

FY 2001 Budget Estimates

Defense Logistics Agency (DLA)



DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates

DLA Highlights
(\$ in Thousands)

	FY 1999	Price	Program	FY 2000	Price	Program	FY 2001
	Actuals	Growth	Growth	Estimates	Growth	Growth	Estimates
Total	1,235,326	40,663	(35,847)	1,240,142	36,507	(87,476)	1,189,173

The Defense Logistics Agency's operation and maintenance appropriation consists of the following activities: the Defense Contract Management Command (DCMC), Other Logistics Services (OLS), Other Logistics Programs (OLP), Warstoppers, and the Standard Procurement System (SPS), totaling \$1.2 billion and 12,489 full time equivalents. DCMC provides contract management services throughout the acquisition life cycle to include contractor compliance with contract terms; accepting products; providing program and technical support; and ensuring that contractors are paid. OLS includes appropriated costs associated with DLA's logistics mission such as unemployment, quality of life, and disaster relief blankets. OLP are multiple program offices of which DLA is either the executive agent or the budget administrator. Warstoppers funding is for certain supply items, which do not have a peacetime demand and must be preserved to support DoD readiness and sustainment requirements. The Standard Procurement System is the new DoD-wide standard system that will replace Service and DLA legacy procurement systems.

	FY 1999	Price	Program	FY 2000 *	Price	Program	FY 2001
	Actuals	Growth	Growth	Estimates	Growth	Growth	Estimates
Budget Activity 2: Mobilization	35,419	425	3,794	39,638	595	4,393	44,626

* Does not equal BA 2 amount in the *FY 2001 Budget of the U.S. Government* due to administrative error between BA 2 and BA 4.

Budget Activity 2 reflects total funding for the Warstoppers program. Funding for Warstoppers recognizes that certain supply items must be procured and critical industrial capability must be preserved to support the Department's readiness and sustainment requirements. Peacetime demand is inadequate for sustainment and mobilization. Increases in this budget activity are attributable to the expansion of the medical readiness initiative to reduce the Wartime planning shortfall. Reflected increases are also attributable to the initiative to build a wartime reserve of ozone depleting substances.

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Budget Activity 4:	FY 1999 Actuals	Price Growth	Program Growth	FY 2000 Estimates	Price Growth	Program Growth	FY 2001 Estimates
Administrative & Servicewide Activities	1,199,907	40,238	(39,641)	1,200,504	35,912	(91,869)	1,144,547

* Does not equal BA 4 amount in the *FY 2001 Budget of the U.S. Government* due to administrative error between BA 2 and BA 4.

Budget Activity 4 reflects funding in support of DLA's Contract Management Command as well as Departmental Programs and Services. The O&M appropriation funds the contracts, supplies, equipment maintenance, communications, salaries, awards, personnel, benefits, travel, per diem, and training in support of these programs. This budget activity's decreases are primarily attributable to the realignment of operation and maintenance funding to the appropriate investment account within the Agency and the acceleration of civilian personnel downsizing initiatives.

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Summary of Increases and Decreases

	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
1. FY 2000 Amended President's Budget	1,186,236	38,312	1,224,548
2. Congressional Adjustments (Distributed)			
a. Warstoppers		1,500	1,500
b. Military Cargo Methods	4,000		4,000
c. Automated Document Conversion Systems (ADCS)	30,000		30,000
d. Midway Fuel	2,000		2,000
e. Security Locks Retrofit	10,000		10,000
f. Performance Measures	(5,000)		(5,000)
Total Congressional Adjustments (Distributed)	41,000	1,500	42,500
3. Congressional Adjustments (Undistributed)			
Headquarters Management	(6,107)		(6,107)
Congressional Adjustments (General Provisions):			
Civilian Underexecution	(10,000)		(10,000)
Total Congressional Adjustments (Undistributed)	(16,107)		(16,107)
4. Congressional Earmarks			
a. Congressional Earmarks Bill Payers	(2,329)	(74)	(2,403)
Total Congressional Earmarks	(2,329)	(74)	(2,403)
5. FY 2000 Appropriation Enacted	1,208,800	39,738	1,248,538
6. FY 2000 Recission	(14,469)	(100)	(14,569)
7. Functional Transfers - In			
a. Transfer of funding from OSD in support of one Internation Quality Assurance FTE	127		127
b. Joint Logistics Warfighting Initiative	5,500		5,500
Total Functional Transfers - In	5,627		5,627
8. Other Transfers - In (Non-Functional)			
9. Functional Transfers - Out			
a. Funding to support DFAS to DHRA	(1,400)		(1,400)
b. Funding to support DFAS to DAU	(300)		(300)
Total Functional Transfers - Out	(1,700)		(1,700)

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Summary of Increases and Decreases

	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
10. Other Functional Transfers Out Security Research Center	(10)		(10)
11. Price Changes	(1,402)	(106)	(1,508)
12. Program Increases			
a. Offset due to FY 2000 Price Change	1,474	106	1,580
b. Accelerate DPAS fielding to complete by end of FY 00	3,500		3,500
c. Management Headquarters funding	2,702		2,702
d. Funding to support DCMC relocation from HQ building to modular buildings	3,000		3,000
Total Program Increases	10,676	106	10,782
13. Program Decreases			
a. Decrease for reduced JTAVO requirements	(5,000)		(5,000)
b. Offset due to FY 2000 Price Change	(72)		(72)
c. Reduction in Civilian Personnel Funding due to the acceleration of personnel downsizing initiatives	(1,946)		(1,946)
Total Program Decreases	(7,018)		(7,018)
14. Revised FY 2000 Current Estimate	1,200,504	39,638	1,240,142
15. Price Growth	35,893	595	36,488
16. Functional Transfers - In			
a. Transfer of Classified program to DLA from the Army	1,139		1,139
b. Air Force Privatization costs to reimburse DCMC	5,077		5,077
c. Transfer of funding to JECPO from BPRC for previous FTE transfer	1,054		1,054
Total Functional Transfers - In	7,270		7,270
17. Functional Transfers - Out			
a. Transfer of Operations and Maintenance funding to the Procurement, Defense-Wide appropriation to comply with recent information technology policy	(8,100)		(8,100)
b. Transfer of Operations and Maintenance funding to the Research, Development, Testing and Evaluation Defense-Wide appropriation to comply with recent information technology policy	(1,700)		(1,700)
c. Realignment of Contingency Operations Office to the Army	(237)		(237)

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Summary of Increases and Decreases

