

**DEPARTMENT OF DEFENSE
DEFENSE-WIDE WORKING CAPITAL FUND**

**INFORMATION SERVICES ACTIVITY GROUP
DEFENSE INFORMATION SYSTEMS AGENCY
FY 2000/2001 BIENNIAL BUDGET ESTIMATES**

FUNCTIONAL DESCRIPTIONS

The Defense Information Systems Agency (DISA) manages the Information Services activity group. At a high level, this activity group can be divided into two key lines of business:

- Telecommunications
- Data Processing

Telecommunications

DISA telecommunications are managed under the Communications Information Services Activity (CISA). The primary mission of the CISA is to purchase telecommunications and related information technology products from the worldwide commercial sector to meet the needs of DoD Components and authorized non-defense customers. CISA operations can be divided into three functional components:

- Defense Information Systems Network (DISN) Services
- Non-DISA Managed Communication Systems
- Non-Communication Services

The CISA provides a single source for high quality, reliable, survivable, and secure telecommunications services for defense command and control. The CISA is also an ideal source for procurement of cost-effective and commercially competitive information technology, as well as voice, data, and video telecommunications services. The lowest possible customer price is attained through bulk quantity purchases, economies of scale, and reengineering current communication services.

DISA's core program is the Defense Information Systems Network (DISN). The DISN strategy is to consolidate the Military Departments' and Defense Agencies' telecommunications networks into one common-user network with interoperable equipment. DISN is a subset of the Defense Information Infrastructure (DII). DISN services are grouped into five service offerings:

1. Switched Services
2. Transmission Services
3. Data Services
4. Messaging Services
5. Video Services

Each of the five service offerings consists of unique DISA managed programs that share a common objective. The programs within each service offering are listed in Table 1:

Table 1:
Components of the Defense Information Systems Network

Offering	Supporting Programs/Networks
Switched Services	<ul style="list-style-type: none"> • Defense Switched Network (DSN) • Defense Red Switch Network (DRSN) • Hawaii information Transfer System (HITS)
Transmission Services	<ul style="list-style-type: none"> • Dedicated Transmission Network (MUX) • Hawaii Area Wideband System (HAWS) • Puerto Rico Area Wideband System (PRAWS) • Washington Area Wideband System (WAWS) • Bulk Encrypted Communications (BEC) • Pacific Transmission Network (TRANS-P) • European Transmission Network (TRANS-E) • Continental US Transmission Network (TRANS-C) • Joint Worldwide Intelligence Communications System (JWICS) • Continental United States (CONUS) Channel Pack • Commercial Satellite Communications Initiative (CSCI)
Data Services	<ul style="list-style-type: none"> • Internet Protocol Routers (IPR)
Messaging Services	<ul style="list-style-type: none"> • Automated Digital Network (AUTODIN) • Defense Messaging System (DMS)
Video Services	<ul style="list-style-type: none"> • Defense Video Teleconferencing Network (VTC)

DISA also provides long-haul connections between the CINC/Service/Agency bases and to deployed forces. DISN provides dynamic routing of voice, text, imagery (both still and full motion), and bandwidth services on a fee-for-service basis. DISA provides government and contract engineering, modeling, simulation and assessment, and system control resources to support the operational DISN networks including: IPR, DSN, DRSN, and the Commercial Satellite Communications Initiative (CSCI).

The CISA budget now includes a significant capital investment for projected growth in the use of communications services in the Continental United States (CONUS). Anticipating this growth, the Capital Investment Program (CIP) has been augmented by \$238 million in FY 1999 to fund DISN CONUS extended. Since depreciation for the expanded DISN begins in FY 1999, an increase to customer accounts of \$95.2 million is necessary to offset the depreciation cost of \$47.6 million in FY 1999 and FY 2000. Beyond FY 2000, remaining depreciation will be offset by savings realized in the expanded DISN. In order to fully utilize the expanded DISN, DoD policy now precludes DoD Components from obtaining communications services, for existing or planned services, other than through DISA and the expanded DISN beginning in FY 2000, unless a specific waiver is granted.

Non-DISA Managed Systems and Non-Communication Services

In addition to the DISN, the CISA also provides a wide variety of cost-reimbursable services for the Department of Defense Community and other approved organizations. Among the services provided are purchase of telecommunications services, purchase of information technology products/services, and other customized procurements. Significant telecommunications purchases are made from a variety of programs such as FTS 2000 (GSA), Telpak, and Federal Wireless. Non-communications purchases for the Defense community include services and required support equipment for enterprise integration services (DEIS, DEIS II, INFOSEC), and other customized procurements. The most significant non-DOD CISA customer is the Federal Aviation Administration.

