
Rent, Communications, Utilities, and Misc	-9.125
Other Purchased Services	-16.222
Capital Investment Recovery	-1.156
Pricing Adjustments:	**0.000**
Program Changes:	**34.376**
Civilian Personnel	7.129
Travel of Persons	0.152
Material & Supplies	4.923
Commercial Equipment Purchases	-10.196
Other Purchased Services from Revolving Fund	-0.070
Transportation of things	0.412
Printing and Reproduction	-6.431
Advisory and Assistance Services	-1.812
Rent, Communications, Utilities, and Misc	7.047
Other Purchased Services	32.074
Capital Investment Recovery	1.148
FY 2024 Current Estimate:	**$332.391**
Pricing Adjustments:	**0.000**
Productivity Initiatives and Other Efficiencies:	**0.000**
Program Changes:	**15.058**
Civilian Personnel	0.727
Travel of Persons	0.001
Material & Supplies	0.524
Commercial Equipment Purchases	0.170

Document Services Activity Group
Changes in the Cost of Operation
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	Costs
Other Purchased Services from Revolving Fund	0.644
Transportation of things	-0.134
Printing and Reproduction	1.594
Advisory and Assistance Services	-2.031
Rent, Communications, Utilities, and Misc	4.175
Other Purchased Services	9.388
Capital Investment Recovery	0.000
FY 2025 Estimate:	**$347.449**

Document Services Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
1. New Orders			
a. Orders from DoD Components:	**236.157**	**253.923**	**272.988**
Army	**45.838**	**49.286**	**52.988**
Operations & Maintenance	38.341	41.225	44.321
Army	34.707	37.318	40.120
Army Reserve	1.135	1.220	1.312
Army National Guard	2.499	2.687	2.889
Research Development Testing & Evaluation	0.551	0.592	0.637
Procurement	0.717	0.771	0.829
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	6.229	6.698	7.201
Navy	**93.162**	**100.170**	**107.691**
Operations & Maintenance	82.763	88.990	95.672
Navy Reserve	3.286	3.534	3.799
Navy	79.477	85.456	91.873
Research Development Testing & Evaluation	0.439	0.472	0.507
Procurement	2.464	2.649	2.848
Military Construction	0.016	0.017	0.018
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	7.480	8.042	8.646
Shipbuilding & Conversion, Navy	1.674	1.800	1.935
Other	5.806	6.242	6.711
Air Force	**28.742**	**30.904**	**33.224**
Operations & Maintenance	24.807	26.673	28.676
Air Force	21.697	23.329	25.081
Air Force Reserve	0.189	0.203	0.218
Air National Guard	2.921	3.141	3.377
Research Development Testing & Evaluation	0.269	0.289	0.311
Procurement	0.439	0.472	0.507
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	3.227	3.470	3.730
Marine Corps	**30.561**	**32.861**	**35.327**
Operations & Maintenance	28.845	31.015	33.344
Marine Corps	27.862	29.958	32.208
Marine Corps Reserve	0.983	1.057	1.136
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.034	0.037	0.039
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000

	FY 2023	FY 2024	FY 2025
Family Housing	0.000	0.000	0.000
Other	1.682	1.809	1.944
Defense-Wide	**37.854**	**40.702**	**43.758**
Operations & Maintenance	11.148	11.987	12.887
Research Development Testing & Evaluation	0.827	0.889	0.956
Procurement	0.027	0.029	0.031
Military Construction	0.000	0.000	0.000
Defense Health Program	19.273	20.723	22.279
Family Housing	0.000	0.000	0.000
Other	6.579	7.074	7.605
b. Orders from other Fund Activities	**80.071**	**86.095**	**92.561**
Army Working Capital Funds	0.742	0.798	0.858
Navy Working Capital Funds	10.570	11.365	12.219
Air Force Working Capital Funds	2.269	2.440	2.623
Defense-wide	0.000	0.000	0.000
Other Working Capital Funds	66.490	71.492	76.861
Other	0.000	0.000	0.000
c. Total DoD	**316.228**	**340.018**	**365.549**
d. Other Orders:	**5.851**	**6.291**	**6.763**
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	0.018	0.019	0.020
Federal Agencies	5.134	5.520	5.935
Foreign Military Sales	0.699	0.752	0.808
Total for New Orders	**322.079**	**346.309**	**372.312**
2. Carry-In Orders	24.250	26.021	26.021
3. Total Gross Orders	**346.329**	**372.330**	**398.333**
4. Carry-Out Orders (-)	-25.298	-23.758	-23.755
5. Gross Sales	**321.031**	**348.572**	**374.578**
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	**321.031**	**348.572**	**374.578**
8. Reimbursable Sales/Other Income	3.312	0.000	0.000
9. Total Revenue	**324.343**	**348.572**	**374.578**

Document Services Activity Group
Revenue and Expenses
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

	FY 2023	FY 2024	FY 2025
Revenue			
Gross Sales	**324.343**	**348.572**	**374.578**
Operations	324.343	348.572	374.578
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	**324.343**	**348.572**	**374.578**
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	41.614	48.743	49.470
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	41.614	48.743	49.470
Travel & Transportation of Personnel	0.165	0.317	0.318
Materials & Supplies (For Internal Operations)	12.711	17.634	18.158
Equipment	24.638	14.442	14.612
Other Purchases from Revolving Funds	3.034	2.964	3.608
Transportation of Things	1.178	1.590	1.456
Capital Investment Recovery (CIR)	0.000	1.148	1.148
Printing & Reproduction	64.508	58.077	59.671
Advisory & Assistance Services	9.327	7.515	5.484
Rent, Communication, Utilities, & Misc. Charges	85.384	92.431	96.606
Other Purchased Services	55.456	87.530	96.918
Total Expenses	**298.015**	**332.391**	**347.449**
Operating Result	**26.328**	**16.181**	**27.129**
Other Adjustments Affecting NOR	**0.000**	**0.000**	**0.000**
Net Operating Result	**26.328**	**16.181**	**27.129**
Prior Year AOR	-69.639	-43.311	-27.129
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	**-43.311**	**-27.130**	**0.000**

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Defense Working Capital Fund

Defense-Wide Capital Budgets

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Defense Working Capital Fund

Defense Finance and Accounting Service

Capital Budget

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Defense Finance and Accounting Services
Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Line Item	Item Description	FY 2023 Quantity	FY 2023 Total Cost	FY 2024 Quantity	FY 2024 Total Cost	FY 2025 Quantity	FY 2025 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
2.	**ADPE & Telecom Equip**	**0**	**$0.5**	**0**	**$8.0**	**0**	**$0.0**
2a.	Computer Hardware (Production)	0		0		0	
2b.	Computer Hardware (Network)	0	$0.0	0	$0.0	0	$0.0
2c.	Computer Software (Operating System)	0		0		0	
2d.	Telecommunications	0	$0.5	0	$8.0	0	$0.0
2e.	Other Support Equipment	0		0		0	
3.	**Software Development**	**0**	**$6.1**	**0**	**$8.5**	**0**	**$0.0**
3a.	Internally Developed	0	$6.1	0	$7.5	0	$0.0
3b.	Externally Developed	0	$0.0	0	$1.0	0	$0.0
4.	**Minor Construction Capabilities**	**0**	**$0.0**	**0**	**$1.7**	**0**	**$0.0**
4a.	Replacement	0		0		0	
4b.	New Construction	0	$0.0	0	$1.7	0	$0.0
4c.	Environmental	0		0		0	
	TOTAL OBLIGATIONS	**0**	**$6.6**	**0**	**$18.2**	**0**	**$0.0**
	Total Capital Outlays	**0**	**$7.8**	**0**	**$14.6**	**0**	**$36.2**
	Total Depreciation Expense	**0**	**$15.6**	**0**	**$13.6**	**0**	**$12.4**

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					
Defense Finance and Accounting Service / February 2024	2d - Telecommunications			A. Unified Communications (UNCOMM)					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Unified Communications (UNCOMM)	1	$532.000	$532.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

A. Teleservices provides the underlying infrastructure for communication services for the agency. It consists of many individual parts which must work in harmony and be kept current to ensure all DFAS Lines of Business continue to meet their respective missions. Teleservices cost is mainly driven by Government and DoD mandates required to fulfill law and technical sustainment due to vendor end of life. FY23 funding was used to enhance Call Center infrastructure through call back assist. FY22 carryover funding was used to upgrade infrastructure components and enhance Video Teleconferencing (VTC) capability by adding additional end points. The key subproject is the AVAYA hardware / software server upgrade.

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					
Defense Finance and Accounting Service / February 2024	3a - Internally Developed			A. EFD					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Enterprise Funds Distribution (EFD)	1	$2,217.000	$2,217.000	1	$6,695.000	$6,695.000			$0.000

Narrative Justification

A. FY24 funding will be used for contracted software development services to transfer certain capabilities and functionalities from the Program Budget Accounting System (PBAS) to the Enterprise Funds Distribution (EFD) system. The PBAS-OC system is planning to retire as of September 30, 2025, as part of the Reduced Legacy System (RLS). The transferred capabilities and functionalities will include interfaces new to EFD: obligation authority, FAD generation, and general ledger accounting for FMS case management. The FY23 project is for FY22 carryover funding for a project to transfer certain capabilities and functionalities from the PBAS to the EFD system. The transferred capabilities and functionalities will be new to the EFD system and will occur after the EFD system is transferred from DLA to DFAS. Previous approved FY22 funds $3.8M, $1.328M obligated in FY22 and $2.217M of approved funding obligated in FY23.

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				
Defense Finance and Accounting Service / February 2024	3a - Internally Developed				B. DIFS				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Defense Integrated Financial System (DIFS)	1	$2,017.000	$2,017.000	0	$0.000	$0.000			$0.000

Narrative Justification

B. The Defense Security Cooperation Agency (DSCA) has directed the Defense Finance and Accounting Service (DFAS) to provide a federated approach to modernize its Foreign Military Sales (FMS) legacy system, DIFS. An Analysis of Alternatives (AOA) determined that the only feasible solution was a hybrid approach involving the use of three (3) systems, including DIFS. FY23 funds ($322K) will be used to meet this directive by improving the information reporting within the system. In order to properly manage Security Cooperation program requirements, DIFS needs to upgrade the querying capabilities, as well as reporting. Also, FY23 funds ($1,695M) will be used to implement the Oracle Service Oriented Architecture (SOA) project. The current method of interfacing data from DIFS and other legacy Foreign Military Sales (FMS) systems is non-standardized, error-prone, labor intensive, and not functionally or administratively controlled by DSCA throughout the lifecycle process. The legacy suite of systems to include DIFS cannot keep pace with increasing Security Cooperation requirements to improve data transmission and accountability, as well as auditability.

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				
Defense Finance and Accounting Service / February 2024	3a - Internally Developed				C. DRAS-M				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Defense Retired & Annuitant Pay System Modernization (DRAS-M)	1	$464.000	$464.000	0	$0.000	$0.000			$0.000

Narrative Justification

C. With the Department's decision to defund DRAS2, DRAS requires modernization to ensure continued sustainability in the future. DRAS is currently made up of 6 subsystems, consisting of mainframe and mid-tier application software solutions. The 6 subsystems will be re-written into a single, unifying code base that will maximize sustainability while maintaining existing functionality. DRAS-M will create a replacement normalized database structure that will incorporate existing data from mainframe and mid-tier databases. FY22 carryover funding obligated in FY23 was used to begin working on technical design and architecture of the DRAS-M system. This effort ultimately includes implementation

of standard line of accounting (SLOA) and Treasury Direct Disbursing (TDD), adding the Space Force as a new branch of service in DRAS, implementing remaining Blended Retirement System (BRS) functionality, improving workflow and self-service capabilities, and modernizing the DRAS user interface.

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				
Defense Finance and Accounting Service / February 2024	3a - Internally Developed				D. DDS				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Deployable Disbursing System (DDS)	1	$968.000	$968.000	1	$0.000	$0.000			$0.000

Narrative Justification

D. The FY23 obligation of FY21 carryover funding is for a project to transition the entire Centralized Disbursing System (CDS) to the Deployable Disbursing System (DDS). This will include identifying functionality, including interfaces, CDS currently has that DDS does not currently have. This funding is to complete the FY21 project as the detailed requirements have been finalized since the initial high level Rough Order of Magnitude (ROM) done originally.

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				
Defense Finance and Accounting Service / February 2024	3a - Internally Developed				E. DJMS-AC				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
E. Defense Joint Military Pay System – Active Component (DJMS-AC)	1	$480.000	$480.000	0	$0.000	$0.000			$0.000

Narrative Justification

E. DJMS-AC provides pay computation, leave, and financial accounting for Military Service members serving in the Army, Navy, and Air Force active duty and Junior Reserve Officer Training Corps (JROTC) as well as those enrolled at military academies, providing payroll support to approximately 1.4 million Service members worldwide. FY23 funds were used for a project to implement a senior leadership decision, the DJMS – AC system has to be updated to allow service members to take advantage of a pre-tax Flexible Spending Account (FSA) to pay for childcare/dependent expenses.

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				
Defense Finance and Accounting Service / February 2024	3a - Internally Developed				F. DCAS				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
F. Defense Cash Accountability System (DCAS)	0	$0.000	$0.000	1	$419.000	$0.000	0	$0.000	$0.000

Narrative Justification

F. DCAS has a DFAS Reduce Legacy Systems related requirement to assume the functionality currently performed by three modules in the Defense Cash Management System (DCMS): DCMS Cash Accountability (DCA), Merged Accountability and Fund Reporting (MAFR), and Interfund Billing System (IBS). The scope of this project will include DCAS subsuming this functionality from DCMS.

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				
Defense Finance and Accounting Service / February 2024	4 - Minor Construction Capabilities								
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
4b - New Construction	0	$0.000	$0.000	1	$1,707.000	$1,707.000	0	$0.000	$0.000

Narrative Justification

A. The original FY22 project (will have a FY22 LOA) was to purchase and install a Physical Access Control System (PACS) system that will allow centralized secured access permissions and will bring the DFAS Cleveland facility up the DoD physical access requirements. It will require facility modifications for the areas of the access control point installations. The project will include the permanent installation of PACS, including affixing and wiring, on 75 doors (down from 139 doors due to giving up some floors in the AJC building) throughout the building. The work will additionally include the replacement or modification of some doors at these control points to bring them up to Fire and Life Safety requirements. Delays due to COVID and finalizing the long term plan for the number of floors DFAS will maintain in the new telework environment has delayed the project. GSA has provided a new estimate of $3.053M for the project, this is driving the need for an additional $1.137M in funding for the project.