	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
17. Functional Transfers - Out (Continued)			
d. Transfer of funding from BPRC to JECPO for previous FTE transfer	(1,093)		(1,093)
Total Functional Transfers Out	(11,130)		(11,130)
18. Program Increases			
a. Increase associated with DMEA's Integrated Circuit Microelectronic Diminishing Manufacturing Sources and Material Shortages Program	593		593
b. Additional Defense Standardization Program Office requirements	40		40
c. Fact of Life increase for Defense Acquisition Career Management	2		2
d. Nerve Agent Antidote increase		69	69
e. Chemical Gloves		3	3
f. Medical Readiness increase		5,269	5,269
g. Ozone Depleting Substance increase		3,847	3,847
h. Increased travel to support mission restructuring changes	2,350		2,350
i. Unemployment Compensation	3,332		3,332
j. Price Comparability	168		168
k. Quality of Life	2,893		2,893
l. Continuing Health	140		140
m. Procurement Technical Assistance Program	405		405
n. Demolition increase for reduction of excess facility infrastructure	4,823		4,823
o. Inventory Management, Catalog Production & Distribution of Hard Copy Map Products	2,681		2,681
p. Automatic Identification Technology	1,841		1,841
18. Program Increases (continued)			
q. Logistics Transformation	95		95
r. Joint Logistics Warfighting Initiative	4,417		4,417
s. Training Initiative	54		54
t. Managerial Support increase for rent	4		4
u. Increase in DISA operating costs	5,205		5,205
v. Increase in purchased communications costs	671		671
w. Increase in equipment purchases	3,006		3,006
x. Programmatic increase to sustain MOCAS	6,500		6,500
y. Increase in other support services for Command initiatives	2,706		2,706
Total Program Increases	41,926	9,188	51,114

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Summary of Increases and Decreases

	BA4	BA2	Total
19. Program Decreases			
a. Reduced requirements in the Joint Asset Visibility Office	(6,549)		(6,549)
b. Fact of Life decrease for Rapid Acquisition or Manufactured Parts	(35)		(35)
c. Decrease reflects the completion of DPAS fielding	(5,163)		(5,163)
d. Fact of Life decrease for the Logistics Community Management Program	(189)		(189)
e. Chem suits decrease		(2)	(2)
f. T-Pack/MRE Maintenance decrease		(103)	(103)
g. Tray Pack IPM decrease		(204)	(204)
h. Manpower/Direct Support decrease		(92)	(92)
i. Industrial Readiness decrease		(4,312)	(4,312)
j. NBC Defense decrease		(82)	(82)
k. Reduction in information technology processing costs	(460)		(460)
l. Reduction in supplies and equipment maintenance costs	(41)		(41)
m. Reduction in equipment purchases	(2,608)		(2,608)
n. Reduction in contract consultants services	(9,291)		(9,291)
o. Reduction in studies, analysis and professional support services	(934)		(934)
p. Reduction in software development and testing services	(15,900)		(15,900)
q. Reduction in equipment and maintenance support services	(20,100)		(20,100)
r. Reduction in other support services associated with software development and maintenance	(10,069)		(10,069)
19. Program Decreases (continued)			
s. Security Locks	(8,628)		(8,628)
t. Disability Compensation	(8)		(8)
u. Automated Document Conversion System	(29,360)		(29,360)
v. Homeless Relief Blankets	(148)		(148)
w. Defense Security Service	(111)		(111)
x. Improved Cargo Methods	(3,915)		(3,915)
y. Midway Fuel	(1,957)		(1,957)
z. Managerial Support decrease in Official Representation Funds	(2)		(2)
aa. Reduction in civilian personnel funding associated with the aceleration of personnel downsizing initiatives	(12,927)		(12,927)
bb. Reduction in costs to reflet DFAS projected workload	(1,521)		(1,521)
Total Program Decreases	(129,916)	(4,795)	(134,711)
20. FY 2001 Budget Request	1,144,547	44,626	1,189,173

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Manpower Tables - Civilian Perosnnel

ENDSTRENGTH

	FY 1999	FY 2000	FY 2001	CHANGE
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Operation & Maintenance</u>				
U. S. Direct Hire	12,655	12,673	12,296	(377)
Foreign National Direct Hire	92	100	100	0
Total Direct Hire	12,747	12,773	12,396	(377)
Foreign National Indirect Hire	23	22	22	0
Total	12,770	12,795	12,418	(377)
<u>Defense Working Capital Fund</u>				
U. S. Direct Hire	25,598	24,737	22,814	(1,923)
Foreign National Direct Hire	121	134	133	(1)
Total Direct Hire	25,719	24,871	22,947	(1,924)
Foreign National Indirect Hire	791	767	716	(51)
Total	26,510	25,638	23,663	(1,975)
<u>Transaction Fund (DNSC)</u>				
Total U. S. Direct Hire	262	274	252	(22)
	262	274	252	(22)
<u>Defense Logistics Agency Total</u>				
U. S. Direct Hire	38,515	37,684	35,362	(2,322)
Foreign National Direct Hire	213	234	233	(1)
Total Direct Hire	38,728	37,918	35,595	(2,323)
Foreign National Indirect Hire	814	789	738	(51)
Total	39,542	38,707	36,333	(2,374)

DEFENSE LOGISTICS AGENCY
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Manpower Tables - Civilian Perosnnel

FULL-TIME EQUIVALENTS

	FY 1999	FY 2000	FY 2001	CHANGE
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Operation & Maintenance</u>				
U. S. Direct Hire	12,876	12,674	12,367	(307)
Foreign National Direct Hire	92	100	100	0
Total Direct Hire	12,968	12,774	12,467	(307)
Foreign National Indirect Hire	24	22	22	0
Total	12,992	12,796	12,489	(307)
<u>Defense Working Capital Fund</u>				
U. S. Direct Hire	26,523	25,358	23,281	(2,077)
Foreign National Direct Hire	121	137	134	(3)
Total Direct Hire	26,644	25,495	23,415	(2,080)
Foreign National Indirect Hire	794	783	776	(7)
Total	27,438	26,278	24,191	(2,087)
<u>Transaction Fund (DNSC)</u>				
Total U. S. Direct Hire	267	298	280	(18)
	267	298	280	(18)
<u>Defense Logistics Agency Total</u>				
U. S. Direct Hire	39,666	38,330	35,928	(2,402)
Foreign National Direct Hire	213	237	234	(3)
Total Direct Hire	39,879	38,567	36,162	(2,405)
Foreign National Indirect Hire	818	805	798	(7)
Total	40,697	39,372	36,960	(2,412)

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Manpower Tables - Active Duty Military Personnel

END STRENGTH

<u>Military Personnel</u>	FY 1999 <u>Actual</u>	<u>Change</u>	FY 2000 <u>Estimate</u>	<u>Change</u>	FY 2001 <u>Estimate</u>
<u>Operation and Maintenance</u>					
Army Officer	128	-4	124	0	124
Army Enlisted	20	2	22	0	22
Air Force Officer	259	56	315	0	315
Air Force Enlisted	64	8	72	0	72
Navy Officer	78	18	96	0	96
Navy Enlisted	22	3	25	0	25
Marine Officer	7	-3	4	0	4
Marine Enlisted	7	-1	6	0	6
Total	585	79	664	0	664
<u>Defense Working Capital Fund</u>					
Army Officer	115	16	131	-1	130
Army Enlisted	68	-4	64	0	64
Air Force Officer	119	26	145	-3	142
Air Force Enlisted	37	-4	33	-2	31
Navy Officer	95	24	119	-1	118
Navy Enlisted	9	37	46	0	46
Marine Officer	20	2	22	0	22
Marine Enlisted	12	0	12	0	12
Total	475	97	572	-7	565

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Manpower Tables - Active Duty Military Personnel

END STRENGTH

Defense Logistics Agency Total

Officers	821	135	956	-5	951
Enlisted	239	41	280	-2	278
Total	1060	176	1236	-7	1229

Summary of Increases/Decreases

FY 2000-FY 2001
Change
 -7

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Summary of Price and Program Changes
(Dollars in Thousands)