Data Processing

The Defense Information Systems Agency (DISA) manages the Defense Megacenters (DMCs). The primary mission of the DMCs is to provide information processing, software development, and related information technology support services to the Department of Defense (DOD), military services, and other government and non-government agencies. The most significant DMC customers are the Army Materiel Command, Air Force Materiel Command, Navy Supply Systems Command, Defense Logistics Agency, and Defense Finance and Accounting Service.

A major consolidation initiative is underway to reduce the total number of DMC sites from sixteen to six by the end of FY 1999. One site was closed under BRAC 95, DMC Sacramento, CA. Rather than close the other sites entirely, DISA will convert nine sites to Regional Support Activities (RSAs). The six remaining DMCs will operate and recover costs through the traditional rate recover mechanism, while the RSAs will operate on a reimbursable basis.

Megacenter sites include Columbus, OH, Mechanicsburgs, PA, Ogden, UT, Oklahoma City, OK, St. Louis, MO, and one UNISYS legacy site, San Antonio, TX. Designated RSA sites include Chambersburg, PA, Dayton, OH, Denver, CO, Huntsville, AL, Jacksonville, FL, Montgomery, AL, Rock Island, IL, San Diego, CA, and Warner Robins, GA.

MAJOR CHANGES BETWEEN FISCAL YEARS

Communications Information Services Activity

FY 1999 President's Budget to FY 1999 Current Estimate.

The CISA budget contains FY 1999 costs of \$2,165.5 million, or \$231.9 million more than the FY 1999 President's Budget estimate. The largest share of the increase, \$86.9 million, is attributable to increased requirements for inter-systems communications services. In addition, the introduction of the Commercial Satellite Communications Initiative (CSCI) program to the suite of DISA managed systems account for \$59.2 million, and the additional depreciation for the expansion DISN CONUS increase cost by another \$47.6 million.

Finally, the Telecommunications Act of 1996 requires carriers to pay into a Universal Service Fund (USF) to cover the costs of providing telecommunications in high cost areas and for providing internet service to educational, medical, and other approved facilities. To recover these costs, carriers filed and the Federal Communications Commission approved tariffs allowing the carriers to collect 4.9 percent (on average) of the carriers' gross revenue from their customers, including DOD. Under the Filed Rate Doctrine, which has been upheld in the Supreme Court, the USF charge is a lawful cost which DOD must pay. This requirement will increase FY 1999 costs by about \$57.9 million.

FY 1999 Current Estimate to FY 2000 Estimate.

FY 1999 costs are expected to exceed the FY 1999 President's Budget estimate by about \$43.8 million. This increase is largely attributable to additional depreciation expenses of \$47.6 million associated with the planned expansion in the Defense Information Systems Network (DISN) in the Continental United States (CONUS).

Defense Megacenters

FY 1999 President's Budget to FY 1999 Current Estimate.

The FY 2000 President's Budget contains FY 1999 costs of \$692.4 million, or \$55.6 million greater than the FY 1999 estimate. These are largely consolidation costs, which did not materialize as planned in FY 1999, and are mainly attributable to minor delays in the migration schedule of certain large financial and personnel applications in response to customer concerns. This budget assumes completion of the consolidation during FY 1999. The current FY 1999 estimate also includes additional costs for the UNISYS proprietary contract.

FY 1999 Current Estimate to FY 2000 Estimate.

Between FY 1999 and FY 2000, DMC operating costs decline \$86.1 million, or about 13 percent, as the marginal cost of the consolidation are no longer required. This change is mostly visible in the steep decline in contractual services. Reductions are also evident in the decline for material, equipment, and depreciation expenses. Resultant customer cost savings are reflected in lower overall rates in FY 2000. Notwithstanding, total Unisys costs will increase due to additional depreciation expenses associated with Clearpath. It is recommended these costs be recovered through a rate surcharge.

OPERATING BUDGET

At the close of FY 1999, the CISA is expected to realize a negative Accumulated Operating Result (AOR) of \$118.1 million. This amount is mainly attributable to prior year operating losses and the additional depreciation of \$47.6 million associated with the expansion of DISN CONUS. By FY 2000, however, all prior and budget year operating losses are fully recovered. Conversely, the DMCs are expected to achieve a zero AOR during FY 1999 and FY 2000. Table 2 provides a summary of actual FY 1998 operating results and budgeted results for FY 1999 and FY 2000.