C. These funds will be used to allow for the Joint Defense Accounting Center (JDAC) 1 space to be reaccredited as a Defense Intelligence Agency (DIA) secure space while at the same time increasing the ability for secure conferences and future mission growth. This project will extend the life of the JDAC by bringing the space up to the new DIA secure space requirement and allowing for secure meeting within the United States Special Operations Command (SOCOM) conference room. JDAC 1 space to be reaccredited as a Defense Intelligence Agency (DIA) secure space while at the same time increasing the ability for secure conferences and future mission growth. This project will extend the life of the JDAC by bringing the space up to the new DIA secure space requirement and allowing for secure meeting within the SOCOM conference room.

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**				
Defense Finance and Accounting Service / February 2024	2d - Telecommunications				B. Unified Communications (UNCOMM)				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
B. Unified Communications (UNCOMM)			$0.000	1	$8,000.000				$0.000

Narrative Justification

B. Funding to be used for the installation and configuration of teleconferencing equipment for an estimated 160 meeting rooms across DFAS. The return to work initiative will have employees in the building and teleworking from home. DFAS leadership wants to ensure meeting rooms are outfitted with the ability to meet as a group on Microsoft Teams as is available on individual computers.

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**	
Defense Finance and Accounting Service / February 2024	3b - Externally Developed	A. ADS	
	FY 2023	**FY 2024**	**FY 2025**

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Automated Disbursing System (ADS)			$0.000	1	$1,006.000				$0.000

Narrative Justification

A. Funding to be used for a project for the development of daily reporting capabilities from the ADS system to Treasury. At a high level, this system change request (SCR) will enable ADS to feed data in the Standard Reporting Format (SRF) to the Payment Information Repository (PIR) with business from Disbursing Station Symbol Number (DSSN) 8522 for a new Agency Location Code (ALC). Treasury Accounting Symbol (TAS) – Business Event Type Code (BETC) data is sent by ADS to Treasury. The following five interfaces are planned to be coded: PIR Automated Clearing House (ACH) (Sent to PIR and DCAS via Global Exchange (GEX)), PIR DATA (Sent to PIR and Defense Cash Accountability System (DCAS) via GEX), SRF Data (DCAS via GEX), CTA Bulk (Manual Upload to CARS), SAM (Treasury Accounting Symbol (TAS) / Business Event Type Code (BETC) File into ADS).

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**	
Defense Finance and Accounting Service / February 2024	3a - Internally Developed	G. 1099 PRO	

	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
G. 1099 Professional Corporate Suite			$0.000	1	$402.000				$0.000

Narrative Justification

G. This funding will be for the DFAS tax office to convert unauthorized - Information Technology (U-IT) to Authorized - Information Technology (A-IT) and add it to the existing 1099 PRO architecture. This will code interfaces into the architecture hosted at DISA on Stratus. These interfaces will bring in future years tax data and then that data will be imported into 1099 PRO.

Defense Finance and Accounting Services
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2023					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	1.3	0.5	-0.7	Decrease due to DFAS moving to Azure for monitoring and no longer needing the $500K budgeted for security, this was offset by an addition of $130K funding for the FY22 Telecom project for upgrading infrastructure components and VTC teleconferencing. Finally, $350K for FY23 E911 & Avaya Conference Bridge Upgrade was cancelled.
	Software Development	12.6	6.1	-6.5	Decrease driven by the FY22 EFD - Transfer of PBAS to EFD project (carryover funding) option year on the contract coming in less than the carryover amount. Also, the FY23 MyIT - Subsume CivPay Remedy Ticketing, DDMS - SFIS/SLOA, and EFD - DAI Automated Interface in EFD projects are requesting carryover to FY24 due to contracting needing sufficient time to award the contract.
	Minor Construction	0.0	0.0	0.0	
	Total FY 2023	**13.9**	**6.7**	**-7.2**	
FY 2024					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	0.0	8.0	8.0	Increase due to the Conference room teleconferencing equipment project.
	Software Development	0.4	8.5	8.1	Increase due to adding EFD - Subsume PBAS-OC Functionality $6.695M, ADS-PIR $1.006M, and 1099 PRO - Tax Office U-IT to A-IT $402K.
	Minor Construction	0.0	1.7	1.7	$570K Increase due to adding Leasehold Improvement - Indianapolis - JDAC 1 project. $1.137M increase (FY22 LOA) due to FY22 Cleveland - PACS project needing additional funding due to the escalation of the GSA estimate.

Defense Finance and Accounting Services
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
	Total FY 2024	**0.4**	**18.2**	**17.8**	
FY 2025					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	0.0	0.0	0.0	
	Software Development	0.0	0.0	0.0	
	Minor Construction	0.0	0.0	0.0	
	Total FY 2025	**0.0**	**0.0**	**0.0**	

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Defense Working Capital Fund

Defense Information Systems Agency

Capital Budget

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Defense Information Systems Agency
Activity Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Line Item	Item Description	FY 2023 Quantity	FY 2023 Total Cost	FY 2024 Quantity	FY 2024 Total Cost	FY 2025 Quantity	FY 2025 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
2.	**ADPE & Telecom Equip**	**8**	**$100.9**	**48**	**$190.7**	**24**	**$186.4**
2a.	Computer Hardware (Production)	0	$0.0	9	$1.4	0	$0.0
2b.	Computer Hardware (Network)	0		0	$0.0	0	
2c.	Computer Software (Operating System)	0		0		0	
2d.	Telecommunications	1	$0.8	2	$14.6	2	$15.5
2e.	Other Support Equipment	7	$100.1	37	$174.7	22	$170.9
3.	**Software Development**	**4**	**$6.0**	**6**	**$13.5**	**9**	**$24.3**
3a.	Internally Developed	0		0		0	
3b.	Externally Developed	4	$6.0	6	$13.5	9	$24.3
4.	**Minor Construction Capabilities**	**1**	**$1.5**	**2**	**$3.5**	**2**	**$3.5**
4a.	Replacement	0		0		0	
4b.	New Construction	1	$1.5	2	$3.5	2	$3.5
4c.	Environmental	0		0		0	
	TOTAL OBLIGATIONS	**13**	**$108.4**	**56**	**$207.7**	**35**	**$214.2**
	Total Capital Outlays	**0**	**$149.9**	**0**	**$157.0**	**0**	**$262.5**
	Total Depreciation Expense	**0**	**$89.0**	**0**	**$143.6**	**0**	**$156.0**

Fund-9B Activity Capital Purchase Justification

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Minor Construction - Facilities			Computing Services					
	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 - Facilities	1	$1,508.267	$1,508.267	2	$1,750.000	$3,500.000	2	$1,750.000	$3,500.000

Narrative Justification

Narrative Justification:
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.

Description and Purpose:
The FY 2024 projects include providing Oklahoma City anf San Antonio with adequately sized conditioned warehouse secure storage space with new roll-up doors, flooring and built-in shelving. FY25 projects include replacing a loading dock in San Antonio and providing Montgomery with adequately sized conditioned warehouse secure storage space with new roll-up doors, flooring and built in shelving.

Current Deficiency and/or Problem:
Datacenter facilities are in need of upgrades and renovations in order to meet current standards, including design work and minor repairs completed. Multiple code violations have been found and the only remediation is through minor construction efforts.

Impact:
If these infrastructure investments are not funded, life-safety hazards or continued code negligence will result. Age-related infrastructure and equipment deficiencies could result in unexpected system failures, placing site personnel at risk and potentially resulting in unnecessary data center downtime. DISA’s ability to provide a reliable and safe 24/7/365 operational capability could be jeopardized.

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
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE and Telecom - Equipment	Computing Services

	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 Facilities - Various	1	$7,244.378	$7,244.378	10	$2,700.000	$27,000.000	6	$4,500.000	$27,000.000

Narrative Justification

Narrative Justification:
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.

Description and Purpose:
The capital investment authority requested consists of various projects required to maintain DoD Core Data Center facilities.

FY 24 projects include but are not limited to: upgrading existing gaseous suppression system and adding a mechanical smoke extraction system and replacing Computer Room Air Handlers (CRAHs), Power Distribution Units (PDUs), Static Transfer Switches (STSs) and several other pieces of ancillary equipment serving the data center in Mechanicsburg; installing a new Hot Aisle and Cold Aisle Containment System and new cooling system at Columbus; upgrading the existing computer room raised floor including the weight bearing capacity of the tile and support structure, temporary lifting, or movement of existing equipment on the existing floor, installation of a grounding system (Signal Reference Grid) for equipment and ancillary associated peripherals at Stuttgart and Ogden, upgrade the existing Air Force provided Vindicator Access Control System (ACS) to a new Common Access Card (CAC) enabled system to be in-line with our Core Data Center Standards, replace the front end controller & all of the card readers within the building at Ogden, purchasing, installing and connecting proposed furniture of approximately 200 workstations at Oklahoma City (including providing electrical power to the proposed and existing furniture as required to support the proposed layout and mission); purchasing, delivering and installing new furniture and chairs for the open office administration areas and management offices at Montgomery. Provide electrical power and communication/data cabling connections to the proposed new furniture as required to support the proposed 6'x6' cubicle layout and Data Center mission. The electrical portion of this project provides all equipment and supporting raceway, conductors, and devices to accommodate power connections to the work areas; providing Provide Data Center Yokota with a Building Automation System as well as a Design/Build (DB) of a new fire detection, alarming and suppression system.

Examples of FY25 projects include but are not limited to purchasing, delivering and installing new furniture and chairs for the open office administration areas and management offices at Mechanicsburg, Columbus and Ogden, as well as providing electrical power and communication/data cabling connections to the new furniture as required to support the proposed 6'x6' cubicle layout and Data Center mission. The electrical portion of this project provides all equipment and supporting raceway, conductors, and devices to accommodate power connections to the work areas; providing Ogden with a mechanical upgrade to provide reliable and capable means for direct and indirect cooling to the Core Data Center; installing and connecting new cooling equipment at Oklahoma City, upgrading the essential bus electrical distribution gear to provide redundant, 2N, power to the chiller plant at Ford Island. This includes upgrading building electrical distribution be be on Static Transfer Switches (STS) and add a Manual Transfer Switch (MTS) for ancillary panels in the mechancical room and re-feed the mechanical equipment in a redundant fashion to allow for redundancy in the system.

Current Deficiency and/or Problem:

Many of DISA's facilities are in need of cyclical upgrades to their infrastructures and equipment. These upgrades are necessary to ensure adequate reliability, security and redundancy to support customer workload. With these upgrades, additional capacity for growth and increased reliability is built in.

Impact:
If these system and infrastructure investments requirements are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies can result in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7 operations for customers will be jeopardized.

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**				
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development				EMSS Gateway Evolution				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Gateway Evolution	0	$0.000	$0.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:
The Gateway Evolution project is a series of activities that refreshes various components of the Enhanced Mobile Satellite Services (EMSS) Gateway to ensure security compliance and alignment with the Iridium Commercial Baseline (ICB). Maintaining alignment of the ICB is critical to continued operation of the network over the Iridium Satellite Constellation.

Description and Purpose:
The purpose and objective of the Gateway Evolution Project and related activities is to facilitate the core mission of the EMSS program (e.g., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service. FY 2023 through FY 2025 sub-projects include the following components: Replace the Generator Synchronizer, which controls the seamless transition from commercial power to generator power for all the critical systems within the gateway to ensure continuity of operations during power outages; replace the Uninterrupted Power Supply (UPS) system which provides uninterruptable power to all the critical systems within the gateway to ensure continuity of operations during power outages; replace the High Power Amplifiers (HPA) provide the signal power necessary for continuous connection between the EMSS gateway and the Iridium Constellation; replace the Feeder Link Terminal/Teleport Controller (FLT/TPC) which provides the FLT resources that connect the Iridium constellation with the EMSS Gateway. The TPC manages the FLT resources to provide a continuous connection to EMSS through the Iridium Constellation; replace the GPS Receivers which are required for synchronization, timing and connectivity between the EMSS gateway terminals and the Iridium Constellation; replace the Autodialers which is a measurement of voice connectivity that is comprised of Call Establishment Rates and Call Drop rates; replace the Software Defined Modems (SDM) provide the connectivity and continuous communications between the EMSS gateway and the Iridium Constellation; replace the Gateway Location Server (GWLS) which is a location server that performs the position determination calculations for the subscriber equipment. In support of telephony and legacy SBD, the EMSS Location Server (x2)

employs ground-fixed Location Area Codes (LACs) that correlate with radio coverage; replace the OMC system which provides the EMSS Operations Center with the visibility and control of the critical, global EMSS services used by the warfighter at the tactical edge; replace the Access Network Controller (ANC) which provides the call processing (cellular base station) functionality for the Gateway. It establishes and manages connections in conjunction with the Ericsson AXE Telephone Switch; replace the 5ESS carrier class telephony switch serves as the primary interface between the EMSS systems and the DSN network; Install Iridium Message Transport (IMT) which is a is a store and forward service that is built upon the Certus service framework. The solution focuses on the delivery of small to mid-sized messages to and from the small Form Factor (SFX), Broadband Core Transceiver (BCX), and Internet of Things (IOT) terminals utilizing efficient network transport over existing and new Certus protocols; replace the existing network infrastructure which provides connectivity for the critical gateway systems that support the warfighter at the tactical edge; procure, customize, deliver and install an upgraded suite of GEC hardware and software system at the EMSS DoD Gateway in order to maintain compatibility, support the Iridium Commercial Baseline (ICB), provide for technical refresh and lifecycle upgrades to the existing GEC hardware and software system to maintain compatibility with the Iridium commercial architecture and meet future requirements, and procure, customize, deliver and install an upgraded suite of GEC hardware and software system at the EMSS DoD Gateway in order to maintain compatibility and support to the Iridium Commercial Baseline (ICB). The GEC provides for technical refresh and lifecycle upgrades to the existing GEC hardware and software system. This effort is required to maintain compatibility with the Iridium commercial architecture and to meet future requirements. Software may be required to support any of the above projects.

Current Deficiency and/or Problem:
Various EMSS Gateway components or capabilities are reaching end of life or otherwise need to be replaced. The components that are being addressed by this effort will cumulatively ensure availability of all current and planned capabilities of EMSS services and ensure that the security posture of all facilities are modernized.

Impact:
Failure to execute these projects will result in increased operational risk to users of the EMSS gateway.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development			Defense Information Systems Network (DISN) Infrastructure					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Information Systems Network (DISN) Infrastructure	0	$0.000	$0.000	3	$100.000	$300.000	2	$125.000	$250.000

Narrative Justification

Narrative Justification:
The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.

Description and Purpose:
Capital investment program authority is required to purchase and install end-of-life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating the need for a one-to-one technology refreshment of all components but rather technology refreshment at service and capability layers. These projects will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. Key efforts include: Providing 100G optical capability with associated encryption that is not currently at sites plus add additional diversity as required to support customer missions. Transformative capacity in the INDOPACOM AOR and enable mission growth on the DISN, as well as address resiliency and operational security concerns. Providing survivability by implementing dual connections and eliminating single points of failure in the network, for an “Always-On” network access; survivability entails providing infrastructure to include additional fiber paths and optical equipment for DISN Service Delivery Nodes enabling the warfighter, Commanders, and Mission Partners to conduct Joint Operations and missions through a diverse, redundant, and resilient network.