		FY 1999	<u>Price Growth</u>		Program	FY 2000
		<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	715,924	0.05	32,217	3,889	752,030
103	Wage Board	456	0.05	21	0	477
104	Foreign National Direct Hire (FNDH)	3,659	0.05	165	0	3,824
105	Separation Liability (FNDH)	46	0.05	2	0	48
106	Benefits to Former Employees	4,312	0.00	0	(228)	4,084
107	Voluntary Separation Incentive Pay	13,364	0.00	0	(13,364)	0
110	Unemployment Compensation	11,617	0.00	0	4,656	16,273
111	Disability Compensation	5,587	0.00	0	356	5,943
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	754,965		32,405	(4,691)	782,679
<u>TRAVEL</u>						
308	Travel of Persons	27,837	0.01	334	3,093	31,264
399	TOTAL TRAVEL	27,837		334	3,093	31,264
<u>SUPPLIES & MATERIALS PURCHASES</u>						
401	DFSC Fuel	86	-0.25	(22)	0	64
411	Army Managed Supplies and Materials	10	0.02	0	0	10
415	DLA Managed Supplies & Materials	1	0.05	0	(1)	0
416	GSA Managed Supplies & Materials	8,866	0.01	107	(465)	8,508
417	Locally Procured DoD centrally managed supp.	0	0.01	0	0	0
421	DLA Rebates	0	0.00	0	0	0
499	TOTAL SUPPLIES & MATERIALS PURCHASES	8,963		85	(466)	8,582
<u>EQUIPMENT PURCHASES</u>						
506	DLA Fund Equipment	1,070	0.05	0	50	1,120
507	GSA Managed Equipment	0	0.01	0	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	1,070		0	50	1,120

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Summary of Price and Program Changes
(Dollars in Thousands)

	FY 1999	<u>Price Growth</u>		Program	FY 2000
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>					
634	Navy Public Work Centers: Utilities	0	-0.01	0	0
635	Navy Public Work Centers: Public Works	42	0.02	1	43
647	DISA Information Services	4,995	-0.10	(479)	7,124
650	DLA Information Services	9,202	0.20	1,822	(10,802)
671	Communication Services (DISA)	8,505	0.16	1,378	(1,274)
673	Defense Finance and Accounting Services	13,946	0.01	167	(8,822)
677	Purchased Equipment Maintenance, Non-ADP	0	0.00	0	0
678	Defense Security Service	0	0.02	0	0
699	TOTAL PURCHASES	36,690		2,889	(18,290)
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>					
701	MAC Cargo (Fund)	1	0.00	0	0
771	Commercial Transportation	2,144	0.01	26	(10)
799	TOTAL TRANSPORTATION	2,145		26	(10)

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Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY 1999</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2000</u>
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>					
901 Foreign National Indirect Hire (FNIH)	752	0.05	34	0	786
912 Rental Payments to GSA (SLUC)	16,171	0.01	194	(1,948)	14,417
913 Purchased Utilities (non-Fund)	2,416	0.01	29	0	2,445
914 Purchased Communications (non-Fund)	9,264	0.01	111	(1,297)	8,078
915 Rents (non-GSA)	2,021	0.01	24	0	2,045
917 Postal Services (U.S.P.S.)	1,038	0.02	16	0	1,054
920 Supplies & Materials (non-Fund)	10,983	0.01	132	(118)	10,997
921 Printing and Reproduction	352	0.01	4	0	356
922 Equipment Maintenance by Contract	793	0.01	12	189	994
923 Facility Maintenance by Contract	693	0.01	8	0	701
925 Equipment Purchases (non-Fund)	20,657	0.01	247	6,747	27,651
931 Contract Consultants	10,780	0.01	130	0	10,910
932 Management & Professional Support Services	728	0.01	9	599	1,336
933 Studies, Analysis, & Evaluations	1,107	0.01	14	(300)	821
934 Engineering & Technical Services	1,893	0.01	23	(359)	1,557
988 Grants	17,000	0.01	204	153	17,357
989 Other Contracts	306,815	0.01	3,681	(19,151)	291,345
991 Foreign Currency Variance	14	0.01	0	0	14
998 Other Costs	181	0.01	2	0	183
999 TOTAL OTHER PURCHASES	403,657		4,874	(15,484)	393,047
9999 TOTAL OPERATION & MAINTENANCE	1,235,327		40,613	(35,798)	1,240,142

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Summary of Price and Program Changes
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		FY 2000	<u>Price Growth</u>		Program	FY 2001
		<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	752,030	0.04	29,893	(14,988)	766,935
103	Wage Board	477	0.04	18	0	495
104	Foreign National Direct Hire (FNDH)	3,824	0.04	152	0	3,976
105	Separation Liability (FNDH)	48	0.04	2	0	50
106	Benefits to Former Employees	4,084	0.00	0	140	4,224
107	Voluntary Separation Incentive Pay	0	0.00	0	2,000	2,000
110	Unemployment Compensation	16,273	0.00	0	4,621	20,894
111	Disability Compensation	5,943	0.00	0	(8)	5,935
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	782,679		30,065	(8,235)	804,509
<u>TRAVEL</u>						
308	Travel of Persons	31,264	0.02	468	1,484	33,216
399	TOTAL TRAVEL	31,264		468	1,484	33,216
<u>SUPPLIES & MATERIALS PURCHASES</u>						
401	DFSC Fuel	64	0.63	40	0	104
411	Army Managed Supplies and Materials	10	-0.04	0	0	10
415	DLA Managed Supplies & Materials	0	0.05	0	0	0
416	GSA Managed Supplies & Materials	8,508	0.02	128	0	8,636
417	Locally Procured DoD centrally managed supp.	0	0.02	0	0	0
421	DLA Rebates	0	0.00	0	0	0
499	TOTAL SUPPLIES & MATERIAL PURCHASES	8,582		168	0	8,750
<u>EQUIPMENT PURCHASES</u>						
506	DLA Fund Equipment	1,120	0.05	50	0	1,170
507	GSA Managed Equipment	0	0.02	0	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	1,120		50	0	1,170

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Summary of Price and Program Changes
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	FY 2000	<u>Price Growth</u>		Program	FY 2001
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>					
634	Navy Public Work Centers: Utilities	0	0.02	0	0
635	Navy Public Work Centers: Public Works	43	0.02	1	44
647	DISA Information Services	7,124	-0.06	(449)	11,511
650	DLA Information Services	222	0.00	0	222
671	Communication Services (DISA)	8,609	0.00	(34)	7,445
673	Defense Finance and Accounting Services	5,291	0.05	259	4,936
677	Purchased Equipment Maintenance, Non-ADP	0	0.00	0	0
678	Defense Security Service	0	0.00	0	0
699	TOTAL PURCHASES	21,289		(223)	24,158
 <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>					
701	MAC Cargo (Fund)	1	0.00	0	1
771	Commercial Transportation	2,160	0.02	32	2,192
799	TOTAL TRANSPORTATION	2,161		32	2,193