Table 2: Operating Budget Summary

Communications Information Services Activity	\$ in Millions		
	FY 1998	FY 1999	FY 2000
Revenue	1,933.7	2,095.1	2,327.2
Costs	1,964.9	2,165.5	2,209.3
Net Operating Result (NOR)	-31.2	-70.4	118.0
Accumulated Operating Result (AOR)	-54.5	-118.0	0.0

Defense Megacenters	\$ in Millions		
	FY 1998	FY 1999	FY 2000
Revenue	714.2	658.0	605.3
Costs	695.7	692.4	605.3
Net Operating Result (NOR)	18.5	-34.4	0.0
Accumulated Operating Result (AOR)	1.7	0.0	0.0

CAPITAL BUDGET

Capital investment program (CIP) requirements are generally predicated on the replacement of major telecommunications and ADPE equipment when current equipment is no longer maintainable, or when replacement parts are not available. DISA strives to provide customers with quality service through the latest technology, and the capital program supports the insertion of new technology through major equipment purchases which provides service enhancements and future cost reductions. Table 3 summarizes the capital program.

Table 3: Capital Budget Summary

\$ in Millions	FY 1998	FY 1999	FY 2000
CISA	4.4	241.7	1.3
DMCs	111.3	36.6	20.0
Total Capital Program	108.9	285.1	21.3

FY 1999 CISA CIP requirements include \$238.0 million for the expansion of DISN CONUS. By FY 2000, DMC CIP requirements return to normal levels as one-time investment costs abate. The FY 2000 DMC budget mainly includes routine investment funding for facilities support, and hardware and software purchases.

CUSTOMER RATES, RATE DESIGN, AND UNIT COST

Communications Information Services Activity

The CISA employs many commercial cost recovery rate systems to match an array of communications products and services. The following is an overview of how rates are computed.

DISN rates are developed for the DISN Services from an analysis of network cost drivers and customer service requirements by theater. This includes identifying unique system costs and dividing those total costs including depreciation and communications operations/network management proportionately by unit (e.g., ports, connections, data packets, minutes of use, precedence, capability, etc) determine a price per unit. This price per unit, along with the assessment of an overhead fee, will be charged for the services requested by the customer.

The CISA has developed product/service price schedules and catalogs which reflect telecommunications services provided worldwide. The products and services cover all forms of switched services, transmission, data, messaging, and video services provided to the DoD and other non-Defense customers. The price schedules cover many different unique products/services provided by theater worldwide.

Price and performance of these related to products/services are reviewed in a comparative manner with those offered by commercial telecommunications vendors. The evaluation against commercial pricing is used both by the CISA and its customers to measure price competitiveness with the private sector.

Defense Megacenters

The DMCs employ two basic methods of cost recovery. They include rate based and direct reimbursement. Each methodology is designed to capture the total cost of operations, including direct and overhead costs.

Table 4 provides the DMC Customer Rates/Unit Cost Components:

Table 4: DMC Customer Rates

Work Load Units	(Dollars per Unit)		
	FY 1998	FY 1999	FY 2000
Unisys			
SUPS	17.9297	17.6887	*15.5632
Disk MB Days	.0409	.0370	.0292
Tape Mounts	1.8255	1.7870	1.3964
Cartridge Tapes Stored	.1402	.1250	.1018
Reel Tapes Stored	.1783	.1709	.8262
IBM			
CPU Hours (MVS)	82.8631	66.4971	49.2782
I/O Transfers (MVS)	.0830	.0487	.0415
DASD MB Days (MVS)	.0146	.0090	.0072
Tape Mounts Cartridge (MVS)	.2705	.1613	.1475
Tape Mounts Reel (MVS)	4.6462	5.5948	7.8614
Cartridge MB Days (MVS)	.0014	.0010	.0009
Reel MB Days (MVS)	-	.0010	.0010
CPU Hours (VM)	-	66.4971	49.2782
I/O Transfers (VM)	-	.0487	.0415
DASD MB Days (VM)	-	.0090	.0072
Tape Mounts (VM)	-	.1613	.1475

* Does not include surcharge for Unisys which will also be billed.