Critical Infrastructure is executed by Service Delivery Node Resiliency efforts providing essential next generation optical platforms at DISN critical locations to increase survivability, diversity, redundancy and resiliency in support of Mission Critical Operations, Computing Ecosystems and security boundaries: IAPs and JRSS. Critical Infrastructure is broadly defined as infrastructure whose degradation and/or unavailability has an adverse effect towards Joint Operations and missions. The equipment procured in this project includes optical gear, project, PM and SME support, documentation and any associated lab equipment that may be required. This project will provide 100G optical capability with associated encryption that is not currently at sites plus add additional diversity as required to support customer missions.

Survivable Networking is broadly defined as specific actions and efforts that need to occur or be present on the network to ensure information transfer remains even after an attack or event occurs. Investments made to increase the survivability of the network will continue in the future as listed below (but not limited to): Physical diversity at DISN Core and Service Edge locations, Self-healing technologies to ensure Optical backbone resiliency, Deploy hardening capabilities such as Ethernet, MACec, TRANSEC and Communication Security on SBU and classified networks. This project entails all activities from equipment purchase installation, transition, decommission, lab related activities, PMO support and associated network configuration activities.

DISN IP Optimization ensures DISN enhancements are realized through replacing end of life and legacy technologies across the Controlled Unclassified Information (CUI) and Secret network. IP Optimization entails utilizing IP-based solutions that optimize network efficiencies and service delivery; and incorporate network enhancements to enable the infrastructure to support an “everything over IP” architecture for all DISN services at Service and Edge layers of the DISN. Core Router Refresh focuses on regrooming the network to support elimination of the P routers (also called Two level Parallel Plane-TLPP) which leverages the Optical infrastructure as well; this effort also supports upgrading route switch processor (RSP) cards in the existing J-PE architecture that have an announced end-of-support date of 31-August 2022. SIPRNet Router Refresh focuses on upgrading SIRPNet maximum bandwidth rate to 100G, increasing cyber protection by increasing transport support over HAIPE, and increasing network efficiency; this effort will also upgrade lab equipment in support of standard JITC/DISA testing in support of 100G SIPR. Timing & Synchronization refreshes legacy time and frequency (T&F) resources with a modern Timing and Synchronization System Capability (TSSC) across the DISN. Network Management-TR focuses on the tech refreshment of Juniper M10i and M7i routers that an announced end-of-support date of May 2021 and Cisco 2811 terminal servers that started being end-of-support in 2016. In addition, this effort tech refreshes EOL/EOS Operation Systems Support hardware, encryption hardware for SIPR, ECVOIP, and classified DISN services to ensure operability of DISA’s enterprise Network Configuration Management Tool.

Current Deficiency and/or Problem:
The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoD Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoD's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoD users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and

civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA's challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.
Impact:
If these capabilities are not funded, DISA will be unable to meet the technology refreshment and equipment upgrades required to ensure a secure a robust global network is available to the DoD and its mission partners. DISN customers will not benefit from network enhancements if the network is not resilient enough to endure attacks and restore failures. In today's environment of modern warfare silent attacks on the network can result in devastating and debilitating influences, therefore amplifying the need to increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable operational risks, without replacement, service disruptions, increased vulnerabilities and security breaches are inevitable.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development			Organizational Messaging Service National Gateway Center Infrastructure Modernization					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Organizational Messaging Service National Gateway Center Infrastructure Modernization	0	$0.000	$0.000	8	$31.250	$250.000	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
OMS messaging applications and directories are hosted on both physical and virtual servers using supportable storage solutions and connected within network enclaves and interconnected between network security domains using an accredited cross domain solution. The OMS capabilities provided at NGC-D are supported by operating system hosts, messaging and directory applications, databases and the underlying virtualization infrastructure and storage that is connected by the network devices in each network security-domain. When the hardware servers, storage and network devices reach end of life, the vendor may no longer provide updates to management and security software supporting these devices which is critical to the operation of the OMS. The National Gateway Center - Fort Detrick (NGC-D) is a special purpose data center facility supporting the Organizational Messaging Service (OMS). The major components are computational server hardware, storage appliances and network devices providing a pool of resources for operating systems, virtualization software, application software, databases, and data directories. These essential physical resources are interconnected to support a logical architecture supporting critical OMS messaging systems and directories. In 2016, OMS' NGC-D conducted a major modernization to virtualize its infrastructure. As part of these modernization efforts, a unified storage solution was implemented and critical server hardware and network devices were installed or replaced within each NGC-D network enclave supporting Top Secret-Sensitive Compartmented Information (TS-SCI), Top Secret-Collateral (TS-C), Secret and Secret Releasable security domains that are interconnected using an accredited cross domain solution. The server hardware, network devices and storage appliances support all the virtualization, operating systems, message system applications, and databases supporting the OMS mission at NGC-D. The vendor of the current storage appliances announced an End of Life (EOL) date of 31 May 2024 and the latest virtualization software required for OMS modernization efforts is not supported on the current older physical servers.

Description and Purpose:
Capital investment program authority is required to ensure the servers, network devices and storage appliances do not exceed EOL as well as provide support for vendor provided upgrades and OMS modernization efforts. The data housed within the storage appliances or processed by the servers and network devices are at risk of failure if the necessary system updates, patches, and replacement parts are not available.

The purpose of this project is to lifecycle replace the aging storage appliances, server hardware and network devices in the NGC-D. The storage appliances function as a “shared hard drive” for multiple physical hardware servers, while the network devices provide the connectivity that allow the message systems to operate and interconnect. This LCR will provide for the continued support of the OMS mission through the processing and safekeeping of mission critical data on a vendor supported platform. It is expected the new storage solution, server hardware, and network devices will also provide increased performance as they will be a newer technology than the generation being replaced and support ongoing OMS modernization efforts.

Current Deficiency and/or Problem:
The requested authority ensures OMS’ server hardware, network devices and storage appliances do not exceed EOL, protecting the data housed and processed by these systems from unavailability, degradation, or data loss. The current server hardware, network devices and storage appliances have been in place since 2018/2019 with some storage appliance disk shelves dating back to an original project deployment in 2016. The vendor announced an EOL date of 31 May 2024 for the storage appliances. At that time no software patches or hardware replacements will be available from the vendor for the current deployed solution. Third party support is not a viable solution for these appliances given the dependency on vendor provided management software.
Impact:
The OMS provides a range of assured services to a customer community that includes the military services, DoD agencies, Combatant Commands, U.S. Intelligence Community, Nuclear Command, Control and Communications (NC3) community, and other U.S. government agencies and allied nations. This essential service provides the ability to exchange official time-critical information including NC3 Emergency Command Precedence (ECP) and Flash message precedence between these interconnected customer communities. Failure to fund this requirement will increase risk to OMS operations, eliminating mission capability following a hardware or software failure and preventing the ability to maintain required vendor provided software or respond and prevent security deficiencies, including but not limited to IAVA zero-day security impacts. These issues may degrade server hardware, network device and storage appliance functionality resulting in component unavailability, corrupted data or loss of data should a server, network device or storage appliance encounter an application or hardware failure. Should these components reach a hazardous condition which prevents continuous 24 hours/day operation, this could gravely jeopardize the success of the OMS mission to support its interconnected customer communities. Failure to meet emerging security findings negatively impacts NGC-D accreditation and increases cyber risk to the OMS program. Failure to fund the OMS servers, storage and network devices before their end-of-life may result in the lack of further vendor system updates and patches which increases risk to each device's performance and security posture which could cause functionality degradation leading to a loss critical data and operational availability. Additionally, failure to receive security updates in response to Information Assurance Vulnerability Alerts (IAVA) will result in non-compliance to government security directives and impact the security accreditation of the OMS at the NGC-D.

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**
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development	Service Development

	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Service Development	0	$0.000	$0.000	1	$3,304.982	$3,304.982	1	$1,750.000	$1,750.000

Narrative Justification

Narrative Justification:
DISA provides Defense Information Network (DODIN) operations for the joint warfighter to enable lethality across all warfighting domains in defense of our Nation. The current environment of great power competition requires us to evolve our operating processes to align with next generation capabilities, defend against new cyberspace threats and increase lethality for our warfighters while ensuring best value.

Description and Purpose:
The purpose of the Service Development project is to provide DISA with increased flexibility to execute capital investments more quickly as emerging requirements are identified internally or by our mission partners. Examples of investments include new services development, where a new service may be required to address a latency, failure or cybersecurity issue, growth of existing services where year of execution mission partner growth has forced us above the capital threshold, requiring the use of investment funds for requirements that previously fell below threshold, and rapid evolution of data center services resulting from adoption of cloud computing. The flexibility provided would allow us to meet customer demand and develop new services more quickly than we might otherwise have the ability to.

Current Deficiency and/or Problem:
DISA's service offerings are rapidly evolving to support our mission partners requirements and defend against new cyberspace threats. Currently, there is not a way to address immediate needs for new service development or growth of existing services that require capital investments. The current timeline to include capital investments in our budget can occasionally present issues when we need to quickly address new service development in support of cybersecurity and next generation capabilities, or year of execution customer growth.

Impact:
The Service Development investment will alleviate the delay in investments by providing greater flexibility when new service requirements or growth of existing services arise. This investment is necessary to immediately respond to our rapidly evolving requirements in support of our mission partners. Not funding puts mission partners with emerging requirements at an operational and/or cyber risk due to the delay in our ability to make an investment.

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**
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development	Cyber Security Tool Evolution

	FY 2023	FY 2024	FY 2025

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Open Sensor	0	$0.000	$0.000	17	$110.185	$1,873.139	14	$621.194	$8,696.716

Narrative Justification

Narrative Justification:
Open sensor platform is a network security monitoring requirement to provide alerts and logs for network traffic at deployed vantage points. Examples of its capabilities include file carving, malware and intrusiton detection, traffic logs for all traffic. It includes sensing capability at three different vantage points on the DoDIN: 1) Internet Access Point with enterprise break and inspect as the encryption boundary 2) EEMSG – with the encryption boundary at the Start Transport Layer Security boundary 3) SIPRNET. Also: To support projects listed in Cyber Security HW that are likely to have related SW requirements. Projects include, but are not limited to: Gray CA Tech Refresh, PKI NIPR Tech Refresh, AWS Cloud Implementation, DoD PKI Storage and Back Up Capabilities, Tech Refresh, RTB CDS and Diodes, RTB Equipment, SIPR FED Palo Alto Firewall Tech Refresh, SIPR REL Palo Alto Firewall Tech Refresh, SIPR REL/FED DMZ Email Hardware Gateway Refresh, SIPR FED web proxy, ZND Tech Refresh of FireEye Hardware, IXIA Traffic Generator, User Experience Monitor (UEM) Servers Tech Refresh

Description and Purpose:
Secure gateway project is to acquire a commercial off the shelf solution and deploy it to the Enterprise Email Secure Gateway (EEMSG) locations to meet DISA Operations Requirement Group (DISA CE21) requirements to provide specific monitoring for Enterprise Email that is not met through any other mission partner nor DISA capability. Internet Access Point project is to acquire commercial off the shelf solution to deploy to the Non Classified Internet Protocol's Internet Access Points in FY25 to increase capability to required capacity. To support projects listed in Cyber Security HW that are likely to have related SW requirements. Projectecs include, but are not limited to: Gray CA Tech Refresh, PKI NIPR Tech Refresh, AWS Cloud Implementation, DoD PKI Storage and Back Up Capabilities, Tech Refresh, RTB CDS and Diodes, RTB Equipment, SIPR FED Palo Alto Firewall Tech Refresh, SIPR REL Palo Alto Firewall Tech Refresh, SIPR REL/FED DMZ Email Hardware Gateway Refresh, SIPR FED web proxy, ZND Tech Refresh of FireEye Hardware, IXIA Traffic Generator, User Experience Monitor (UEM) Servers Tech Refresh

Current Deficiency and/or Problem:
Bandwidth required to be monitored will be beyond current capacity without remaining Internet Access Point monitoring upgrades in FY25. Without upgrades, DISA will be unable to meet email portion of Open Sensor Platform requirements without deploying inside Transport Layer Security break and inspect, missing meta data, file objects, recursively unpacking, and alerting on all email transiting Department of Defense 's Enterprise Secure Email Gateway. If unresolved, defenders will not have required data to detect email attacks and bandwidth required to be monitored will be beyond current capacity without remaining Internet Access Point monitoring upgrades in FY25.

Impact:
If unfunded, DISA, which provides Enterprise Email as a service to the Department of Defense, will not have the required cyber situational awareness on this key terrain. Without this data, our defenders do not have the required data to detect the email attacks and respond to this threat vector. If HW projects are not funded, DISA, which provides Enterprise Email as a service to the Department of Defense, will not have the required cyber situational awareness on this key terrain. Without this data, our defenders do not have the required data to detect the email attacks and respond to this threat vector and will be unable to meet email portion of Open Sensor Platform requirements without deploying inside Transport Layer Security break and inspect, missing meta data, file objects, recursively unpacking, ana alerting on all email transiting Department of Defense 's Enterprise Secure Email Gateway. DISA will not have required cyber situational awareness on this key terrain. A total system failure can occur impacting service on thousands of classified devices that Generals, Admirals, Senior Level Executives, and other employees rely on in meeting the governments requirements. This can directly have an impact on critical military operations and result in loss of life. F5 load balancers are critical to the reliability of the PKI network. Without the tech refresh of this capability, systems will no longer have access to Tier 3 support to get the load balancers back up and running in a timely manner, and traffic will overload certain sections of our network, resulting in a denial of service affecting availability of the critical PKI systems. If required updates and technical refreshes are not provided, the system data can be lost with the inability to restore services. This can have a detrimental impact on DOD and Federal Operations if data is lost and can’t be restored or recovered.

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development			IDEAS					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IDEAS	1	$1,629.000	$1,629.000	1	$1,600.000	$1,600.000	1	$1,600.000	$1,600.000

Narrative Justification

Narrative Justification:
The Integrated Defense Enterprise Acquisition System (IDEAS) is the Procurement Services Directorate (PSD) and Defense Information Technology Contracting Organization's (DITCO's) modernized contract writing system to support its unique telecommunications contracting mission. It provides a single integrated acquisition solution that is uniformly implemented and readily accessible worldwide.