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Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY 2000</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2001</u>	
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>OTHER PURCHASES</u>						
901	Foreign National Indirect Hire (FNIH)	786	0.04	31	0	817
912	Rental Payments to GSA (SLUC)	14,417	0.15	265	4	14,686
913	Purchased Utilities (non-Fund)	2,445	0.02	37	0	2,482
914	Purchased Communications (non-Fund)	8,078	0.02	121	671	8,870
915	Rents (non-GSA)	2,045	0.02	31	0	2,076
917	Postal Services (U.S.P.S.)	1,054	0.00	0	0	1,054
920	Supplies & Materials (non-Fund)	10,997	0.02	165	(27)	11,135
921	Printing and Reproduction	356	0.02	5	0	361
922	Equipment Maintenance by Contract	994	0.02	15	(18)	991
923	Facility Maintenance by Contract	701	0.02	10	0	711
925	Equipment Purchases (non-Fund)	27,651	0.02	415	(1,377)	26,689
931	Contract Consultants	10,910	0.02	163	(9,291)	1,782
932	Management & Professional Support Services	1,336	0.02	20	(461)	895
933	Studies, Analysis, & Evaluations	821	0.02	12	(473)	360
934	Engineering & Technical Services	1,557	0.02	23	0	1,580
988	Grants	17,357	0.02	260	405	18,022
989	Other Contracts	291,345	0.02	4,371	(73,249)	222,468
991	Foreign Currency Variance	14	0.02	0	0	14
998	Other Costs	183	0.02	3	(2)	184
999	TOTAL OTHER PURCHASES	393,047		5,947	(83,818)	315,177
9999	TOTAL OPERATION & MAINTENANCE	1,240,142		36,507	(87,477)	1,189,173

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

I. Description of Operations Financed:

Funding for Warstoppers recognizes that preparedness measures must be taken for certain supply items and critical industrial capability must be preserved to support the Department's readiness and sustainment requirements. This concept applies to items such as chemical protective suits and gloves, nerve agent antidote auto-injectors, meals-ready-to eat, and tray pack assemblies. In each instance, peacetime demand is inadequate to sustain an industrial base sufficient for readiness and mobilization. The "Warstoppers" qualify for funding, not as the result of reasonable business decisions, but as a matter of national security, and therefore, do not fall within the purview of the Defense Working Capital Fund (DWCF) which emphasizes customer-provider relationships.

The Warstoppers program is mandated by law, and is the single Agency program to preserve essential production capability, and to provide the means to invest in improving industry responsiveness. This also includes the funding of Industrial Preparedness Measures (IPMs) to allow for the "surge" of battle critical material to increase supply availability of spares and troop support items as directed in Defense planning documents. Industrial Base Maintenance Contracts currently preserve critical production capabilities for nerve agent antidotes and chemical protective gloves with minimal annual investment. Industrial readiness or preparedness investments enable DLA to provide surge capability for critical weapon systems and troop support items as a more cost-effective alternative to War Reserve Materiel (WRM).

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

I. Description of Operations Financed (continued):

NERVE AGENT ANTIDOTES (NAA): The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for Nerve Agent Antidote Auto-injectors. Since 1992, the only FDA approved producer has had an Industrial Base Maintenance Contract (IBMC) to ensure the financial viability of the firm and to maintain the manufacturing capability to produce injectors for wartime surge and sustainment. These funds maintain critical process capability and FDA certification of the sole domestic source of NAA autoinjectors. In FY 01, the budget request for this program is \$8.04M. This program increase is due to negotiated contractor prices.

CHEMICAL GLOVES: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. The resources support Industrial Base Maintenance Contracts (IBMCs) for the only two sources of butyl gloves. Peacetime demand is insufficient to maintain these sources of supply. In FY 01, the budget request for this program is \$4.091M. This program remains level with the DLA FY 00 President's Budget request.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

I. Description of Operations Financed (continued):

CHEMICAL SUITS: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. This line funds measures to ensure the availability of adequate industrial capability to meet wartime demand for chemical protective suits. The line has been used to purchase chemical protective suit liner material that is stored as a reserve to meet wartime production demand. The liner material is a long lead-time item purchased from foreign sole source. In FY 01, the budget request for this program is \$3.094M. This program decrease is due to estimated costs to purchase JSLIST liner material.

TRAY PACK/MRE EQUIPMENT MAINTENANCE: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. The resources requested for this project will fund the storage and maintenance of unique tray pack and MRE production equipment necessary to meet wartime requirements. This equipment gives the industry the capability to quickly expand production in times of war. In FY 01, the budget request for this program is \$100K. The program decrease is due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

I. Description of Operations Financed (continued):

TRAY PACK IPM: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. This line funds measures to ensure that adequate industrial capacity exists to meet the Services' wartime surge requirements for tray pack rations. In FY 01, the budget request for this program is \$50K. The program decrease is due to the completion of the purchase of unitization equipment.

MANPOWER AND DIRECT SUPPORT: DLA, a Combat Support Agency, is directed by Congress to assess the capability of the industrial base to provide wartime requirements and maintain the ability of the industrial base to produce critical Warstopper items. These funds support readiness initiatives, supporting activities, and personnel implementing DLA's Industrial Base Program (IBP) to include salaries, travel, training, tools. In FY 01, the budget request for this program is \$3.737M. This program decrease is due to lower estimates for commercial asset visibility data.

DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM (DPAS): This line funds resources necessary to establish and maintain a viable DPAS program within DLA. This program promotes an efficient and effective program by providing continual training and training materials to field personnel that manage and execute the program. In FY 01, the budget request for this program is \$30K. This program remains level with the DLA FY 00 President's Budget request.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

I. Description of Operations Financed (continued):

NUCLEAR, BIOLOGICAL, AND CHEMICAL (NBC) DEFENSE: This line provides for mobilization preparedness of critical NBC Defense products required by the Services. DLA must maintain a "warm" military unique industrial capability that meets the Services' replenishment and sustainment requirements. Items covered are military unique biomedical defense vaccines and chemical agent defense pharmaceuticals. In FY 01, the budget request for this program is \$2.279M. This represents contractor negotiated costs for the Nerve Agent Antidote Autoinjector Shelf Life Extension Program.

INDUSTRIAL READINESS: This project focuses on funding to (1) support surge capability for critical troop support items and commodities supporting critical weapons systems, and (2) ensure actions preserving critical industrial capability can be implemented. Emphasis is being placed on new business practices and increased reliance on the commercial sector to meet these requirements. The Prime Vendor (PV) Surge Assessment/Test Initiative is a major element of this funding category. This initiative provides for more rigorous surge assessments and testing of prime vendors and other long-term contracts and provides funds for investments to meet critical wartime shortfalls. A large percentage of our troop

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
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Budget Activity #2: Warstoppers

I. Description of Operations Financed (continued):

support items are provided via prime vendors, and an increasing quantity of hardware and spares are being procured via Prime Vendors. The PV Surge Initiative provides for more comprehensive supplier assessments and the funding of measures to address capability shortfalls. In FY 01, the budget request for this program is \$5.868M. The decrease is due to a reallocation of funds within the Warstoppers Program to Medical Readiness, an area with more significant readiness shortfalls.

MEDICAL READINESS: The Medical Readiness account funds preparedness measures necessary to ensure that DLA can meet the Services' surge requirements for critical pharmaceutical, medical, and surgical items. Measures such as Stock Rotation, Prime Vendor Surge, Corporate Exigency Contracts (CEC) and Vendor Managed Inventory (VMI) are used to address shortfalls. In FY 01, the budget request for this program is \$11.46. This program increase is due to the expansion of CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$600M wartime planning shortfall.