PERFORMANCE INDICATORS

The CISA budget includes Performance Measures for the Defense Switched Network (DSN) which has implemented a usage billing methodology worldwide. The usage billing methodology charges for each completed call based on its length, time of day, level of precedence, and originating/terminating locations. A performance measure is derived from usage billing by comparing the actual versus budgeted cost per call minute rate during execution. It is important to note, however, that this performance measure is strongly influenced by a number of factors, including customer calling patterns and actual usage volume.

The Defense Megacenter budget includes performance measures, which revolve around system availability and responsiveness:

1. Provide mainframe information processing services while incurring no more than specified unit costs.
2. DISA, working with the Services, will reduce mainframe information technology legacy service and associated costs 25% from FY 1999 by the completion of FY 2001.
3. All peak workload requirements will be met while maintaining an average utilization of installed capacity between 65% and 75%.
4. DISA will have the minimum capacity to deliver 2.7M MVS and 3.6M Unisys SUPs annually.
5. Users will experience MVS and Unisys platforms availability of greater than 98%.
6. Complete a survey of Computing/Information Processing Service customers annually. Identify major concerns and issues. Not later than October 31, following the completion of the fiscal year, report to the Defense Megacenter Council (DMC) an action plan that addresses all major issue areas with customers.
7. Develop an action plan by the completion of FY 2000, in coordination with the military services, to regionalize mid-tier information services.
8. For the FY 2001 contract, DISA will conduct a study of commercial practices in Computing/information processing to use a benchmark for this business area.

CIVILIAN PERSONNEL

Table 5 provides an overview of civilian personnel levels and costs for the activity group.

Table 5: Civilian Personnel

Communications Information Services Activity	FY 1998	FY 1999	FY 2000
Civilian End Strength	425	445	449
Civilian FTE	427	445	449
Civilian Personnel Cost (\$ Millions)	\$23.7	\$28.1	\$29.3

Defense Megacenters	FY 1998	FY 1999	FY 2000
Civilian End Strength	3,131	3,018	2,906
Civilian FTE	3,226	3,020	2,966
Civilian Personnel Cost (\$ Millions)	\$203.8	\$168.3	\$171.2

The CISA civilian (CIVPERS) manpower budget remains relatively stagnant into the budget year. The change in costs mainly stems from budgeted pay raises.

The DMCs continue to experience a decline in CIVPERS requirements into the budget year during which consolidation related reductions to manpower are achieved. FY 2000 manpower savings associated with consolidation are largely offset by the budgeted pay raise.

MILITARY PERSONNEL

The overall number of Military Personnel (MILPERS) in both the CISA and the DMCs continue to decline as the services have reduced the number of personnel available to DISA and other defense agencies. Table 6 provides a synopsis of military personnel levels and costs.

Table 6: Military Personnel

Communications Information Services Activity	FY 1998	FY 1999	FY 2000
Military End Strength	44	25	39
Military Workyears	44	25	39
Military Personnel Cost (\$ Millions)	\$2.6	\$2.1	\$1.9

Defense Megacenters	FY 1998	FY 1999	FY 2000
Military End Strength	126	116	24
Military Workyears	126	116	24
Military Personnel Cost (\$ Millions)	\$4.0	\$4.9	\$1.7

The CISA budget experiences a steady decline for MILPERS and reimbursable costs between FY 1998 and FY 2000. The sudden decline in FY 1999 requirements largely represents earlier plans to convert enlisted authorizations in civilian positions in support of contracting services. This plan has since been disbanded. The DMC budget reflects the final planned drawdown of MILPERS billets and costs as part of the on-going consolidation effort.

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: Defense Megacenter & Communications Information Services Activity
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<u>Revenue:</u>			
Gross Sales			
Operations	2,547.0	2,618.9	2,806.9
Capital Surcharge			
Depreciation excluding Major Construction	100.9	134.1	125.6
Major Construction Depreciation			
Total Gross Sales	2,647.9	2,753.1	2,932.5
Other Income			
Total Income	2,647.9	2,753.1	2,932.5
<u>Expenses:</u>			
Salaries and Wages			
Military Personnel	6.6	7.0	3.6
Civilian Personnel	227.6	196.4	200.5
Travel and Transportation of Personnel	8.5	9.6	8.4
Materials and Supplies (for internal operations)	31.0	23.2	16.7
Equipment			
Other Purchases from Revolving Funds	28.3	27.2	26.2
Transportation of Things	0.9	4.6	0.4
Depreciation - Capital	101.2	134.1	125.6
Printing and Reproduction	1.2	2.3	2.3
Advisory and Assistance Services	72.6	105.4	89.9
Rent, Communications Utilities, Miscellaneous Charges	1,025.7	1,195.1	1,192.5
Other Purchased Services	1,156.9	1,152.9	1,148.7
Total Expenses	2,660.6	2,857.9	2,814.6
Operating Result	(12.7)	(104.9)	117.9
Less Capital Surcharge Reservation			
Plus Appropriations Affecting NOR/AOR			
Other Changes Affecting NOR	54.9	38.5	0.2
Net Operating Result	42.3	(66.4)	118.1
Prior Year AOR	(94.0)	(51.7)	(118.1)
Other Changes Affecting AOR			
Accumulated Operating Result	(51.7)	(118.1)	(0.0)