Description and Purpose:
This capital project will provide a mechanism to fulfill expected change requests to the Integrated Defense Enterprise Acquisition System (IDEAS). Changes to policy, procedures, security, infrastructure, and interfaces can drive urgent enhancements and the organization must be agile enough to satisfy those enhancements promptly. This effort will continue the process to identify and collect user requirements for the multiple types of contract managed by the customer, establish a logical sequence to design, code and implement compliant contracting workflows, and migrate contracts from existing systems into IDEAS. We expect implementation will take a few years due to the complexity of individual contract vehicles and the data migration strategies.

Current Deficiency and/or Problem:
DISA does not have a centralized, mature system to manage contracts in an end-to-end data compliant format. The current system lacks the capability to support the introduction of the mandated Procurement Data Standard (PDS) and Purchase Request Data Standard (PRDS) as well as critical workflows supporting traditional contracting (i.e not telecom). This authority is being requested to ensure any emerging change requests can be resolved timely.

Impact:
If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development			Global Video Service					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
GVS-C Tech Refresh Software	0	$0.000	$0.000	1	$635.650	$635.650	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
The DISA Global Video Services (GVS) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoD community. GVS services support DISA and DoD mission objectives by providing logistical and C2 communications support to the warfighter. The GVS Program Management Office (PMO) supports classified VTC services on SIPRNet (GVS-C). The GVS-C service is 24/7 services rated at a 12-Hour COOP/DR recovery timeline.

Description and Purpose:
This project will include a tech refresh of the GVS-C software to be installed into the updated and modernized GVS-C environment. The solution will maintain all existing capabilities that the current GVS-C service offers.

Current Deficiency and/or Problem:
On 11 July 2022, DISA Director decided to continue with GVS-C as a service offering within the Unified Capabilities (UC) Portfolio. The current iteration of GVS-C is End-of-Life/End-of-Support on 31 December 2023, which makes this tech refresh necessary to continue operations of this service.

Impact:
The DISA Global Video Services Classified (GVS-C) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoD community. GVS-C service supports DISA and DoD mission objectives by providing logistical and C2 communications support to the warfighter. A key benefit that GVS-C offers is interoperability with voice and video enterprise services outside of the DoDIN including FVEY mission partners and other Federal Agencies. Failure to complete this tech refresh will result in significant DoD and mission partner impact.

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

Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			Cyber Security Tool Evolution					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Various	0	$0.000	$0.000	55	$192.507	$10,587.865	9	$418.253	$3,764.277

Narrative Justification

Narrative Justification:
Open sensor platform is a network security monitoring requirement to provide alerts and logs for network traffic at deployed vantage points. Examples of its capabilities include file carving, malware and intrusion detection, traffic logs for all traffic. It includes sensing capability at different vantage points on the DoDIN: 1) Internet Access Point with enterprise break and inspect as the encryption boundary, and 2) EEMSG – with the encryption boundary at the Start Transport Layer Security boundary.

For many years DISA has been provisioning WINDAR and DMCC-S devices for their stakeholder utilizing the DOD PKI Certificate Authorities on SIPR. NSA mandated that DISA establish a GRAY Network to accomplish this work and gave them a short deadline. The only way this could be done was to build it on the existing PKI NextGen infrastructure with was end of life. The F5s load balancers are necessary devices used to balance the traffic load within the DoD PKI environment. The PKI Program Management Office at DISA has also been directed to transition PKI Hosting Activities from the DISA ECO system to a Cloud Based Platform. This will provide a more stable, efficient and effective platform for DISA to manage and get the DOD PKI Program sustainment requirements within budget while creating a more effective hosting environment that can scale on demand and meet the DOD PKI Policy requirements. The program is also required to perform daily data back ups as well as a long term storage solution utilizing Magnetic Disk that will be stored for 10.5 years. There is a need to update PKI Back up capabilities that will include Veritas Back up and Quantum long term magnetic storage disk capabilities.
"

Hardware updates required to receive and support current software and patching vulnerabilities. The Raise the Bar (RTB) Equipment is compatible with the existing CDES system and has the ability to provide the capabilities required to meet the National Cross Domain Strategy and Management Office's (NCDSMO) redundant, always invoked, independent, and non-by passable (RAIN) as well as raise the RTB requirements.

The FED DMZ network was designed to protect communications between DoD SIPRNet and non-DOD Federal agency networks. The REL DMZ network was designed to establish manageable layers of security that enable authorized REL users to connect to the SIPRNet and communicate with their United States (U.S.) counterparts to share releasable information while preventing access to prohibited content. For SIPR FED Web Proxy - The FED DMZ is a critical component of the cybersecurity architecture deployed to protect the DODIN. The design of the SIPR FED DMZ is to protect communications between DoD components and Non-DoD Federal agency networks (i.e. DOS, DHS, FBI)

FED DMZ design is a network peering point that implements a defense-in-depth security approach controlling port and protocol communications entering and exiting the gateway. FED DMZ provides transport to services residing on SIPRNet such as (Email, Web browsing, DNS, Unified Capabilities (i.e. voice, video). The WCF security system is the first-line information assurance system at the DoD Perimeter with the unclassified threat mitigation mission and provides numerous quality of service capabilities to DISA Global and the mission partner perimeter systems. The FireEye EX deployed across the DoD Perimeter and is a vital piece of the Email Security Stack that DISA employs. UEM is a major component of the overall NIPRNet Hardening Program which provides the health and status of DNS servers/network. The core focus of the DDoS program is to test syntactical,

functional and performance of the Juniper firewall filters before they are deployed to the production boundary devices. The IXIA Traffic Generator Line Card (hardware) is needed to continue DDoS's mission and the existing line card has gone EoL after more than a decade of use.

Description and Purpose:
Secure gateway project is to acquire a commercial off the shelf solution and deploy it to the Enterprise Email Secure Gateway (EEMSG) locations to meet DISA Operations Requirement Group (DISA CE21) requirements to provide specific monitoring for Enterprise Email that is not met through any other mission partner nor DISA capability. Open sensor project is for the Open Sensor Platform to upgrade the six (6) CONUS NIPRNET Internet Access Points to full bandwidth (70 GBps) monitoring capability. This is for the acquisition of appliances with embedded software and a perpetual licence for a commercial off the shelf solution to deploy to the Non Classified Internet Protocol's Internet Access Points in FY25 to increase capability to required capacity.

The project consists of tech refreshing the servers and associated equipment which includes hardware security modules and F5 load balancers that support the production environment as well as servers in support of the Testing Lab. The current equipment is approximately seven years old and fail continuously. This equipment will put this critical DISA PKI Service on an updated platform that will ensure high availability and efficiency. The cloud implementation project is for the purchase of items such as Dell Servers, Junipers, Rack PDUs, Equinix Cage, AWS Cloud, Dedicated ISP Circuits, NetApps, and Hardware cores. Also included is an update to the current Storage solutions in support of the DOD PKI Program to stay compliant with DOD PKI Policy and Certificate Practice Statements.
"

Tech refresh is to provide high availability, load balancing, performance optimization, and FIPS-3 certificate storage compliance. This will tech refresh and renew proprietary, commercial off-the-shelf, brand-name F5 hardware maintenance and software subscription support for DISA/CDES. CDES requires commercial off-the-shelf, brand-name F5 hardware maintenance, tech refresh and software subscription support to ensure the system and architectural components are compliant with DoD and Service Provide security standards. Trusted Gateway (TGS) solves the difficult problems of satisfying security needs while facilitating unstructured file sharing.It is designed to meet the cross domain security best practices. Additionally, CDES requires expanded lab capacity for pre-deployment, testing, and end to end connection testing. CDES also needs to deploy additional systems to support an operational need for local redundancy at 2 site locations.

Tech refresh the firewall that supports the SIPR FED infrastructure to maintain support of the hardware/software connected to our networks, tech refresh the firewall that supports the SIPR REL and the SIRP REL DMZ infrastructure to enable authorized users to connect to the SIPRNet and communicate with their United States counterparts to share releasable information while preventing access to prohibited content, tech refresh all FireEye Hardware in the ZND Program- The Zero-Day Network Defense (ZND) Program utilizing the FireEye EX Hardware for email analysis that provides sandbox and zero-day detection. For SIPR FED Web Proxy - The SIPR FED DMZ is a critical component of the cybersecurity architecture deployed to protect the DODIN. The design of the SIPR FED DMZ is to protect communicatiions between DOD SIPRNet components and Non-DOD Federal Agency networks. Also included is a tech refresh to upgrade all the Web Content Filtering system components from the routing / networking equipment, the next-generation firewall and the logging equipment, tech refresh all FireEye Hardware in the ZND Program- The Zero-Day Network Defense (ZND) Program utilizing the FireEye EX Hardware for email analysis that provides sandbox and zero-day detection. DDoS IXIA Traffic Generator - Acquire one (1) IXIA NOVUS10/1GE8DP, 8-port line card for existing DDoS Ixia chassis. Acquire eight (8) Ixia SFP+10GBASE-SR/SW and 1000BASE-SX Dual-Rate pluggable optical transceiver to interface with the DDoS lab hardware. Acquire IxLoad Layer 7 IPv4/6 application for additonal FLM testing.. Also included is a tech refresh of existing DNS Server devices as they approach End-of-life (EoL) and End-of-Technical Support (EoTS) for the DISA Domain Name Service (DNS) User Experience Monitor (UEM) project.

Current Deficiency and/or Problem:
Bandwidth required to be monitored will be beyond current capacity without remaining Internet Access Point monitoring upgrades in FY25. Without the upgrade, DISA will be

unable to meet email portion of Open Sensor Platform requirements without deploying inside Transport Layer Security break and inspect, missing meta data, file objects, recursively unpacking, and alerting on all email transiting Departnment of Defense 's Enterprise Secure Email Gateway. If unresolved, defenders will not have required data to detect email attacks and bandwidth required to be monitored will be beyond current capacity without remaining Internet Access Point monitoring upgrades in FY25.

The critical capability is on an aging infrastructure that continues to fail and requires a tech refresh. The Gray CA is operational and functioning however, it is on aging and outdate equipment that needs to be tech refreshed. The current F5s are approaching end of support. The current ECO hosting platform has become unsustainable for the DOD PKI Program. Cloud hosting options that are more sustainable and allow greater efficiencies are required. Many of our DOD PKI Data Storage Solutions are out of date and need to replaced. PKI houses critical data that is necessary for successful operation and sustainment of the DOD PKI Program, which supports the entire DOD and some Federal Agencies.
"

Updates are needed to maintain support and ATO. The RTB Strategy for Improving CDS Security addresses cybersecurity deficiencies of the DoD and IC CDS from a development, deployment, and use perspective. DoD CIO published guidance to use enterprise CDS services when possible, limiting the implementations of new point to point CDS.
The current Palo Alto Firewall devices go end of support in 2024 and will no longer be supported by the vendor for bug fixes, OS upgrades, replacements due to non functioning device. There is currently no user authentication for the Non-DOD Mission Partners accessing SIPR FED. The last WCF Tech Refresh took place in 2019, so the WCF components will start to approach end of life with each vendor's product lifecycle. The FireEye EX Hardware licensing is coming to an end in 2024. To continue utilizing this hardware in the Email Security Stack a Tec.h Refresh is required. The current UEM network infrastructure complies with DoD requirements; however, the equipment will soon be EoL and EoTS. For SIPR FED Web Proxy - There is currently no user authentication for the Non-DOD Mission Partners accessing SIPR FED. DDoS IXIA Traffic Generator - The existing DDoS Ixia Line Card used for production testing will go EoL on 31 Mar 2023. The proposed replacement Novus card will allow DDoS filter testing to continue with full vendor hardware and software support. The new Novus line card, coupled with IxLoad Layer 7 software can allow enhanced traffic testing to include full packet payload detection.

Impact:
If unfunded, DISA, which provides Enterprise Email as a service to the Department of Defense, will not have the required cyber situational awareness on this key terrain. Without this data, our defenders do not have the required data to detect the email attacks and respond to this threat vector and will be unable to meet email portion of Open Sensor Platform requirements without deploying inside Transport Layer Security break and inspect, missing meta data, file objects, recursively unpacking, ana alerting on all email transiting Departnment of Defense 's Enterprise Secure Email Gateway. DISA will not have required cyber situational awareness on this key terrain.

A total system failure can occur impacting service on thousands of classified devices that Generals, Admirals, Senior Level Executives, and other employees rely on in meeting the governments requirements. This can directly have an impact on critical military operations and result in loss of life. F5 load balancers are critical to the reliability of the PKI network. Without the tech refresh of this capability, systems will no longer have access to Tier 3 support to get the load balancers back up and running in a timely manner, and traffic will overload certain sections of our network, resulting in a denial of service affecting availability of the critical PKI systems. If required updates and technical refreshes are not provided, the system data can be lost with the inability to restore services. This can have a detrimental impact on DOD and Federal Operations if data is lost and can’t be restored or recovered.
"

Lapse in support and ATO if unfunded. The following support elements for mission partners would be lost: Verifying the required elements for ConfigSync/DSC, Reviewing common reasons for ConfigSync failures, Viewing the commit ID updates, Verifying a ConfigSync operation, Verifying the Sync status, Understanding Sync status messages, Reviewing the log files for ConfigSync error messages. If the Government were unable to obtain the RTB Equipment, the CDES infrastructure could not be upgraded to comply with the NCDSMO’s RTB requirements. In addition, not complying with NCDSMO’s RAIN and RTB requirements and will create a vulnerability to cyber-attacks, which may disable the enterprise cross domain email, web service, and unstructured file transfer capabilities across DoD agencies, combatant commands, armed forces, and coalition

partners.
If the devices are not Tech Refreshed, it could result in reduced security posture of the SIPR REL DMZ and SIPR FED infrastructure as the hardware/software will be outdated and unable to be upgraded to newer versions of code to close new and existing vulnerabilities. Without the Fed Web Proxy there will be no ability to control who has access to the SIPR FED DMZ or give the agency situational awareness of the user base. Without the WCF tech refresh the overall processing power of the devices will continue to diminish. The WCF components will struggle to maintain operational efficiency with the older equipment as the global IAP bandwidth will grow each year and the device's processing power will be reduced. The reduction in processing power will also limit the ability to meet stakeholder operational requirements. Without the FireEye project, the program will be forced to operate using outdated hardware and the ZND capability would be degraded. If the Government were unable to obtain the HPE ProLiant DL560 Gen10+ and DL360 Gen9+ servers for DNS Hardening's UEM project, the DNS infrastructure could not be upgraded to remain compliant with current DoD requirements and best practices. Nor could they deliver the most effective protection of the DNS infrastructure supporting: DoD agencies, combatant commands, armed forces, and coalition partners. Additionally, as the current hardware becomes End-of-Support (EoS) and EoTS, required software updates will not be available, so adherence to the Security Technical Implementation Guides (STIGs) will not be possible. For SIPR FED Web Proxy -Prevents the ability to control who has access to the SIPR FED DMZ. Gives the Agency situational awareness of the user base. For DDoS IXIA Traffic Generator - If the new line card is not acquired, DDoS filter testing will be at a significant risk as the tier III engineers rely completely on this traffic generation and testing platform to complete functional and performance testing prior to a filter being pushed to the production boundary routers. Without the new line card and IxLoad software, the DDoS program is limited on Layer 7 network testing and traffic generation.