OZONE DEPLETING SUBSTANCES: This activity funds the purchase of Halon 1301 as part of the Ozone Depleting Substances (ODS) Reserve Program. The Halon provides critical fire suppression capability for numerous weapon systems. In FY 01, the budget request for this program is \$5.877M. The increase reflects the maximum amount that could be allocated from a budgetary standpoint after funding competing priorities. The intent is to complete the purchase of the reserve by FY 03.

II. Force Structure: N/A

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

		<u>FY 2000</u>				
<u>III. Financial Summary (O&M: \$ in Thousands)</u>		FY 1999	Budget		Current	FY 2001
A.	<u>Subactivity Group</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
	Nerve Agent Antidote	11,857	7,853	7,853	7,853	8,040
	Chem Gloves	3,940	4,027	4,027	4,027	4,091
	Chem Suits	51	3,050	3,050	3,050	3,094
	MRE IPM/Tray Pack IPMs	0	250	250	250	50
	T-Pack/MRE Maintenance	200	200	200	200	100
	Manpower/Direct Support	3,677	3,772	3,772	3,772	3,737
	DPAS	0	30	30	30	30
	NBC Defense	3,467	1,000	2,426	2,326	2,279
	Industrial Readiness	2,770	10,030	10,030	10,030	5,868
	Medical Readiness	5,957	6,100	6,100	6,100	11,460
	Ozone Depleting Substances	3,500	2,000	2,000	2,000	5,877
	Total	35,419	38,312	39,738	39,638	44,626
B.	<u>Reconciliation Summary</u>					
			Change		Change	
			<u>FY 2000/FY 2000</u>		<u>FY 2000/FY 2001</u>	
	Baseline Funding		38,312		39,638	
	Congressional Adjustments (Distributed)		1,500		0	
	Congressional Adjustments (Undistributed)		0		0	
	Congressional Earmarks Bill Payer		(74)		0	
	Appropriated Amount (Subtotal)		39,738		0	
	Across-the-board Reduction (Recission)		(100)		0	
	Approved Reprogrammings/Transfers		0		0	
	Price Change		(106)		595	
	Program Changes		106		4,393	
	Current Estimate		39,638		44,626	

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #2: Warstoppers

C. Reconciliation of Increases and Decreases:

1. FY 2000 Amended President's Budget		38,312
2. Congressional Adjustments (Distributed)	1,500	
Total Congressional Adjustments (Distributed)		1,500
3. Congressional Adjustments (Undistributed)		
Total Other Congressional Adjustments (Undistributed)		
4. Congressional Earmarks		
Congressional Earmarks Bill Payer	(74)	
Total Congressional Earmarks		(74)
5. FY 2000 Appropriation Enacted		39,738
6. FY 2000 Recission		(100)
7. Functional Transfers In		
Total Functional Transfers In		
8. Other Transfers - In (Non-Functional)		
Total Other Transfers In		
9. Functional Transfers Out		
Total Functional Transfers Out		

DEFENSE LOGISTICS AGENCY
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2001 Budget Estimates
 Budget Activity #2: Warstoppers

C. Reconciliation of Increases and Decreases:

10. Other Functional Transfers Out		
Total Functional Transfers Out		
11. Price Change		(106)
12. Program Increase:		
Off-set for pricing change	106	
Total Program Increase		106
13. Program Decrease:		
Total Program Decrease		
14. Revised FY 2000 Current Estimate		39,638
15. Price Growth		595
16. Transfers In		
Total Transfers In		
17. Transfers Out		
Total Transfers Out		
18. Program Increases		
a. Nerve Agent Antidote increase due to negotiated contractor prices.	69	
b. Chemical Gloves increase due to program requirements.	3	

DEFENSE LOGISTICS AGENCY
 Operation and Maintenance, Defense-Wide
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 Budget Activity #2: Warstoppers

C. Reconciliation of Increases and Decreases:

18.	Program Increases (continued)		
	c. Medical Readiness increase due to the expansion of CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$600M wartime planning shortfall.	5,269	
	d. Ozone Depleting Substance increase reflects the maximum amount that could be allocated from a budgetary standpoint after funding competing priorities. The intent is to complete the purchase of the reserve by FY 03.	3,847	
	Total Program Increases		9,188
19.	Program Decreases		
	a. Chem suits decrease due to estimated costs to purchase JSLIST liner material.	(2)	
	b. T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.	(103)	
	c. Tray Pack IPM decrease due to the completion of purchase of unitization equipment.	(204)	
	d. Manpower/Direct Support decrease due to lower estimates for commercial asset visibility data.	(92)	
	e. Industrial Readiness decrease due to a reallocation of funds within the Warstopper Program to Medical Readiness, an area with more significant readiness shortfalls.	(4,312)	
	f. NBC Defense decrease due to estimated requirements.	(82)	
	Total Program Decreases		(4,795)
20.	FY 2001 Budget Request		44,626

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
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IV. Performance Criteria and Evaluation Summary:

The Warstoppers Program funds activities aimed at assessing the capability of the Defense Logistics Agency to meet the Services and Commander-in-Chief's (CINCs) wartime requirements. Additionally, the program funds industrial preparedness measures directed at preserving critical industrial capability and accelerating the production of critical spares and troop support items. Ultimately, the Warstoppers Program provides for improved wartime readiness for the Agency. The metrics used on the program provide assessments of readiness and related factors such as budgeting and programming actions.

The readiness metric is used to provide a basis to track progress and direct funding and actions to critical areas. Ratings are made for each commodity area such as Medical, Clothing & Textiles, Subsistence. The metrics take into account considerations such as coverage of war reserve requirements, surge testing, and return on investment. Comprehensive industrial base assessments, plans to address capability shortfalls, and industrial preparedness measures form the basis for the subjective metrics. Metrics used to gauge the state of the Warstoppers Program are: understanding the requirements, knowledge of industry, plans for deficiencies, and resource availability.

The metrics used to measure performance are: exceptional capability of coverage, satisfactory capability of coverage, shortfalls in capability of coverage exist, measures exist to mitigate deficiencies, significant shortfalls in capability of coverage exist, and no measures exist to mitigate deficiencies. Based on FY 99 success, the continued goal for the Warstoppers Program in FYs 2000 and 2001 is to provide exceptional capability of coverage to meet the Services and CINCs wartime requirements.

V. Personnel Summary: N/A

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Budget Activity #2: Warstoppers

VI. OP-32 Line Items as Applicable (Dollars in Thousands):

		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		FY 1999	Price Program	FY 2000	Price Program	FY 2001		
		<u>Actual</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	
989	Other Contracts	35,419	425	3,794	39,638	595	4,393	44,626
	TOTAL OTHER PURCHASES	35,419	425	3,794	39,638	595	4,393	44,626
	TOTAL	35,419	425	3,794	39,638	595	4,393	44,626

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

Contract Administration Services (CAS):

The Defense Contract Management Command (DCMC) provides customer-focused contract management services throughout the acquisition life cycle, around the clock, around the world. As DoD's independent CAS agent, DCMC represents the interests of the Government with industry, thereby protecting the rights of the Government, obtaining maximum value for taxpayers' dollars and providing responsive support to the Military Departments as well as to civilian agency customers. DCMC's major responsibilities are: ensuring contractor compliance with cost, delivery, technical, quality and other terms of contracts assigned for administration; accepting products and services on behalf of the Government; providing program and technical support; and ensuring that contractors are paid. DCMC serves as DoD's information broker in contractors' plants worldwide, providing the Military Departments and civilian agency customers with invaluable insight in both preaward and postaward contract management.