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: Communications Information Services Activity
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<u>Revenue:</u>			
Gross Sales			
Operations	1920.9	2038.7	2271.6
Capital Surcharge			
Depreciation excluding Major Construction	12.8	56.3	55.6
Major Construction Depreciation			
Total Gross Sales	1933.7	2095.1	2327.2
Other Income			
Total Income	1933.7	2095.1	2327.2
<u>Expenses:</u>			
Salaries and Wages			
Military Personnel	2.6	2.1	1.9
Civilian Personnel	23.8	28.1	29.3
Travel and Transportation of Personnel	1.3	1.4	1.5
Materials and Supplies (for internal operations)	2.6	2.4	1.8
Equipment			
Other Purchases from Revolving Funds	3.5	3.9	3.7
Transportation of Things	0.0	0.2	0.1
Depreciation - Capital	12.8	56.3	55.6
Printing and Reproduction			
Advisory and Assistance Services			
Rent, Communications Utilities, Miscellaneous	987.7	1153.9	1154.4
Other Purchased Services	930.5	917.1	961.2
Total Expenses	1964.9	2165.5	2209.3
Operating Result	-31.2	-70.5	117.9
Less Capital Surcharge Reservation			
Plus Appropriations Affecting NOR/AOR			
Other Changes Affecting NOR	54.9	5.8	0.2
Net Operating Result	23.8	-64.7	118.1
Prior Year AOR	-77.2	-53.4	-118.1
Other Changes Affecting AOR			
Accumulated Operating Result	-53.4	-118.1	0.0

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: Defense Megacenter
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<u>Revenue:</u>			
Gross Sales			
Operations	626.1	580.2	535.3
Capital Surcharge			
Depreciation excluding Major Construction	88.1	77.8	70.0
Major Construction Depreciation			
Total Gross Sales	714.2	658.0	605.3
Other Income			
Total Income	714.2	658.0	605.3
<u>Expenses:</u>			
Salaries and Wages			
Military Personnel	4.0	4.9	1.7
Civilian Personnel	203.8	168.3	171.2
Travel and Transportation of Personnel	7.2	8.2	6.9
Materials and Supplies (for internal operations)	28.4	20.8	14.9
Equipment			
Other Purchases from Revolving Funds	24.8	23.3	22.5
Transportation of Things	0.9	4.4	0.3
Depreciation - Capital	88.4	77.8	70.0
Printing and Reproduction	1.2	2.3	2.3
Advisory and Assistance Services	72.6	105.4	89.9
Rent, Communications Utilities, Miscellaneous Charges	38.0	41.2	38.1
Other Purchased Services	226.4	235.8	187.5
Total Expenses	695.7	692.4	605.3
Operating Result	18.5	-34.4	0.0
Less Capital Surcharge Reservation			
Plus Appropriations Affecting NOR/AOR			
Other Changes Affecting NOR	0.0	32.7	0.0
Net Operating Result	18.5	-1.7	0.0
Prior Year AOR	-16.8	1.7	0.0
Other Changes Affecting AOR			
Accumulated Operating Result	1.7	0.0	0.0

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: Joint Defense Megacenters and Communications Information Services Activity
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
1. New Orders			
a. Orders from DoD Components			
Air Force	428.7	603.0	683.7
Army	374.0	416.3	469.1
Navy and Marine Corps	257.9	308.9	344.8
Other DoD	556.4	368.6	397.0
b. Orders from other Fund Activity Groups			
DFAS	199.8	218.3	177.7
DLA	114.2	119.0	114.1
DISA	210.9	197.2	199.2
Intersystem	82.9	146.9	181.8
Navy NCTC & NAVSUP	64.7	52.1	47.4
c. Total DoD	2,289.5	2,430.4	2,614.8
d. Other Orders			
Federal Aviation Administration	314.6	283.5	276.5
Non-DoD Agencies	43.8	39.3	41.1
Total New Orders	2,647.9	2,753.2	2,932.4
2. Carry-In Orders	.0	.0	.0
3. Total Gross Orders	2,647.9	2,753.2	2,932.4
4. Funded Carry-Over (Charge to Backlog)	.0	.0	.0
5. Total Gross Sales	2,647.9	2,753.2	2,932.4

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: Communications Information Services Activity
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
1. New Orders			
a. Orders from DoD Components			
Air Force	411.4	478.8	555.2
Army	305.9	345.3	395.3
Navy and Marine Corps	186.7	227.4	268.5
Other DoD	350.9	341.3	363.7
b. Orders from other Fund Activity Groups			
DFAS	21.0	22.7	25.6
DLA	26.7	33.4	40.3
DISA	191.8	176.7	179.3
Intersystem	82.9	146.9	181.8
c. Total DoD	1,577.3	1,772.6	2,009.7
d. Other Orders			
Federal Aviation Administration	314.6	283.5	276.5
Non-DoD Agencies	41.8	39.1	40.9
Total New Orders	1,933.7	2,095.2	2,327.1
2. Carry-In Orders	.0	.0	.0
3. Total Gross Orders	1,933.7	2,095.2	2,327.1
4. Funded Carry-Over (Charge to Backlog)	.0	.0	.0
5. Total Gross Sales	1,933.7	2,095.2	2,327.1

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: Defense Megacenters
February 1999
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
1. New Orders			
a. Orders from DoD Components			
Air Force	17.3	124.2	128.5
Army	68.1	71.0	73.8
Navy and Marine Corps	71.2	81.5	76.3
Other DoD	205.5	27.3	33.3
b. Orders from other Fund Activity Groups			
DFAS	178.8	195.6	152.1
DLA	87.5	85.6	73.8
DISA	19.1	20.5	19.9
Navy NCTC & NAVSUP	64.7	52.1	47.4
c. Total DoD	712.2	657.8	605.1
d. Other Orders			
Federal Aviation Administration	0.0	0.0	0.0
Non-DoD Agencies	2.0	0.2	0.2
Total New Orders	714.2	658.0	605.3
2. Carry-In Orders	.0	.0	.0
3. Total Gross Orders	714.2	658.0	605.3
4. Funded Carry-Over (Charge to Backlog)	.0	.0	.0
5. Total Gross Sales	714.2	658.0	605.3

Changes in the Costs of Operation
Component: Defense Information Systems Agency
Activity Group: Communications Information Services Activity
February 1999
(Dollars in Millions)

	<u>Expenses</u>
FY 1998 Actual Cost	1,964.9
FY 1999 Estimate in President's Budget	1,933.6
Program Changes:	
Intersystem Sales	86.9
CSCI Program	59.2
USF	57.9
Depreciation asso with Expanded DISN	47.6
Other Communication Services	(19.7)
FY 1999 Current Estimate	2,165.5
Pricing Adjustments:	
Annualization of Pay Raises	0.9
Inflation	32.0
Program Changes:	
Personnel Compensation	0.0
Material and Supplies	(0.6)
Rent, Communications, and Utilities	(16.8)
Other Purchased Services	30.4
Other Changes:	
Capital Depreciation	(1.6)
Other	(0.5)
FY 2000 Estimate	2,209.3

Changes in the Costs of Operation
Component: Defense Information Systems Agency
Activity group: Defense Megacenters
1-February-1999
(Dollars in Millions)

	<u>Expenses</u>
FY 1998 Estimated Actual	695.7
FY 1999 Estimate in President's Budget	636.8
Program Changes	
UNISYS Proprietary Contract	14.8
Megacenter Consolidation	33.1
Civilans Personnel	6.6
Other Costs	1.1
FY 1999 Current Estimate	692.4
Pricing Adjustments:	
Annualization of Pay Raises	5.1
Inflation	6.6
Program Changes:	
Personnel Compensation	(5.4)
Travel	(1.4)
Materials and Supplies	(6.2)
Intrafund Transfers	(1.6)
Transportation	(4.2)
Depreciation	(7.8)
Other Contracts/Contract Consulta	(72.1)
FY 2000 Estimate	605.3