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**				
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development				Fourth Estate Network Optimization				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Fourth Estate Network Optimization	0	$0.000	$0.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:
As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.

Description and Purpose:
Capital investment program authority is required for SW that may be needed for the related HW projects to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Equipment may include, but is not limited to, routers, switches, intrusion detection systems, firewalls, and encoders necessary to modernize the network in preparation for DoDNet migration and sustainment.

Current Deficiency and/or Problem:
HW and SW equipment must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.

Impact:
If these purchases are not completed, we risk being out of compliance with the Dep Sec Def mandate, and infrastructure will remain vulnerable and unreliable for the site.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			Furniture					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Furniture	0	$0.000	$0.000	1	$1,000.000	$1,000.000	1	$350.000	$350.000

Narrative Justification

Narrative Justification:
This project will replace various furniture and related items with new cubicles, new console workstations, and new semi-private offices with associated modular office furniture, new demountable wall partition, and new chairs for each desk. Temporary furniture is required to be set-up while furniture is replaced. Furniture replacement includes electrical connections and communication cabling and connections, along with all equipment, tools, supplies, and quality control to accomplish the requirement.

Description and Purpose:
This project includes upgrades to and/or replacements of an operations area that is separated by a wall, a cube farm area, a conference room furnishings, office furnishings, IT equipment installation for cabling, a demountable partition wall, facility adjustments/replacements, and a temporary desk rental. This project also includes the addition of new racks for the MP's to put their special equipment with new cable tray and cabling, replacing a few emergency lights and adjusting diffusers in the room for the new layout. The reconfiguration of seating within the building will require movement of walls, painting of new/repaired walls and office space, new office/systems furniture, new carpeting in the construction areas and updated electrical wiring and LAN cables to be moved/installed throughout the building.

Current Deficiency and/or Problem:
"Pensacola and Chambersburg Building 1 continue to receive an increased number of personnel in their buildings. With the updated DISA Telework policy, they need to be reconfigured and updated to facilitate ""hot seating"" for all personnel. Due to past budget constraints, they were not able to updated on a regular schedule to meet workspace

requirements. The new telework policy, along with anticipated consolidation of buildings at Pensacola and Chambersburg requires them to be configured to handle ""hotel seating"" for most of it's personnel. The office locations and furniture currently in the areas do not meet this requirement.

Impact:
If not funded, Pensacola and Chambersburg Building 1 will not be able to facilitate the updated DISA workspace requirements. Additionally, there will be continued network connectivity disruptions if LAN lines are not reconfigured/updated, deterioration of electrical systems within the buildings.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development			FAMIS					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
FAMIS	1	$3,694.579	$3,694.579	1	$4,800.000	$4,800.000	1	$6,060.000	$6,060.000

Narrative Justification

Narrative Justification:
The DISA implemented a new enterprise financial system in FY 2019 by modernizing the legacy Financial Accounting Management Information System (FAMIS). The new financial system provides a single, compliant system across the Information Services Activity Group.

Description and Purpose:
Capital investment program authority for software development is required to ensure the new financial system will remain compatible with other legacy and future systems and so that any change requests required to implement policy, procedural, or security changes can be met. The DISA must be able to rapidly address compatibility issues to ensure the financial operations of the Agency are not negatively impacted. The consolidation of two DWCF activity groups to a single activity group also requires additional systems changes. DISA implemented OneFund on the DWCF side, which will require additional systems changes to complete. Requirements have also been mandated for ICAM, and potential cloud migration.

Current Deficiency and/or Problem:
This authority is being requested to ensure DISA can consolidate financial operations to a single activity group and that any emerging deficiencies can be resolved timely and that DISA will comply with Department of Defense and Department of Treasury guidelines, policies and standards (such as G-Invoicing and Compliant Telecom Contracting).

Impact:

If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			Global Video Services					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
GVS-C Tech Refresh Hardware	0	$0.000	$0.000	1	$998.160	$998.160	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
The DISA Global Video Services (GVS) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoD community. GVS services support DISA and DoD mission objectives by providing logistical and C2 communications support to the warfighter. The GVS Program Management Office (PMO) supports classified VTC services on SIPRNet (GVS-C). The GVS-C service is 24/7 services rated at a 12-Hour COOP/DR recovery timeline.

Description and Purpose:
This project will include a tech refresh of the GVS-C environment that manages front end and back end systems. The solution will maintain all existing capabilities that the current GVS-C service offers.

Current Deficiency and/or Problem:
On 11 July 2022, DISA Director decided to continue with GVS-C as a service offering within the Unified Capabilities (UC) Portfolio. The current iteration of GVS-C is End-of-Life/End-of-Support on 31 December 2023, which makes this tech refresh necessary to continue operations of this service.

Impact:
The DISA Global Video Services Classified (GVS-C) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoD community. GVS-C service supports DISA and DoD mission objectives by providing logistical and C2 communications support to the warfighter. A key benefit that GVS-C offers is interoperability with voice and video enterprise services outside of the DoDIN including FVEY mission partners and other Federal Agencies. Failure to complete this tech refresh will result in significant DoD and mission partner impact.

Activity Group Capital Investment Justification	A. Budget Submission

($ in Thousands)	Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	Software Development				Enterprise Voice Services Evolution				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Enterprise Voice Services Evolution	1	$143.700	$143.700	1	$250.000	$250.000	1	$5,454.770	$5,454.770

Narrative Justification

Narrative Justification:
DISA's Enterprise Voice Services (EVS) provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The Enterprise Voice Services portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).

Description and Purpose:
The purpose of the Enterprise Voice Services Evolution project is to facilitate continuous tech refresh activities to resolve open end-of-life and support issues, improve quality of service, and ensure infrastructure is scalable to meet customer demand. Examples of tech refresh activities include expanding sensor coverage and tech refreshing session border controllers, media gateways, network switches, and backup devices. This project will purchase Software supporting those tech refresh activities. The Capital investments are required to tech refresh equipment in the EVOIP / ECVOIP environment.

Current Deficiency and/or Problem:
Much of DISA’s Enterprise Voice Services hardware has reached end-of-life with non-compliant Software IOS versions and hardware (Flash/DRAM) upgrade restriction. End of life equipment is causing information assurance vulnerabilities and CAT 1 severity level findings in the environment, placing mission partners and DISA-provided services at risk (to include multiple failures in the EVOIP / ECVOIP network to include the DOD IP voice and commercial voice environments).

Impact:
The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the immediate potential of failure in the field due to end of life of equipment. This equipment will be necessary for a testing capabilities and future enhancement supporting the Voice Services. Not funding puts the service offering at risk both from an operational and a cyber security perspective.

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**

Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			Organizational Messaging Service - NGC Infrastructure Modernization					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
OMS National Gateway Center Infrastructure Modernization	0	$0.000	$0.000	8	$124.828	$998.621	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
OMS messaging applications and directories are hosted on both physical and virtual servers using supportable storage solutions and connected within network enclaves and interconnected between network security domains using an accredited cross domain solution. The OMS capabilities provided at NGC-D are supported by operating system hosts, messaging and directory applications, databases and the underlying virtualization infrastructure and storage that is connected by the network devices in each network security-domain. When the hardware servers, storage and network devices reach end of life, the vendor may no longer provide updates to management and security software supporting these devices which is critical to the operation of the OMS. The National Gateway Center - Fort Detrick (NGC-D) is a special purpose data center facility supporting the Organizational Messaging Service (OMS). The major components are computational server hardware, storage appliances and network devices providing a pool of resources for operating systems, virtualization software, application software, databases, and data directories. These essential physical resources are interconnected to support a logical architecture supporting critical OMS messaging systems and directories. In 2016, OMS' NGC-D conducted a major modernization to virtualize its infrastructure. As part of these modernization efforts, a unified storage solution was implemented and critical server hardware and network devices were installed or replaced within each NGC-D network enclave supporting Top Secret-Sensitive Compartmented Information (TS-SCI), Top Secret-Collateral (TS-C), Secret and Secret Releasable security domains that are interconnected using an accredited cross domain solution. The server hardware, network devices and storage appliances support all the virtualization, operating systems, message system applications, and databases supporting the OMS mission at NGC-D. The vendor of the current storage appliances announced an End of Life (EOL) date of 31 May 2024 and the latest virtualization software required for OMS modernization efforts is not supported on the current older physical servers.

Description and Purpose:
Capital investment program authority is required to ensure the servers, network devices and storage appliances do not exceed EOL as well as provide support for vendor provided upgrades and OMS modernization efforts. The data housed within the storage appliances or processed by the servers and network devices are at risk of failure if the necessary system updates, patches, and replacement parts are not available.

The purpose of this project is to lifecycle replace the aging storage appliances, server hardware and network devices in the NGC-D. The storage appliances function as a "shared hard drive" for multiple physical hardware servers, while the network devices provide the connectivity that allow the message systems to operate and interconnect. This LCR will provide for the continued support of the OMS mission through the processing and safekeeping of mission critical data on a vendor supported platform. It is expected the new storage solution, server hardware, and network devices will also provide increased performance as they will be a newer technology than the generation being replaced and support ongoing OMS modernization efforts.

Current Deficiency and/or Problem:
The requested authority ensures OMS' server hardware, network devices and storage appliances do not exceed EOL, protecting the data housed and processed by these systems from unavailability, degradation, or data loss. The current server hardware, network devices and storage appliances have been in place since 2018/2019 with some storage appliance disk shelves dating back to an original project deployment in 2016. The vendor announced an EOL date of 31 May 2024 for the storage appliances. At that time no software patches or hardware replacements will be available from the vendor for the current deployed solution. Third party support is not a viable solution for these appliances given the dependency on vendor provided management software.

Impact:
The OMS provides a range of assured services to a customer community that includes the military services, DoD agencies, Combatant Commands, U.S. Intelligence Community, Nuclear Command, Control and Communications (NC3) community, and other U.S. government agencies and allied nations. This essential service provides the ability to exchange official time-critical information including NC3 Emergency Command Precedence (ECP) and Flash message precedence between these interconnected customer communities. Failure to fund this requirement will increase risk to OMS operations, eliminating mission capability following a hardware or software failure and preventing the ability to maintain required vendor provided software or respond and prevent security deficiencies, including but not limited to IAVA zero-day security impacts. These issues may degrade server hardware, network device and storage appliance functionality resulting in component unavailability, corrupted data or loss of data should a server, network device or storage appliance encounter an application or hardware failure. Should these components reach a hazardous condition which prevents continuous 24 hours/day operation, this could gravely jeopardize the success of the OMS mission to support its interconnected customer communities. Failure to meet emerging security findings negatively impacts NGC-D accreditation and increases cyber risk to the OMS program. Failure to fund the OMS servers, storage and network devices before their end-of-life may result in the lack of further vendor system updates and patches which increases risk to each device's performance and security posture which could cause functionality degradation leading to a loss critical data and operational availability. Additionally, failure to receive security updates in response to Information Assurance Vulnerability Alerts (IAVA) will result in non-compliance to government security directives and impact the security accreditation of the OMS at the NGC-D.

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**				
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment				DISN Infrastructure Tech Refresh				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
DISN Infrastructure Tech Refresh	2	$42,759.786	$85,519.572	3	$40,578.333	$121,735.000	2	$60,892.500	$121,785.000

Narrative Justification

Narrative Justification:
The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.

Description and Purpose:
Capital investment program authority is required to purchase and install end-of-life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating the need for a one-to-one technology refreshment of all components but rather technology refreshment at service and capability layers. These projects will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. Key efforts include: Providing 100G optical capability with associated encryption that is not currently at sites plus add additional diversity as required to support customer missions. Transformative capacity in the INDOPACOM AOR and enable mission growth on the DISN, as well as address resiliency and operational security concerns. Providing survivability by

implementing dual connections and eliminating single points of failure in the network, for an “Always-On” network access; survivability entails providing infrastructure to include additional fiber paths and optical equipment for DISN Service Delivery Nodes enabling the warfighter, Commanders, and Mission Partners to conduct Joint Operations and missions through a diverse, redundant, and resilient network.

Critical Infrastructure is executed by Service Delivery Node Resiliency efforts providing essential next generation optical platforms at DISN critical locations to increase survivability, diversity, redundancy and resiliency in support of Mission Critical Operations, Computing Ecosystems and security boundaries: IAPs and JRSS. Critical Infrastructure is broadly defined as infrastructure whose degradation and/or unavailability has an adverse effect towards Joint Operations and missions. The equipment procured in this project includes optical gear, project, PM and SME support, documentation and any associated lab equipment that may be required. This project will provide 100G optical capability with associated encryption that is not currently at sites plus add additional diversity as required to support customer missions.

Survivable Networking is broadly defined as specific actions and efforts that need to occur or be present on the network to ensure information transfer remains even after an attack or event occurs. Investments made to increase the survivability of the network will continue in the future as listed below (but not limited to): Physical diversity at DISN Core and Service Edge locations, Self-healing technologies to ensure Optical backbone resiliency, Deploy hardening capabilities such as Ethernet, MACec, TRANSEC and Communication Security on SBU and classified networks. This project entails all activities from equipment purchase installation, transition, decommission, lab related activities, PMO support and associated network configuration activities.

DISN IP Optimization ensures DISN enhancements are realized through replacing end of life and legacy technologies across the Controlled Unclassified Information (CUI) and Secret network. IP Optimization entails utilizing IP-based solutions that optimize network efficiencies and service delivery; and incorporate network enhancements to enable the infrastructure to support an “everything over IP” architecture for all DISN services at Service and Edge layers of the DISN. Core Router Refresh focuses on regrooming the network to support elimination of the P routers (also called Two level Parallel Plane-TLPP) which leverages the Optical infrastructure as well; this effort also supports upgrading route switch processor (RSP) cards in the existing J-PE architecture that have an announced end-of-support date of 31-August 2022. SIPRNet Router Refresh focuses on upgrading SIRPNet maximum bandwidth rate to 100G, increasing cyber protection by increasing transport support over HAIPE, and increasing network efficiency; this effort will also upgrade lab equipment in support of standard JITC/DISA testing in support of 100G SIPR. Timing & Synchronization refreshes legacy time and frequency (T&F) resources with a modern Timing and Synchronization System Capability (TSSC) across the DISN. Network Management-TR focuses on the tech refreshment of Juniper M10i and M7i routers that an announced end-of-support date of May 2021 and Cisco 2811 terminal servers that started being end-of-support in 2016. In addition, this effort tech refreshes EOL/EOS Operation Systems Support hardware, encryption hardware for SIPR, ECVOIP, and classified DISN services to ensure operability of DISA’s enterprise Network Configuration Management Tool.

Current Deficiency and/or Problem:
The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoD Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoD's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoD users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA’s challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.
Impact:
If these capabilities are not funded, DISA will be unable to meet the technology refreshment and equipment upgrades required to ensure a secure a robust global network is available to the DoD and its mission partners. DISN customers will not benefit from network enhancements if the network is not resilient enough to endure attacks and restore failures. In today’s environment of modern warfare silent attacks on the network can result in devastating and debilitating influences, therefore amplifying the need to increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable

operational risks, without replacement, service disruptions, increased vulnerabilities and security breaches are inevitable.

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			Enterprise Voice Services					
	FY 20 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EVS Evolution	1	$5,602.350	$5,602.350	4	$965.942	$3,863.766	10	$993.512	$9,935.123

Narrative Justification

Narrative Justification:
DISA's Enterprise Voice Services (EVS) provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The Enterprise Voice Services portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).

Description and Purpose:
The purpose of the Enterprise Voice Services Evolution project is to facilitate continuous tech refresh activities to resolve open end-of-life and support issues, improve quality of service, and ensure infrastructure is scalable to meet customer demand. Examples of tech refresh activities include expanding sensor coverage and tech refreshing session border controllers, media gateways, network switches, and backup devices. This project will purchase Software supporting those tech refresh activities. The Capital investments are required to tech refresh equipment in the EVOIP / ECVOIP environment.

Current Deficiency and/or Problem:
Much of DISA’s Enterprise Voice Services hardware has reached end-of-life with non-compliant Software IOS versions and hardware (Flash/DRAM) upgrade restriction. End of life equipment is causing information assurance vulnerabilities and CAT 1 severity level findings in the environment, placing mission partners and DISA-provided services at risk (to include multiple failures in the EVOIP / ECVOIP network to include the DOD IP voice and commercial voice environments).

Impact:
The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the immediate potential of failure in the field due to end of life of equipment. This equipment will be necessary for a testing capabilities and future enhancement supporting the Voice Services. Not funding puts the service offering at risk both from an operational and a cyber security perspective.

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					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			EMSS Gateway Evolution					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Gateway Evolution	1	$801.907	$801.907	1	$9,525.000	$9,525.000	1	$8,100.000	$8,100.000

Narrative Justification

Narrative Justification:
The Gateway Evolution project is a series of activities that refreshes various components of the Enhanced Mobile Satellite Services (EMSS) Gateway to ensure security compliance and alignment with the Iridium Commercial Baseline (ICB). Maintaining alignment of the ICB is critical to continued operation of the network over the Iridium Satellite Constellation.

Description and Purpose:
The purpose and objective of the Gateway Evolution Project and related activities is to facilitate the core mission of the EMSS program (e.g., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service. FY 2023 through FY 2025 sub-projects include the following components: Replace the Generator Synchronizer, which controls the seamless transition from commercial power to generator power for all the critical systems within the gateway to ensure continuity of operations during power outages; replace the Uninterrupted Power Supply (UPS) system which provides uninterruptable power to all the critical systems within the gateway to ensure continuity of operations during power outages; replace the High Power Amplifiers (HPA) provide the signal power necessary for continuous connection between the EMSS gateway and the Iridium Constellation; replace the Feeder Link Terminal/Teleport Controller (FLT/TPC) which provides the FLT resources that connect the Iridium constellation with the EMSS Gateway. The TPC manages the FLT resources to provide a continuous connection to EMSS through the Iridium Constellation; replace the GPS Receivers which are required for synchronization, timing and connectivity between the EMSS gateway terminals and the Iridium Constellation; replace the Autodialers which is a measurement of voice connectivity that is comprised of Call Establishment Rates and Call Drop rates; replace the Software Defined Modems (SDM) provide the connectivity and continuous communications between the EMSS gateway and the Iridium Constellation; replace the Gateway Location Server (GWLS) which is a location server that performs the position determination calculations for the subscriber equipment. In support of telephony and legacy SBD, the EMSS Location Server (x2) employs ground-fixed Location Area Codes (LACs) that correlate with radio coverage; replace the OMC system which provides the EMSS Operations Center with the visibility and control of the critical, global EMSS services used by the warfighter at the tactical edge; replace the Access Network Controller (ANC) which provides the call processing (cellular base station) functionality for the Gateway. It establishes and manages connections in conjunction with the Ericsson AXE Telephone Switch; replace the 5ESS carrier class telephony switch serves as the primary interface between the EMSS systems and the DSN network; Install Iridium Message Transport (IMT) which is a is a store and forward service that is built upon the Certus service framework. The solution focuses on the delivery of small to mid-sized messages to and from the small Form Factor (SFX), Broadband Core Transceiver (BCX), and Internet of Things (IOT) terminals utilizing efficient network transport over existing and new Certus protocols; replace the existing network infrastructure which provides connectivity for the critical gateway systems that support the warfighter at the tactical edge; procure, customize, deliver and install an upgraded suite of GEC hardware and software system at the EMSS DoD Gateway in order to maintain compatibility, support the Iridium Commercial Baseline (ICB), provide for

technical refresh and lifecycle upgrades to the existing GEC hardware and software system to maintain compatibility with the Iridium commercial architecture and meet future requirements, and procure, customize, deliver and install an upgraded suite of GEC hardware and software system at the EMSS DoD Gateway in order to maintain compatibility and support to the Iridium Commercial Baseline (ICB). The GEC provides for technical refresh and lifecycle upgrades to the existing GEC hardware and software system. This effort is required to maintain compatibility with the Iridium commercial architecture and to meet future requirements.

Current Deficiency and/or Problem:
Various EMSS Gateway components or capabilities are reaching end of life or otherwise need to be replaced. The components that are being addressed by this effort will cumulatively ensure availability of all current and planned capabilities of EMSS services and ensure that the security posture of all facilities are modernized.

Impact:
Failure to execute these projects will result in increased operational risk to users of the EMSS gateway.

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**				
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment				Fourth Estate Network Optimization				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
4ENO Hardware	0	$0.000	$0.000	2	$7,167.700	$14,335.400	1	$15,200.000	$15,200.000

Narrative Justification

Narrative Justification:
As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.

Description and Purpose:
Capital investment program authority is required to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Equipment may include, but is not limited to, routers, switches, intrusion detection systems, firewalls, and encoders necessary to modernize the network in preparation for DoDNet migration and sustainment.

Current Deficiency and/or Problem:

Equipment must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.

Impact:
If these purchases are not completed, we risk being out of compliance with the Dep Sec Def mandate, and infrastructure will remain vulnerable and unreliable for the site.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE & Telecom - Equipment			CNDNet Modernization and Sustainment					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
CNDNet Modernization and Sustainment	0	$0.000	$0.000	1	$441.110	$441.110	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
Replace/refresh aging CNDNet hardware components and sustain current component software and licenses.

Description and Purpose:
CNDnet is an accredited, non-enterprise network, with approximately 130 servers and devices on classified and unclassified enclaves, which promotes the rapid deployment of unique capabilities to
address emerging threats, provide maneuverability and perform agile pivots to counter advanced adversarial techniques. The multitude of tools and capabilities that CNDnet provides are unique within DISA and provides a valuable feedback loop for proactive optimization and security enhancement in support of Combatant Command mission partners. CNDnet was initially fielded with repurposed servers and network equipment that are at or nearing end-of-life. The DISA-Europe team was able to refurbish this equipment to provide the best cybersecurity service within the Agency, but recent hardware failures have highlighted the need for more robust equipment and software upgrades.

This capital purchase is required to replace/refresh aging CNDNet hardware components, software and licenses. This project encompasses the purchase of the following items: 2x servers, 2x switches, 1x router, 1x firewall, 20x workstations, 1x printer, and software licenses for CNDNet components.This capital purchase will allow DISA Europe to refresh

aging CNDNet devices and components and will enhance DISA Europe CSSP capabilities by increasing resiliency of services through modernization of DCO hardware.

Current Deficiency and/or Problem:
Some CNDnet components are at or near end of life (EOL), other components require refresh and/or sustainment. The current infrastructure and servers hosting the DISA Europe CSSP may not be able to sustain its current support services if the system components are not refreshed. The eventual failure of critical systems will lead to a potential loss of mission data and core services. Over the last 12 months, the DISA Europe-CSSP mission suffered extended restoral times from multiple outages due to antiquated hardware hosting the CSSP services. The current CNDnet infrastructure contains several single points of failure and provides no capability for DISA-Europe to perform maintenance in support of CSM-X services.

Impact:
If this requirement is not fulfilled, the DISA Europe CSSP is in jeopardy of failing to meet its Service Level Agreements (SLA) with its Combatant Commands mission partners due to hardware failure.

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**					
Defense Information Systems Agency/ Information Services Activity Group/ February 2024	ADPE and Telecom - Equipment			Service Development					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Service Development	0	$0.000	$0.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:
DISA provides Defense Information Network (DODIN) operations for the joint warfighter to enable lethality across all warfighting domains in defense of our Nation. The current environment of great power competition requires us to evolve our operating processes to align with next generation capabilities, defend against new cyberspace threats and increase lethality for our warfighters while ensuring best value.

Description and Purpose:
The purpose of the Service Development project is to provide DISA with increased flexibility to execute capital investments more quickly as emerging requirements are identified internally or by our mission partners. Examples of investments include new services development, where a new service may be required to address a latency, failure or cybersecurity issue, growth of existing services where year of execution mission partner growth has forced us above the capital threshold, requiring the use of investment funds for requirements that previously fell below threshold, and rapid evolution of data center services resulting from adoption of cloud computing. The flexibility provided would allow us to meet customer demand, and develop new services more quickly than we might otherwise have the ability to.

Current Deficiency and/or Problem:
DISA's service offerings are rapidly evolving to support our mission partners requirements and defend against new cyberspace threats. Currently, there is not a way to address immediate needs for new service development or growth of existing services that require capital investments. The current timeline to include capital investments in our budget can occasionally present issues when we need to quickly address new service development in support of cybersecurity and next generation capabilities, or year of execution customer growth.
Impact:

The Service Development investment will alleviate the delay in investments by providing greater flexibility when new service requirements or growth of existing services arise. This investment is necessary to immediately respond to our rapidly evolving requirements in support of our mission partners. Not funding puts mission partners with emerging requirements at an operational and/or cyber risk due to the delay in our ability to make an investment.

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Defense Information Systems Agency
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2023					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	188.537	100.926	-87.611	Under execution of CS facilities, DISN
	Software Development	15.769	5.968	-9.801	Under execution of CS proijects
	Minor Construction	3.000	1.508	-1.492	
	Total FY 2023	**207.306**	**108.402**	**-98.904**	
FY 2024					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	200.532	190.735	-9.765	Reduction of CS requirements
	Software Development	20.731	13.514	-7.186	Elimination of IBM License Conversion project
	Minor Construction	3.500	3.500	0.000	
	Total FY 2024	**224.763**	**207.749**	**-16.951**	
FY 2025					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	178.784	186.384	7.600	Addition of EMSS and reduction of HW requirements
	Software Development	23.561	24.311	0.750	Increased SW requirements partially offset by HW reductions
	Minor Construction	3.500	3.500	0.000	
	Total FY 2025	**205.845**	**214.195**	**8.350**	

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Defense Logistics Agency

Supply Chain Management Activity Group

CAPITAL BUDGET

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Supply Chain Management Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

		FY 2023		FY 2024		FY 2025	
Line Item	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1.	**Non-ADPE Equipment**	**29**	**$32.0**	**16**	**$37.2**	**20**	**$47.6**
IS 200-01	Installation Security - Material Supply Chain	4	$3.0	1	$0.9	2	$2.9
MAD 200-01	Material Disposal - Disposition	2	$0.6	4	$2.1	7	$4.7
MAT 200-02	Material Handling - Material Supply Chain	0	$0.0	1	$0.3	0	$0.0
MAT 200-01	Material Handling - Distribution	23	$28.4	10	$33.9	11	$40.0
2.	**ADPE & Telecom Equip**	**2**	**$4.1**	**2**	**$7.3**	**2**	**$7.4**
NET 100	Computer Hardware (Network) -Distribution	0	$0.0	0	$0.0	0	$0.0
NET 200	Computer Hardware (Network) -Material Supply Chain	2	$4.1	2	$7.3	2	$7.4
3.	**Software Development**	**0**	**$32.8**	**0**	**$69.4**	**0**	**$49.8**
SWD 300-01	Net-Centric Hubs - Enterprise Software	0	$0.0	0	$0.0	0	$0.0
SWD 200-06	Distribution - Distribution Standard System (DSS)		$16.0		$46.1	0	$31.5
SWD 200-05	Supply Chain Management - Logistics Cataloging and Data Solution s(LCDS)		$5.5		$5.5	0	$4.9
SWD 200-04	Supply Chain Management - Functional Executive Agent Medical Support (FEAMS)		$2.5		$2.4	0	$2.5
SWD 200-03	Supply Chain Management - DoD EMALL/FedMALL		$6.3		$6.3	0	$6.3
SWD 200-02	Supply Chain Management - Defense Medical Logistics Standard System (DMLSS)		$2.6		$2.6	0	$2.7
SWD 200-01	Supply Chain Management - Enterprise Business System (EBS)		$0.0		$6.5	0	$2.0
4.	**Minor Construction Capabilities**	**0**	**$27.9**	**0**	**$51.4**	**0**	**$38.6**
REP 200-01	Minor Construction $250,000 - $4,000,000 (Materiel Supply Chain)	0	$1.3	0	$17.8	0	$12.9
REP 200-02	Minor Construction $250,000 - $4,000,000 (Distribution)	0	$15.7	0	$25.3	0	$18.7
REP 200-03	Minor Construction $250,000 - $4,000,000 (Disposition)	0	$10.9	0	$8.3	0	$7.0
	TOTAL OBLIGATIONS	**31**	**$96.8**	**18**	**$165.3**	**22**	**$143.4**
	Total Capital Outlays	**0**	**$102.0**	**0**	**$137.2**	**0**	**$150.4**
	Total Depreciation Expense	**0**	**$55.1**	**0**	**$57.4**	**0**	**$60.4**

Supply Chain Management Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

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Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Thousands)

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				
Defense Logistics Agency Supply Chain Management September 2023	MAT 200-01 Non-ADP Equipment				DLA Distribution				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
MAT 200-01 Material Handling	23	$3,515.667	$80,860.334	10	$2,120.000	$33,923.000	11	$3,633.818	$39,972.000

Narrative Justification

The investments are for material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Distribution depots. Replacement equipment is for items that have reached or exceeded the useful life established for this category. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.

Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Expected projects for FY2024 and FY2025 include material handling vehicles (trucks and cranes); storage, conveyor, and rack systems; and automation systems at various locations.

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				
Defense Logistics Agency Supply Chain Management September 2023	IS 200-01 Non-ADP Equipment				DLA Material Supply Chain				
	FY 2024			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost

IS 200-01 Installation Security	4	$0.747	$2.987	1	$0.900	$0.900	2	$1.450	$2.900

Narrative Justification

These investments projects include installation security related items. Security items such as portals, turnstiles, entrance card reader, intrusion, detection devices, and fire emergency trucks used for supporting DLA facilities. Equipment of this type will provide security for items stored in the DLA occupied buildings, as well as safety and security for the DLA employees. This equipment follows security guidance provided by Department of Defense (DoD) to rectify identified security deficiencies. Based on guidance from various DoD governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment

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**					
Defense Logistics Agency Supply Chain Management September 2023	MAD 200-01 Non-ADP Equipment			DLA Disposition					
	FY 2024			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
MAD 200-01 Material Disposal	2	$0.318	$0.635	4	$0.517	$2.069	7	$0.675	$4.725

Narrative Justification

These investment projects are for front end loader, rough terrain forklift, reach stacker, scrap handler, and shredder equipment used to aid in material disposal which have reached or exceeded the useful life established for this category of equipment within Disposition Services. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. Life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization, and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Equipment supports new missions or productivity-related projects, or replaces equipment that has reached its service life or utilization service life. DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment. Equipment supports new environmental guidelines established in the material handling equipment industry with environmentally friendly fleet sustainment practices. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Thousands)

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				
Defense Logistics Agency Supply Chain Management September 2023	NET 100 Network Hardware				DLA Distribution				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NET 100 Network Hardware	3	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

This investment was originally budgeted in support Distribution Modernization Program - Automated Inventory System Equipment.

During the preliminary phase of the Distribution Modernization Program, the Automated Inventory System Equipment requirement was expected to transition into an acquisition program in FY 2024 as a turn-key solution with equipment and embedded software components. As requirements evolved, it is now believed that the Warehouse Management System (WMS) will satisfy the software needs for capability development. Given that this is no longer a viable as an ADPE requirement, funding has been realigned to non-ADPE and SWD 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				
Defense Logistics Agency Supply Chain Management September 2023	NET 200 Network Hardware				DLA Material Supply Chain				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NET 200 Network Hardware	2	$2.041	$4.082	2	$3.648	$7.295	2	$3.717	$7.434

Narrative Justification

This investment is for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Major Subordinate Commands (MSC). This requirement is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable, and middleware infrastructure to provide a robust LAN to support the DLA mission. By reducing procurement lead times, and through the design and implementation of a best value enterprise IT environment, we continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements, and improve customer response time for services and materiel. Without the capital investment

required for these networks, the outdated infrastructure risks mission failure and increased cost for break-fix, vice interval investment for updates/upgrades to the existing infrastructure.

The investment to modernize network infrastructure is a major step forward as older network architectures and operational models are inefficient and will not scale. Today, network upgrades are not just about more bandwidth but also about gaining operational agility and efficiency. Building a network cabling system at Category 6 supports positive power sum attenuation to crosstalk (PSACR) channel margins up to 200 MHz, as systems built on the new standard provide double the bandwidth of Category 5e cabling. Category 6 improves data throughput thanks to much better signal-to-noise ratio and offers better isolation from external noise and improved electromagnetic compatibility performance. In addition, because of the interoperability, testing and "backward compatibility" requirements imposed by the standard, all Category 6 cables (when installed with certified Cat 6 patch cords and connecting hardware and components) are designed to support all legacy applications. Network Infrastructure material costs will continually increase as will application demands on our systems. Investment today will posture our LAN/WAN environments to provide continual network information security, application capabilities and system availability to our customers.

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**				
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-01 Software Development $1.0 and Over				DLA Material Supply Chain				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-01 Enterprise Business System (EBS)	0	$0.000	$0.000	0	$0.000	$6.500	0	$0.000	$0.000

Narrative Justification

The EBS program continues to be modernized and refined to maximize benefits, improve processes and analysis, implement process area business reengineering opportunities, and offer greater agility in monitoring and tracking operational and fiscal performance. Since EBS provides the Agency with the tools to respond to new challenges and trends in supporting the warfighter, the continuous refinement through process and technical improvements is critical to the Agency's supply chain management capability.

In FY 2022-24, the EBS investment supports Government-wide Invoicing (G-Invoicing) design, development, test, and deployment of Procure to Pay (P2P) and Order to Cash (O2C) for accretions, reconciliations, and reporting to achieve compliance with Treasury mandates. It will support DLA's effort to standardize current customizations of intra-government payment and collection (IPAC), revenue/expense postings, and accruals in EBS. It will be used for software configured / developed via Agile Sprints (Design to Release) to update our current military interdepartmental purchase request (MIPR) processes using standard capability to the maximum extent possible. The benefits of the G Invoicing standardization effort include streamlined business processes, better performance, lower costs, improved auditability, visibility, traceability, enhanced cybersecurity posture, improved customer experience, and enablement of rapid delivery of new capabilities. The return on investment (ROI) allows DLA to process more than $15B in annual IPAC transactions and correct/prevent audit

findings for both DLA and trading partners by addressing process and system deficiencies. The funds for FY24 and out are from EDW requirement that did not meet the capital criteria based on current developments.

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				
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-02 Software Development $1.0 and Over				DLA Material Supply Chain				
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-02 Defense Medical Logistics Standard System (DMLSS)	0	$0.000	$0.000	0	$0.000	$2.604	0	$0.000	$0.000

Narrative Justification

The Defense Medical Logistics Standard Support-Wholesale (DMLSS-W) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. The program directly funds the business process reengineering and subsequent IT capability at DLA Troop Support with benefits and savings cascading throughout the entire DoD medical logistics supply chain. The investment supports capability executed in DMLSS-W applications to support Defense Medical Logistics Enterprise System (DML-ES) Authoritative Source Initiative and associated business processes. The design and implementation of product, sourcing, and pricing capabilities will consolidate and optimize management of multiple sources of back-end product and pricing, as well as associated contracts and pricing agreements. This capability will enhance the opportunities for DMLSS to enforce enterprise-centric business rules for product data management and will improve product and pricing alignment across all Medical data.

DMLSS-W will expand on its current capabilities by continuing with development of Medical Item Standardization Application (MISA) tool to support Defense Health Agency (DHA) with a workflow approval process to improve product standardization. Medical Electronic Catalog (ECAT) will implement a major release that will create a new customer user experience across all initiatives/programs, enabling customers to use a new streamlined search feature to add products, for which they are eligible, to their cart, to place orders utilizing the Medical Master Catalog (MMC) as the virtual catalog. This added feature will significantly improve management visibility of medical data and product sourcing opportunities and prevent inconsistent product representations to customers.

(Dollars in Thousands)

The next phase is an enhanced vendor item management interface for product & pricing management during data inception processes, a robust application workflow to support vendor item price management activities between DMLSS and Vendors, and finalizing the MediPrice capability. Critically important to DLA and medical business operations will be the initial capability to support the Pharmaceutical Prime Vendor – Global (PPV-G) Next Gen (2024) contract. DMLSS-W Investments support services that enable the $8.5B/yr Medical Prime Vendor Program, with an annual realization of $217M in cost avoidance (90:1 ROI) for customers in the Medical Supply Chain.

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**					
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-03 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-03 DoD EMALL/FedMALL	0	$0.000	$0.000	0	$0.000	$6.304	0	$0.000	$0.000

Narrative Justification

The DOD EMALL/FedMall is a web-based government procurement application designed to allow users to search or browse for commercial and government off-the-shelf products and services through a single interface and purchase those products or services online. It fulfills Section 332 of the Fiscal Year 1999 DoD Authorization Act, Public Law 105-261, Title III, Subtitle D, October 17, 1998, which called for a single point of access for DoD ordering on the internet as part of its overall Electronic Commerce (e-commerce) implementation.

FedMall's mission is to provide world class, enterprise wide, customer centric e-Commerce purchasing capability that supports and equips ALL government agencies in meeting their mission. This investment directly supports this goal by providing additional capabilities in FedMall to increase key functionality system performance, flexibility, and scalability. In addition, development of capabilities to support new stakeholder business processes, address Cybersecurity findings, improve data quality, and enhance existing data ingest workflow and architecture are critical. Essential development efforts include an Order Management System (OMS) and a business intelligence (BI) tool. An OMS provides inventory management, order tracking, reverse auction, request for quote, order management, vendor/inventory hosting, catalog management and other features common in commercial purchasing platforms. A BI tool significantly increases data analysis and reporting capabilities and improves data integrity. In FY 2023, the new FedMall Commerce initial implementation was completed. In FY24 the Commerce initial OMS capability will be competed and further enhancements to the BI tool for automated reporting are planned. FedMall custom utilities will

also be upgraded to meet cybersecurity controls and microservices to support additional contract validation, content management and user access will be developed. Analysis of FedMall as the target system for rationalization of other DLA systems (i.e., Stores) continues in FY 2024/25 and will result in development/sustainment cost savings. These efforts support the DLA Digital Business Critical Capabilities of Enhanced IT Capabilities/Improved Cybersecurity and Advanced Analytics and Automation/Improved Technology Governance.

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**					
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-04 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-04 Functional Executive Agent Medical Support (FEAMS)	0	$0.000	$0.000	0	$0.000	$2.404	0	$0.000	$0.000

Narrative Justification

The FEAMS program is chartered to support DLA's mission as the Executive Agent for Medical Materiel and work with the Services to support the Defense Medical Logistics (DML) Enterprise by developing materiel solutions that enable enterprise transformation and optimize supply chain operations. In accordance with the FEAMS Increment IV Capability Requirements Document (CRD), the Defense Medical Logistics (DML) Readiness community will be able to reduce Medical Contingency File (MCF) shortfall by 2%. The FEAMS program estimates an $18,953,795 maximum potential saving in 2025, when the FEAMS MCRW Increment IV capability will be fully deployed for use by the Service functional customer community. This is a 9.28:1 ROI from the date of deployment with 10 years of operation.

Supporting its chartered mission through FY23 to FY25 investments, the FEAMS program, through the Medical Contingency Requirements Workflow (MCRW), will enable: FY23/24 [Medical Materiel Requirement Forecasting - clinical] Direct integration with Service combat development shops, which build medical assemblages for operation support. This will allow the Services to clinically generate assemblage content (medical materiel), evaluate if additional materiel is required, and identify the materiel that is already available in stock. The Services will be able to model more accurate outcomes and inform materiel managers and industry (vendors) of replenishment needs. [TMLS 18] A Task Time Treater (TTT) data life cycle management solution for Joint and Service clinical and logistical SMEs. [TTT Data Management] Systematically managing TTT data to ensure that the medical materiel references leverage the output of the current,

standardized Readiness logistics business processes, are updated with the current clinical standards of care, and are available for all the International Classification of Diseases (ICD) patient conditions required by the Services' missions described in their Patient Condition Occurrence Frequency (PCOF) files

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**					
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-05 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-05 Logistics Cataloging and Data Solutions (LCDS)	0	$0.000	$0.000	0	$0.000	$5.500	0	$0.000	$0.000

Narrative Justification

Formerly under Federal Logistics Information System (FLIS)
Capabilities supported within Logistics Cataloging and Data Solutions investment:
Joint Additive Manufacturing Model Exchange (JAMMEX): JAMMEX is an authoritative pool of 3D models from diverse sources that can be leveraged by the full DoD community. It provides the data that can be quickly accessed in real time to fulfill the immediate needs of the Warfighter, thus reducing procurement lead time and reducing costs by filling the gap posed by obsolete or hard to procure parts.
Technical Data Management Transformation (TDMT): OSD has directed/issued policy for DLA to manage a department-wide data sharing network for additive manufacturing. TDMT will use technology to provide an end-to-end capability to manage all types of technical data with the objective to provide the most recent technical data in real time. The technology will ensure protection and security of the technical data at all stages of use, particularly during on-demand manufacturing where the integrity of data exchange is critical. Lifecycle costs savings to host duplicative systems is $1.2M.
Laboratory Information Management System (LIMS): Today DLA Enterprise labs operate using differing instances of Microsoft Access Databases and various systems and local shared drives. The current systems will be sunset due to Microsoft Access concerns as well as migrating data centers to the cloud. The DLA Laboratories will not be able to function after sunset without a LIMS Solution resulting in work stoppage. LIMS will provide DLA the ability to integrate and enhance capabilities in sample management, testing, equipment management and data integrity.
Hazard Material Management System (HMMS): To reduce operational IT infrastructure costs and lower program life-cycle costs while improving policies, process, and compliance, we are transforming HMMS to provide critical capabilities to DoD. This investment is to re-engineer the Distribution Standard System (DSS) by partnering with WMS Modernization to meet Environmental Protection Agency and Occupational Safety and Health Administration (OSHA) regulations for Emergency Planning and Community Right-

to-Know Act (EPCRA), which provides State, local officials, and the public with specific information on potential hazards and arm the Emergency Planning and Responding Teams of instructions on how to proceed in the event of a chemical release, spill or fire reducing the loss of life and limb. This includes the locations and amount, of hazardous chemicals present at a facility during the previous calendar year (security and sourcing). OSHA allows the flexibility for manufacturers to place ranges on their product ingredients rather than exact quantities as a percentage of the product. Our systems need to be able to capture the inventory daily and merge this data containing the percentage of hazardous products and mixtures for EPCRA Tier II reporting. This investment will reduce hosting, cyber security, and manual data entry by 6 FTEs or ~ 1.2M per year moving forward.

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**				
Defense Logistics Agency Supply Chain Management September 2023	SWD 200-06 Software Development $1.0 and Over				DLA Distribution				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-06 Distribution Standard System (DSS)	0	$0.000	$0.000	0	$0.000	$46.092	0	$0.000	$0.000

Narrative Justification

The Legacy Distribution Standard System (DSS) Program supports distribution processing of material using DLA's Warehouse Management System (WMS) as part of the Distribution Modernization Program (DMP). The DMP also includes modernizing DLA's Legacy GOTS Warehouse Control System (WCS) for distribution processing of material is the Equipment Control System (ECS). This requirement is to modernize DSS to better align DLA warehouse and distribution processes with industry standards and simplify storage and distribution requirements to meet today's audit compliance mandates. This includes is looking to leverage brand name SAP support services to assist with platform configuration development on the Government's existing SAP software for various modules/apps within DSS. This includes better alignment to DLA warehouses and distribution processes with industry standards and simplify storage and distribution requirements.

The DMP's primary objective is to enable processing effectiveness by creating flexible, scalable, sustainable, and adaptable information technology, warehouse automation and/or robotics capabilities that will supplement and enhance current processes and provide an acceptable Return on Investments. State-of-the-art IT, warehouse automation and robotics will greatly increase throughput volumes, storage capacities, and decrease FTE requirements for repetitive tasking. The goal is to purchase as COTS material handling sub-systems, orchestrated by a robust Warehouse Execution System (WES) and integrate everything with the new WMS platform, test and validate for functionality, and then roll out to warehouses as requirements and funding are developed.

This DMP investment is critical to DLA distribution's ability to deliver an unmodified audit opinion no later than 2026. Also, upon fill implementation it will achieve distribution's goal of 350 full-time employees (FTE) reduction reform commitment. To date, DLA Distribution has accepted a 474-FTE reduction commitment in support of current and future DMP efforts. The value of this manpower reduction savings across this FYDP is $201M.

Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Thousands)

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					
Defense Logistics Agency Supply Chain Management September 2023	SWD 300-01 Software Development			DLA Material Supply Chain					
	FY 2023			FY 2024			FY 2025		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 300-01 Enterprise Software - Enterprise Data Solutions	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

The Enterprise Software requirement includes the DLA Enterprise Data Solution (DAAS) program, which provides transaction processing services through Automated Information Systems (AISs), known collectivity as the Defense Automated Addressing System (DAAS). DAAS provides the capabilities needed for data exchange between the DLA Enterprise Data Solutions profile environments and a diverse external customer base. This allows DLA to provide requested logistics data for DoD, other Federal Agencies, the North Atlantic Treaty Organization (NATO), and foreign military sales (FMS) countries as well as data to support DoD requisition tracking. Enterprise Software includes capitalized Commercial Off-The-Shelf (COTS) application and perpetual licenses.

Starting in FY 2024, EDS no longer requires capital; therefore, funding in those years will shift to the Enterprise Business System in support of the G-Invoicing effort under that program.

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					
Defense Logistics Agency Supply Chain Management September 2023	REP 2 00-01 Minor Construction			DLA Material Supply Chain					
	FY 2023			FY 2024			FY 2025		

Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Thousands)

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 Minor Construction - Material Supply Chain	0	$0.000	$0.000	0	$0.000	$17.771	0	$0.000	$0.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, for the acquisition of new construction, addition, expansion, extension, replacement, or installation of permanent facilities in which the project cost does not exceed 10 U.S.C. §2805 limits to enhance mission operation and increase the level of protection of the workforce. In addition, these funds will be utilized to support EO 14057 sustainability and clean energy goals starting in FY24. These projects include:

1. Acquisition of new footprint, expansion, extension, replacement of facilities.
2. Climate change projects to install carbon-free electricity producing infrastructure.
3. Upgrades to utility systems to comply with environmental and fire protection standards.
4. Additional paving for road networks and personnel parking to comply with the new Anti-Terrorism/Force Protection standoff distances.
5. Incidental improvements associated with facilities repair projects.
6. Security enhancements.
7. Americans with Disabilities Act enhancements (Site wide).
8. Vehicle washing station.
9. Water storage for irrigation.

All projects meet requirements to allow maintenance of DLA mission in safe, modern, compliant, secure and efficient facilities.

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					
Defense Logistics Agency Supply Chain Management September 2023	REP 200-02 Minor Construction			DLA Distribution					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost

REP 200-02 Minor Construction - Distribution	0	$0.000	$0.000	0	$0.000	$25.344	0	$0.000	$0.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. In addition, these funds will be utilized to support EO 14057 sustainability and clean energy goals starting in FY24 These projects include:

1. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards.
2. Adding new and improving areas for open storage, road networks and operational areas.
3. Altering and expanding facilities to accommodate mission changes, consolidation, and stock repositioning.
4. Improvements to utilities to enhance reliability and resiliency.
5. Incidental improvements associated with facilities repair projects and capital equipment projects.
6. Installing solar electrical systems to reduce overall carbon-based electrical consumption and support zero-emissions.
7. Integrating generators with solar power to provide resiliency to support cold chain management of medical items and critical mission operations.

These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Distribution.

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**				
Defense Logistics Agency Supply Chain Management September 2023	REP 200-03 Minor Construction				DLA Disposition				
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP 200-03 Minor Construction - Disposition	0	$0.000	$0.000	0	$0.000	$8.270	0	$0.000	$0.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:

1. Adding paving or concrete extensions to existing storage, road networks and operational areas
2. Paving existing unpaved and un-graveled lots to be used for storage and scrap
3. Upgrading utilities systems to accommodate mission changes, consolidation, and relocation
4. Adding extensions to existing buildings which increases total footprint area of the building
5. Replace entire facility that cannot be repaired economically is past its usage life expectancy
6. Add new facilities to store equipment and material

These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Disposition Services mission.

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**					
Defense Logistics Agency Supply Chain Management September 2023	MAT 200-02 Non-ADP Equipment			DLA Material Supply Chain					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
MAT 200-02 Material Handling	0	$0.000	$0.000	1	$0.260	$0.260	0	$0.000	$0.000

Narrative Justification

The investments are for material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Inventory Control Points facilities. Replacement equipment is needed for items that have reached or exceeded the useful life established for this category. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.

Equipment supports new/expanding missions or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for

attaining DLA strategic goals, and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

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Supply Chain Management Activity Group
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2023					
	Equipment except ADPE and Telecommunications	45.883	32.033	-13.850	Some projects were approved for carryover OA into FY24 and will be obligated in FY24
	Equipment - ADPE and Telecommunications	54.741	4.082	-50.659	Reprogram to Minor Construction budget
	Software Development	49.474	32.846	-16.628	Some Programs originally budgeted did not meet the capitalization requirements in execution year.
	Minor Construction	17.049	27.886	10.837	reprogram from ADPE to support the increase of MC projects within DLA
	Total FY 2023	**167.147**	**96.847**	**-70.300**	
FY 2024					
	Equipment except ADPE and Telecommunications	37.152	37.152	0.000	
	Equipment - ADPE and Telecommunications	7.296	7.295	0.000	
	Software Development	60.404	69.404	0.000	
	Minor Construction	51.385	51.385	0.000	
	Total FY 2024	**156.237**	**165.236**	**0.000**	
FY 2025					
	Equipment except ADPE and Telecommunications	0.000	47.597	47.597	
	Equipment - ADPE and Telecommunications	0.000	7.434	7.434	
	Software Development	0.000	49.824	49.824	
	Minor Construction	0.000	38.589	38.589	
	Total FY 2025	**0.000**	**143.444**	**143.444**	

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Defense Logistics Agency

Energy Management Activity Group

CAPITAL BUDGET

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Energy Management Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

			FY 2023		FY 2024		FY 2025	
	Line Item	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1.		**Non-ADPE Equipment**	**1**	**$0.6**	**6**	**$23.0**	**4**	**$16.5**
	1b. REP 200-02	Inventory Accuracy	0	$0.0	1	$1.5	1	$1.5
	1c. NEW 200-03	Fuel Vessels	0	$0.0	2	$11.0	0	$0.0
	1a. NEW 200-01	Fuel Terminal Automation	1	$0.6	3	$10.5	3	$15.0
2.		**ADPE & Telecom Equip**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
3.		**Software Development**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
4.		**Minor Construction Capabilities**	**0**	**$51.6**	**0**	**$49.3**	**0**	**$50.3**
	4a. REP/ENV200	Replacement	0	$51.6	0	$49.3	0	$50.3
		TOTAL OBLIGATIONS	**1**	**$52.2**	**6**	**$72.3**	**4**	**$66.8**
		Total Capital Outlays	**0**	**$41.9**	**0**	**$57.4**	**0**	**$68.1**
		Total Depreciation Expense	**0**	**$5.0**	**0**	**$42.2**	**0**	**$44.2**

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					
Energy Management Activity Group September 2023	NEW 200 Non-ADP Equipment – New Mission			DLA Energy					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-01 Fuel Terminal Automation – New Mission	1	$0.622	$0.622	3	$3,500.000	$10,500.000	3	$5,000.000	$15,000.000

Narrative Justification

The Automated Fuel Handling Equipment (AFHE) allows large bulk fuel locations to monitor and control fuel operations from a central location on site, via dedicated network communications, through an installed computer application. The fuel terminal automation projects include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. Integral components of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) systems are installed at the Operations Control Center (OCC) located on the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring, and data exchange. The entire operations of the terminal, such as, receiving and issuing fuel, are being controlled from the OCC. The communication infrastructure and other devices required for the transfer of alarm and inventory data and control signals from the field equipment to the OCC are included. The primary cost benefit of these automation projects is the prevention of oil spills, avoiding costly cleanup expenses and minimizing environmental risks.

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					
Energy Management Activity Group September 2023	Minor Construction Capability - Replacement/Environmental			DLA Energy					
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP & ENV 200 Minor Construction Replacement/Environmental	0	$0.000	$0.000	1	$0.000	$49,300.000	1	$0.000	$0.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds. The projects are to construct new, replace existing, or modify current facilities to enhance mission operations and increase the level of protection of the workforce and the mission stock. These projects include:

10. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.
11. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards.
12. Incidental improvements associated with facilities repair projects.

The minor construction capital is for the requirements of aging petroleum infrastructures projects. Other contributing factors include inflation in construction material, labor, and transportation costs, dollar devaluation against foreign currencies mainly for OCONUS projects, and older facilities exceeding the 70% plant replacement value to repair.

Benefits include continued safe, compliant, and efficient facility operations.

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**					
Energy Management Activity Group September 2023	NEW & REP 200 Non-ADP Equipment – New Mission/Replacement			DLA Energy					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
NEW & REP 200-03 Fuel Vessels	0	$0.000	$0.000	2	$5,500.000	$11,000.000	0	$0.000	$0.000

Narrative Justification

In 2013, DLA Energy assumed mission responsibility for Defense Fuel Supply Point (DFSP) Okinawa from the U.S. Army. As DLA's only Government Owned/Government Operated DFSP, it provides specialized bulk petroleum support to operations and OPLANS to the DoD Services and Agencies in the region. The two non-tactical landing craft mechanized (LCM) are critical to sub-sea fuel system maintenance and bulk fuel transfer operations. Energy Okinawa is a fuel throughput location in which aviation fuel sales are only possible through the tanker operations the LCMs enable.

Existing non-tactical LCMs are reutilized from the Army's retired tactical steel vessels and estimated to have been manufactured in 1970. They are now approximately 30+ years beyond qualified replacement age. Both vessels are designated as poor condition as maintenance and refurbishment drives average

bi-annual maintenance costs of $300,000+ per vessel. Age and parts obsolescence compound the issue driving increased costs annually with highest to date being $586,000. Shipyard dry dock inspections recommended replacement due to obsolescence and steel hull corrosion. Savings will be realized through drastically reduced sustainment costs.

Procurement is best recommended course of action as the requirement is permanent, and market research in collaboration with NAVSEA determined no asset meeting the requirement is currently available on the market. Contract leasing would drive renewal efforts every 2-5 years and create high risk to the supply chain and warfighter mission with any contractual challenge (delayed renewal, change in vendor, protest, etc.). Procurement ensures 24/7 coverage for emergency response & takes advantage of organic ops/maintenance capability.

In accordance with the DoDM 4150.25, as the DFSP, DLA Energy Okinawa must ensure a continuous and reliable source of fuel to their customers and monitor terminal conditions for quality upkeep and safety practices. The DFSP facilitates $180M-$190M in JP8/JP5 sales to the Air Force and Marines annually, and the LCM vessels are a key part in making this possible.

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**					
Energy Management Activity Group September 2023	NEW & REP 200 Non-ADP Equipment – New Mission/Replacement			DLA Energy					
	FY 2023			**FY 2024**			**FY 2025**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
NEW & REP 200-02 Inventory Accuracy	0	$0.000	$0.000	1	$1,500.000	$1,500.000	1	$1,500.000	$1,500.000

Narrative Justification

DLA is the DoD Executive Agent for more than 400 fuel terminals worldwide. In all of these terminals, there are various types of fuel tanks, each with Automated Tank Gauges (ATG). ATG systems measure and monitor fuel levels and inventories and are permanently installed in storage tanks. The devices efficiently provide information regarding the amount of product, temperature, and water in fuel tanks. These gauges have connectivity to the Enterprise Business System (EBS) Energy system, FuelsManager Defense (FMD), which will capture all the data regarding fuel stored and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel stored and have connectivity to the same EBS Energy system, FMD. The budgeted amount also includes design and review costs in conjunction with implementation. The primary cost benefit of this investment is accurate inventory records and procedures in fuel loss control.

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Energy Management Activity Group
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
	FY 2023				
	Equipment except ADPE and Telecommunications	10.700	0.622	-10.078	Under executed due to lower requirements and Reprogram to Minor construction budget
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	48.338	51.598	3.260	Reprogram from Non-ADPE budget
	Total FY 2024	**59.038**	**52.220**	**-6.818**	
	FY 2024				
	Equipment except ADPE and Telecommunications	23.000	23.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	49.300	49.300	0.000	
	Total FY 2025	**72.300**	**72.300**	**0.000**	
	FY 2025				
	Equipment except ADPE and Telecommunications	0.000	16.500	16.500	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	50.300	50.300	
	Total FY 2025	**0.000**	**66.800**	**66.800**	

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Defense Logistics Agency

Document Services Activity Group

CAPITAL BUDGET

Fiscal Year (FY) 2025 Budget Estimates

February 2024

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Document Services Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Line Item	Item Description	FY 2023 Quantity	FY 2023 Total Cost	FY 2024 Quantity	FY 2024 Total Cost	FY 2025 Quantity	FY 2025 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
1a. REP 100	Digitization Duplication Equipment	0	$0.0	0	$0.0	0	$0.0
2.	**ADPE & Telecom Equip**	**0**		**0**		**0**	
3.	**Software Development**	**0**		**0**		**0**	
4.	**Minor Construction Capabilities**	**0**		**0**		**0**	
	TOTAL OBLIGATIONS	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
	Total Capital Outlays	**0**	**$0.0**	**0**	**$5.7**	**0**	**$0.0**
	Total Depreciation Expense	**0**	**$0.0**	**0**	**$1.1**	**0**	**$1.1**

Document Services Activity Group
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				
Defense Logistics Agency Document Services September 2023	REP 100 Replacement Non-ADP Equipment				DLA Document Services				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Digitization Duplication Equipment	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000
Narrative Justification									
No capital requirements identified for fiscal years 2023 through 2025.									

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				
	FY 2023			FY 2024			FY 2025		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Enter Name			$0.000						$0.000
Narrative Justification									

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Document Services Activity Group
Capital Budget Execution
Fiscal Year (FY) 2025 Budget Estimates
February 2024

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2023					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2023	**0.000**	**0.000**	**0.000**	
FY 2024					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2024	**0.000**	**0.000**	**0.000**	
FY 2025					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2025	**0.000**	**0.000**	**0.000**	