DCMC aims to be the provider of choice for contract management for the Department of Defense and a valued customer to our suppliers. DCMC's strategic objectives include: providing the right item at the right time for the right price, teaming with our business partners to achieve customer results, serving as a catalyst for the revolution in

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

business affairs, accelerating acquisition reform by applying commercial processes and practices, leveraging information technology to improve business results, investing to develop and sustain the right talent, and building and maintaining a positive work environment.

The Defense Contract Management Command (DCMC) has already made major reductions in staffing between FY 1991 and FY 2000. This budget continues that trend and reflects a reduction of almost 400 personnel from FY 2000 to FY 2001. The three main areas of nonlabor growth are related to the relocation of the DCMC HQ, the continued support for the Mechanization of Contract Administration Services (MOCAS) system until implementation of the Standard Procurement System, and support costs for the Defense Information Services Agency associated with MOCAS.

DCMC Initiatives:

To support the Department of Defense's (DoD) revolution in business affairs, DCMC strives to continually improve efficiency and effectiveness of its' business processes. The use of Information Technology (IT) is a major component of DCMC's success in this area. DCMC must provide the IT tools its' workforce require to perform their job and produce superior results.

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Operation and Maintenance, Defense-Wide
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Budget Activity #4: Contract Management

I. Description of Operations Financed:

Specifically, these efforts include the transformation of the manual logs and registers into automated systems capable of serving as workload management tools, while seamlessly and economically collecting meaningful management information. The Defense Contract Management Command's (DCMC's) Information Technology (IT) allows this information to be easily shared throughout the command to make timely, complete, and accurate data available to all levels of DCMC for sound business decisions. Visibility of key data and information at the team level supports performance based management, allowing teams to self direct the application of limited resources to the appropriate priorities.

Ultimately, DCMC's customers, the Military Departments and Agencies, benefit from the effort and expense of IT because of increased access to information such as contractor delivery status, manufacturing efforts, quality assurance measures and payments. Thus DCMC customers are able to anticipate difficulties and resolve them before they impact the war fighter.

The most significant change in the IT initiatives budget is the inclusion of the Mechanization of Contract Administration Services (MOCAS) system, establishment of a separate Program Element (PE) code for the Standard Procurement System (SPS), and

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

realignment of funds from Operation and Maintenance (O&M) to Research, Development, Test and Evaluation (RDT&E) and Procurement Defense-Wide (PDW). Previously, the Mechanization of Contract Administration Services (MOCAS) system was funded within the Standard Procurement System (SPS). The delay in the deployment of SPS to the Defense Contract Management Command (DCMC) has forced operation of the MOCAS to continue longer than DCMC previously planned. MOCAS will remain in operation until FY 04. The realignment of funds was necessary to conform with recent Information Technology (IT) budgeting policy due to language contained in the FY 2000 House Appropriations Committee Report (106-244) that the Department was using O&M funding for activities more appropriately funded in RDT&E and PDW. Another significant change in the Information Technology budget is the disestablishment of the DLA System Design Center (DSDC) as a Defense-Wide Working Capital Fund business area with transfer of resources to DCMC.

DCMC Infrastructure:

IT infrastructure is vital to DCMC's mission and successful implementation of its initiatives. DCMC's technical architecture defines the computing and communications environment required to meet these goals. As new mission needs and business requirements are identified, DCMC updates its technical architecture.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

One such change is the Command's migration from mid-level systems to web based application platforms. As DCMC replaces MOCAS with SPS and develops business applications to operate within a client/server and web server architecture, this switch becomes increasingly vital to the success of DCMC. In addition, the Command's growing need for computing power capable of running standard Commercial Off the Shelf (COTS) software has increased and mandates these changes. Business operations have dramatically increased the amount of data that must be exchanged between personnel, both within and outside the Defense Contract Management Command (DCMC). This requires increased bandwidth and server capability, which must be planned, executed and maintained in this changing environment.

DCMC has embarked on a one third replacement program to update its current technical infrastructure to maintain industry standards and efficiency. With the high volume of paperless and large processing requirements being directed for implementation by the Office of the Secretary of Defense, it is imperative that DCMC replace its base Information Technology (IT) infrastructure every three years. The one-third replacement cycle (approximately 4,500 personal computers (PCs) per year) gives DCMC the ability to keep PC hardware requirements in line with the ever-changing and increasing requirements in the software processing standards/speeds. Without this one-third replacement cycle the cost to incorporate new high processing applications becomes greater due to old equipment. DCMC is also required to support programs that work directly with contractors/contract facilities. To facilitate this working relationship, DCMC must maintain current industry standards with our IT infrastructure or the ability to interact with industry becomes limited.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

DLA Corporate Allocation:

The Defense Logistics Agency (DLA) is made up of six different business areas, one of which is the Defense Contract Management Command (DCMC). In addition to budgeting for the core mission, each business area must budget for an allocation of the costs for DLA's corporate organizations. The corporate organizations include the Office of the Comptroller, Civilian Personnel, Administrative Support Center, and General Council. The allocation of corporate costs is based on each business areas "earnings". In the case of DCMC, the Operations and Maintenance appropriation is considered the earnings. DCMC budgets for 6.3 percent of DLA's corporate costs.

Reimbursable Earnings:

DCMC performs Contract Administration Services (CAS) on a reimbursable basis for non-DoD customers. Most of this reimbursable work, including support of Foreign Military Sales (FMS), the National Aeronautical Space Administration (NASA) and other civilian agency customers, is billed monthly at a standard annual rate. Outside CONUS (OCONUS) reimbursable work (limited in scope) is primarily reimbursed on an actual cost basis.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimate
Budget Activity #4: Contract Management

I. Description of Operations Financed:

Contract Administration Services (CAS) hours in support of Foreign Military Sales (FMS) are computed based on a ratio of FMS contract disbursements to total contract disbursements and account for 60% of the Defense Contract Management Command's (DCMC's) reimbursable budget. In FY 1999 the FMS ratio was 13.23%. The ratio decreased to 10.2% in FY 2000, resulting in a decrease of approximately 400 personnel. In FY 2001, the projected FMS ratio is 9.3% and results in further decreases in FMS earnings of approximately \$5 million (75 personnel) between FYs 2000 and 2001. The majority of the decrease in our FMS earnings tracks back to significant reductions in FMS disbursements on FMS sales to Saudi Arabia.

DCMC hours worked in support of the National Aeronautical Space Administration (NASA) and associated DCMC reimbursable earnings continue to decrease and have been on the decline since FY 1996. From FY 2000 to FY 2001, NASA hours decreased by 13%, or 25 personnel. During FY 2000 NASA determined they needed more in-house quality assurance expertise and opted to hire about 25 FTEs at Kennedy Space Center to perform quality assurance functions in support of the Space Station, work typically performed by DCMC.

II. Force Structure Summary: N/A

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Contract Management

		FY 2000				
III. <u>Financial Summary (O&M: \$ in Thousands)</u>		FY 1999	Budget		Current	FY 2001
A. <u>Subactivity Group</u>		<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
1 Contract Administration Services						
A. Personnel Compensation and Benefits		813,280	862,000	852,000	849,790	855,356
B. Voluntary Separation Incentive Pay		13,364	12,475	12,475	0	2,000
C. PCS		11,903	12,328	12,328	12,328	12,525
D. Travel		23,034	37,665	27,483	25,297	27,509
E. Training		10,080	16,096	16,096	0	0
F. Information Services - DISA		14,311	19,340	16,638	15,854	20,389
G. Information Services - DLA		10,213	6,169	6,169	0	0
H. Finance and Accounting Services		15,455	6,896	6,896	5,546	5,204
I. Other Operating Support Costs		68,817	44,476	44,476	68,081	80,680
Subtotal		980,457	1,017,445	994,561	976,896	1,003,663
3 DCMC Initiatives		12,634	12,353	12,353	15,439	18,292
4 Infrastructure		33,095	35,717	35,717	36,631	34,065
5 DLA Corporate Allocation		11,133	13,463	13,463	13,463	14,294
Total		1,037,319	1,078,978	1,056,094	1,042,429	1,070,314
Reimbursable Earnings		159,702	175,103	175,103	162,628	153,859
Operation & Maintenance Total		877,617	903,875	880,991	879,801	916,455

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Contract Management

III. Financial Summary (O&M: \$ in Thousands)

B. Reconciliation Summary

	<u>Change</u> <u>FY 2000/FY 2000</u>	<u>Change</u> <u>FY 2000/FY 2001</u>
1. Baseline Funding	903,875	879,801
a. Congressional Adjustments (Distributed)	(5,000)	0
b. Congressional Adjustments (Undistributed)	(6,107)	0
c. Congressional Adjustments (General Provision)	(10,000)	0
d. Congressional Earmarks	0	0
e. Congressional Earmarks Billpayer	(1,777)	0
2. Appropriated Amount (Subtotal)	880,991	879,801
a. Adjustments to Meet Congressional Intent	0	0
b. Across-the-board Reduction (Recission)	(3,373)	0
c. Approved Reprogramming/Transfers	(1,573)	5,077
3. Price Change	72	30,890
4. Program Changes	3,684	687
5. Current Estimate	879,801	916,455

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Contract Management

C. Reconciliation of Increases and Decreases:

1.	FY 2000 President's Budget		903,875
2.	Congressional Adjustments (Distributed)		
	Performance Measures	(5,000)	
	Total Congressional Adjustments (Distributed)		(5,000)
3.	Congressional Adjustments (Undistributed)		
	Headquarters Management	(6,107)	
	Congressional Adjustments (General Provisions):		
	Civilian Underexecution	(10,000)	
	Total Congressional Adjustments (Undistributed)		(16,107)
4.	Congressional Earmarks:		
	Congressional Earmarks Bill Payer	(1,777)	
	Total Congressional Earmarks		(1,777)
5.	FY 2000 Appropriated Amount		880,991
6.	FY 2000 Rescission		(3,373)
7.	Functional Transfers-In		
	Transfer of funding from the Office of the Secretary of Defense (OSD	127	
	in support of one full-time International Quality Assurance equivalent		
	Total Functional Transfers In		127
8.	Other Transfer-In (Non-Functional):		
	Total Other Transfers-In		

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C. Reconciliation of Increases and Decreases:

9. Functional Transfers-Out		
a. Functional transfer to Defense Human Resources Activity for Defense Finance and Accounting Service (DFAS) charges	(1,400)	
b. Functional transfer to Defense Acquisition University (DAU) for Defense Finance and Accounting Service (DFAS) charges	(300)	
Total Functional Transfers-Out		(1,700)
10. Other Functional Transfers-Out		
Total Other Functional Transfers-Out		
11. Price Change		72
12. Program Increase		
a. Increased in Management Headquarters funding	2,702	
b. Increased in funding to support relocation from the Headquarters building at Ft. Belvoir to modular buildings	3,000	
Total Program Increase		5,702
13. Program Decrease		
a. Program adjustment to offset FY 00 Price Change	(72)	
b. Reduction in for civilian personnel funding due to the acceleration of downsizing initiatives	(1,946)	
Total Program Decrease		(2,018)
14. Revised FY 2000 Estimate		879,801
15. Price Growth		30,890

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C. Reconciliation of Increases and Decreases:

16. Transfers-In		
Air Force Privatization costs to reimburse DCMC for performing contract management of the C-5 contract	5,077	
Total Transfers-In		5,077
17. Transfers-Out		
a. Transfer of initiatives funding to the Research, Development, Testing and Evaluation (RDT&E) appropriation to comply with recent information technology policy	(1,700)	
b. Transfer of initiatives funding to the Procurement, Defense-Wide (PDW) appropriation to comply with recent information technology policy	(3,600)	
Total Transfers - Out		(5,300)
18. Program Increases		
a. Increase in travel to support mission restructuring changes	2,347	
b. Increase in DISA operating costs to support mainframe services	5,205	
c. Increase in purchased communications costs due to higher usage of local telecommunications services	671	
d. Increase in equipment purchases to support Command replacement requirements	3,006	
e. Programmatic increase to sustain MOCAS until completion of the Standard Procurement System (SPS)	6,500	
f. Increase in other support services for Command initiatives	2,706	
Total Program Increase		20,435
19. Program Decreases		
a. Reduction in civilian personnel funding due to the acceleration of downsizing initiatives	(12,927)	
b. Reduction in costs to reflect DFAS projected workload estimates	(1,521)	
Total Program Decreases		(14,448)
20. FY 2001 Budget Request		916,455

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IV. Performance Criteria and Evaluation Summary:

The FY 2000-2005 Performance Contract contains four goals for the Defense Contract Management Command (DCMC) which are associated with the CAS Subactivity group.

The first goal is to achieve a rating of five or greater, on a six point scale, on 90% of the responses regarding overall customer satisfaction. DCMC will conduct customer surveys each month. Primary customers to be surveyed are Acquisition Category I, II and III program managers, their respective Procurement Contracting Officers (PCOs), service logistics and item managers, and their respective PCOs. Problems identified in the surveys will be assessed for corrective action.

The second goal is to improve the percentage of contracts closed out in accordance with Federal Acquisition Regulation/Defense Federal Acquisition Regulation Supplement goals. Much of the documentation required to close out contracts is provided by other organizations (i.e., Defense Contract Audit Agency, Defense Finance and Accounting Service, and program offices). To attain this goal, the Department of Defense components will need to team with DCMC to reengineer the end-to-end contracting process to improve the timeliness of contract closeouts and will need to improve responsiveness in providing accurate and timely documentation required to close contracting actions.

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IV. Performance Criteria and Evaluation Summary (continued):

The third goal is to reduce the cost per unit of output for contract administration services by three percent annually from the FY 1999 baseline through improvements in productivity. DCMC has implemented a unit cost and activity-based management system. The forecast assumes stable contract workload and no major changes in delegation of contract authority from the military services.

The fourth goal is to increase the percentage of on-time Definitized Contractual Actions (DCAs) to 87%. Once again, the achievement of this goal depends on inputs from other organizations (i.e., Defense Contract Audit Agency and program offices). The reengineering of the end-to-end contracting process will assist in attaining this goal.

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<u>V. Personnel Summary</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Change</u> <u>FY 99/FY00</u>	<u>Change</u> <u>FY 00/FY01</u>
<u>Active Military End Strength (E/S) (Total)</u>	656	570	665	(86)	95
Officer	542	471	541	(71)	70
Enlisted	114	99	124	(15)	25
 <u>Civilian End Strength (Total)</u>	 12,537	 12,535	 12,153	 (2)	 (382)
U.S. Direct Hire	12,415	12,413	12,031	(2)	(382)
Foreign National Direct Hire	100	100	100	0	0
Total Direct Hire	12,515	12,513	12,131	(2)	(382)
Foreign National Indirect Hire	22	22	22	0	0
(Reimbursable Civilians Included Above - Memo)	2,012	1,721	1,618	(291)	(103)
 <u>Active Military Average Strength (A/S) (Total)</u>	 656	 570	 665	 (86)	 95
Officer	542	471	541	(71)	70
Enlisted	114	99	124	(15)	25
 <u>Civilian Workyears (Total)</u>	 12,774	 12,535	 12,224	 (239)	 (311)
U.S. Direct Hire	12,652	12,413	12,102	(239)	(311)
Foreign National Direct Hire	100	100	100	0	0
Total Direct Hire	12,752	12,513	12,202	(239)	(311)
Foreign National Indirect Hire	22	22	22	0	0
(Reimbursable Civilians Included Above - Memo)	2,012	1,721	1,618	(291)	(103)

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VI. Financial Summary (O&M: \$ in Thousands)

		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
<u>Summary of Price and Program Changes</u>		<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>	<u>Price</u>	<u>Program</u>	<u>FY 2001</u>
		<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
101	Executive, General & Special Schedule	699,062	31,458	127	730,647	29,043	(14,927)	744,763
103	Wage Board	372	17	0	389	15	0	404
104	Foreign National Direct Hire	3,659	165	0	3,824	152	0	3,976
105	Separation Liability (FNDH)	46	2	0	48	2	0	50
106	Benefits to Former Employees	3,730	0	(500)	3,230	0	0	3,230
107	Voluntary Separation Incentive Pay	13,364	0	(13,364)	0	0	2,000	2,000
111	Disability Compensation	4,844	0	0	4,844	0	0	4,844
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	725,077	31,642	(13,737)	742,982	29,212	(12,927)	759,267
308	Travel of Persons	25,893	311	3,354	29,558	443	2,347	32,348
399	TOTAL TRAVEL	25,893	311	3,354	29,558	443	2,347	32,348
401	Fuel Purchases (Supply Management)	86	(22)	0	64	40	0	104
411	Army Managed Supplies and Materials	10	0	0	10	0	0	10
416	GSA Managed Supplies and Materials	8,794	106	(448)	8,452	127	0	8,579
499	TOTAL FUND SUPPLIES & MATERIALS PURCHASES	8,890	84	(448)	8,526	167	0	8,693
506	DLA Equipment	879	41	0	920	41	0	961
599	TOTAL FUND EQUIPMENT PURCHASES	879	41	0	920	41	0	961
635	Naval Public Works Centers: Public Works	42	1	0	43	1	0	44
647	DISA Information Services	3,899	(374)	2,159	5,684	(358)	5,205	10,531
650	DLA Information Services	9,202	1,822	(10,802)	222	0	0	222
671	Communication Services (DISA) Tier 2	8,505	1,378	(1,274)	8,609	(34)	(1,130)	7,445
673	Defense Finance and Accounting Services	13,935	167	(9,238)	4,864	238	(614)	4,488
699	TOTAL PURCHASES	35,583	2,994	(19,155)	19,422	(153)	3,461	22,730

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VI. Financial Summary (O&M: \$ in Thousands)

<u>Summary of Price and Program Changes</u>		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		<u>FY 1999</u> <u>Actuals</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2000</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2001</u> <u>Estimate</u>
771	Commercial Transportation	2,130	26	0	2,156	32	0	2,188
799	TOTAL TRANSPORTATION	2,130	26	0	2,156	32	0	2,188
901	Foreign National Indirect Hire (FNIH)	752	34	0	786	31	0	817
912	SLUC (GSA Leases)	15,979	192	(2,305)	13,866	208	0	14,074
913	Purchased Utilities (non-Fund)	2,416	29	0	2,445	37	0	2,482
914	Purchased Communications (non-Fund)	9,173	110	(1,210)	8,073	121	671	8,865
915	Rents and Leases (non-GSA)	1,774	21	0	1,795	27	0	1,822
917	Postal Service (U.S.P.S.)	1,038	16	0	1,054	0	0	1,054
920	Supplies & Materials (non-Fund)	10,653	128	0	10,781	162	0	10,943
921	Printing & Reproduction	334	4	0	338	5	0	343
922	Equipment Maintenance by Contract	508	8	187	703	11	0	714
923	Facility Maintenance by Contract	688	8	0	696	10	0	706
925	Equipment Purchases (non-Fund)	14,957	179	2,500	17,636	265	3,006	20,907
931	Contract Consultants	1,735	21	0	1,756	26	0	1,782
932	Management and Professional Support Services	0	0	0	0	0	0	0
933	Studies, Analysis, & Evaluations	0	0	0	0	0	0	0
934	Engineering & Technical Services	14	0	0	14	0	0	14
989	Other Contracts	18,953	227	(3,079)	16,101	242	9,206	25,549
998	Other Costs	177	2	0	179	3	0	182
991	Foreign Currency Variance	14	0	0	14	0	0	14
999	TOTAL OTHER PURCHASES	79,165	979	(3,907)	76,237	1,148	12,883	90,268
	Total	877,617	36,077	(33,893)	879,801	30,890	5,764	916,455

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
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Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed:

In FY 2001 the Defense Logistics Agency (DLA) Other Logistics Programs (OLP) includes \$58.8 million and 256 full-time equivalents (FTE). The following programs are included:

- Defense Microelectronics Activity (DMEA)
- Business Process Reengineering Center (BPRC)
- Joint Total Asset Visibility Office (JTAVO)
- Rapid Acquisition of Manufactured Parts (RAMP)
- Defense Standardization Program Office (DSPO formerly known as MILSPEC)
- Defense Property Accountability System (DPAS)
- Logistics Community Management (LCM)
- Defense Acquisition Career Management (DACM)
- Continuity of Operations Program (COOP)
- Joint Electronic Commerce Program Office (JECPO)
- Law Enforcement Support Office (LESO)
- Classified Program

A description of missions, funding and FTEs for each program follows.

DEFENSE MICROELECTRONICS ACTIVITY (DMEA): DMEA was established by the Deputy Secretary of Defense as a DoD activity under the authority and control of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD(L&MR)). DLA provides reimbursable administrative support services as requested by DUSD(L&MR).

The DMEA mission is to provide solutions to obsolete microelectronics by leveraging the capabilities and payoffs of the most advanced microelectronics technology to solve problems in fielded weapon systems. The DMEA resolves all sustainment and modification issues relating to microelectronics technology regardless of where those devices are used. