

**FY 2000/2001 Biennial Budget Estimates
Defense Automated Printing Service
Printing and Publications Activity Group
Defense-Wide Working Capital Fund (DWCF)**

FUNCTIONAL DESCRIPTION

The Defense Automated Printing Service (DAPS), is responsible in accordance with Department of Defense (DoD) Directive 5330.3, to ensure compliance with the Federal Printing Program, for the DoD printing and document automation programs. This responsibility encompasses the full range of automated printing services to include: conversion, electronic storage and output, and the distribution of hard copy and digital information. DAPS provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office (GPO). In addition, the Joint Committee on Printing (JCP), Congress of the United States, exercises oversight of all federal printing including the DAPS in-house printing capability.

DAPS manages this worldwide mission through a customer service network comprised of a Corporate Support Team located at Ft. Belvoir, Virginia, 80 major field locations and 238 smaller document automation facilities.

DAPS primary customers are Army (21 percent), Navy (29 percent), Air Force (16 percent), and Defense Agencies (25 percent). Both appropriated and DWCF-funded activities are included in each Service's percentage.

BUDGET HIGHLIGHTS

DAPS budget estimates reflect a change in the unit cost structure for operating authority beginning in FY 1999. During FY 1998, DAPS used three measurable outputs and five unmeasurable outputs to receive budgetary resources. The measurable outputs were offset press units, electronic impressions units and running feet of reproduction. DAPS tracked unmeasurable outputs (micrographics, automated publishing, other production, copier program, and contract printing) in total dollars. In FY 1999, DAPS began using one measurable output for in-house production and two unmeasurable outputs for its commercial programs (copier program and contract printing) operating authority. The move has no impact on customers, as DAPS will continue to use subsidiary rates to bill customers for products and services rendered.

The FY 1998 National Defense Authorization Act (P.L.105-85) prohibits DAPS from recovering costs associated with work procured from the GPO. Additionally, the Act permits the Service Secretaries and Defense Agency heads, to bypass DAPS and go directly to the GPO. A number of DAPS customers did so in FY 1998 and the loss of workload is expected to continue in FY 1999 and FY 2000.

DAPS continues to rightsize its workforce. A full-time equivalent (FTE) reduction of 8.4 percent in FY 2000 is presented in this submission.

Since becoming the Department's single manager for printing and duplicating in 1992, DAPS has closed or consolidated approximately two hundred (200) printing facilities. Continuing this trend of streamlining operations, DAPS has targeted an additional 8 facilities for closure or consolidation between FY 1999 and FY 2000. Savings resulting from these actions are reflected in this submission.

DAPS "merchant status" allows it to accept International Merchant Purchase Authorization Cards (IMPAC) from all customers. Use of the IMPAC card reduces a customer's administrative and DFAS costs. During FY 1998, over \$52 million in products and services were purchased using IMPAC cards.

The Defense Working Capital Accounting System (DWAS) was fully deployed during FY 1998. It was the first commercial off-the-shelf DoD migratory accounting system and the first to fully implement the U.S. Government Standard General Ledger. DWAS has been certified as a compliant accounting system by both the U.S. Treasury Financial Management Service and the Joint Interoperability Test Center (JITC).

PRODUCTIVITY INITIATIVES/COST REDUCTIONS: DAPS primary challenge is to reduce short-term fixed costs in response to reductions in customer demand to achieve NOR objectives. To meet this challenge, this budget submission incorporates productivity improvements, cost savings from capital investments, consolidation actions and management initiatives.

ACTIVITY GROUP PROFILE

(Dollars and Workload in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Cost of Goods Sold	\$386.7	\$384.2	\$381.9
Net Operating Results	(\$8.9)	\$10.6	\$0.2
Accumulated Operating Results	(\$10.8)	(\$0.2)	\$0.0
Workload			
In-House Production (Units)	4,640.6	5,087.3	4,843.3
Customer Rate	0.03694	0.04061	0.04158
Customer Rate Change	-4.0%	9.9%	-0.6%
Unit Cost			
In-House Production	0.04189	0.03906	0.03993
Civilian End Strength	1,848	1,794	1,701
Military End Strength	0	0	0
Civilian Full-Time Equivalents	1,940	1,895	1,735
Military Workyears	0	0	0
Capital Budget Program Authority	\$7.8	\$9.3	\$9.0

FY 2000/2001 Biennial Budget Estimates
Defense-Wide Working Capital Fund
Defense Logistics Agency/Defense Automated Printing Service
Revenue and Expenses
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Revenue			
Gross Sales	377.8	394.8	382.1
Operations	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	377.8	394.8	382.1
Expenses			
Cost of Material Sold from Inventory	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	82.3	82.1	78.9
Travel & Transportation of Personnel	1.7	1.4	1.2
Materials & Supplies (for internal operations)	32.5	32.7	32.6
Equipment	6.5	4.8	4.6
Other Purchases from Revolving Funds	1.9	1.6	2.5
Transportation of Things	0.9	0.9	0.9
Depreciation - Capital	6.3	6.2	6.6
Printing and Reproduction	169.0	169.9	170.8
Rent, Communications, Utilities, & Misc. Charges	20.8	20.7	20.7
Other Purchased Services	64.8	63.9	63.1
Total Expenses:	386.7	384.2	381.9
Operating Result	(8.9)	10.6	0.2
Less Capital Surcharge Reservation			
Plus Passthroughs or Other Appropriations Affecting NOR			
Net Operating Result	(8.9)	10.6	0.2
Prior Year Adjustments	3.6		
Prior Year AOR	(13.1)	(10.8)	(0.2)
Accumulated Operating Result	(18.4)	(0.2)	0.0
Non-Recoverable Adjustment Impacting AOR:			
Surcharge Prohibition	7.6		
Accumulated Operating Results for Budget	(10.8)	(0.2)	0.0

FY 2000/2001 Biennial Budget Estimates
Activity Group Analysis
Defense Logistics Agency - Defense Automated Printing Service
Source of New Orders and Revenue
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
1. New Orders			
a. Orders from DoD Components	244.6	258.0	247.8
Department of the Navy	72.4	76.4	73.3
Operations and Maintenance, Navy	44.3	46.8	44.9
Operations and Maintenance, Marine Corps	11.5	12.1	11.7
O&M, Navy Reserve	3.3	3.4	3.3
O&M, Marine Corps Reserve	0.2	0.2	0.2
Aircraft Procurement, Navy	1.9	2.0	1.9
Shipbuilding & Conversion, Navy	1.2	1.3	1.2
Research, Development, Test & Eval, Navy	0.5	0.6	0.5
Military Construction, Navy	0.2	0.2	0.2
Other Navy Appropriations	0.2	0.2	0.2
Credit Card Purchases, Navy	9.1	9.6	9.2
Department of the Army	80.0	84.3	81.0
Army Operation and Maintenance	54.4	57.4	55.2
O&M, Army Reserve	2.5	2.6	2.5
Army National Guard	1.0	1.1	1.0
Army Res, Dev, Test & Eval Accounts	2.2	2.3	2.2
Army Procurement Accounts	0.4	0.4	0.4
Army Other	0.2	0.2	0.2
Credit Card Purchases, Army	19.3	20.3	19.5
Department of the Air Force	60.9	64.2	61.7
Air Force Operation and Maintenance	34.7	36.7	35.2
O&M, Air Force Reserves	0.8	0.8	0.8
Air Force National Guard	0.6	0.6	0.6
Air Force Res, Dev, Test & Eval Accounts	1.2	1.3	1.2
Air Force Procurement Accounts	2.5	2.6	2.6
Air Force Other	0.1	0.1	0.1
Credit Card Purchases, Air Force	21.0	22.1	21.2
DoD Appropriated Accounts	31.3	33.1	31.8
Operation & Maintenance Accounts	12.4	13.1	12.6
Res, Dev, Test & Eval Accounts	0.5	0.6	0.5
Procurement Accounts	1.1	1.1	1.1
DECA	0.4	0.4	0.4
Defense Health Program	13.0	13.8	13.2
Pentagon Reservation Maintenance Fund	0.1	0.1	0.1
DoD Other	0.9	0.9	0.9
Credit Card Purchases, Defense	2.9	3.1	3.0
b. Orders from other Fund Activity Groups	98.6	104.1	99.9
c. Total DoD	343.2	362.1	347.7
d. Other Orders	32.5	34.3	33.0
Other Federal Agencies	25.1	26.6	25.5
Non-Federal Agencies and Other	7.4	7.7	7.5
Total New Orders	375.7	396.4	380.7
2. Carry-In Orders	38.5	36.4	38.0
3. Total Gross Orders	414.2	432.8	418.7
4. Funded Carry-Over	36.4	38.0	36.6
5. Total Gross Sales	377.8	394.8	382.1

**Defense Logistics Agency
Defense Automated Printing Service**

(\$ in Millions)

	<u>Expenses</u>
FY 1998 Actual:	386.7
FY 1999 Estimate in President's Budget:	449.9
Estimated Impact in FY 1999 of Actual FY 1998 Experience	
Depreciation	(0.8)
Financial Operations (DFAS)	(0.4)
Equipment Maintenance	(1.5)
Pricing Adjustments:	
Annualization of Prior Year Pay Raises	(0.1)
FY 1999 Pay Raise	
Civilian Personnel	0.1
General Purchase Inflation	(1.8)
Program Changes:	
Contract Workload Decrease	(38.6)
In-House Workload Decrease	(22.6)
FY 1999 Current Estimate:	384.2
Pricing Adjustments:	
Annualization of Prior Year Pay Raises	0.8
FY 2000 Pay Raise	
Civilian Personnel	2.5
General Purchase Inflation	4.3
Productivity Initiatives and other Efficiencies	(4.2)
Program Changes:	
Workload Reductions	(5.9)
DLA Corporate Allocation Change	(1.3)
Other Changes:	
Depreciation	0.4
Financial Operations (DFAS)	1.1
FY 2000 Budget Estimate:	381.9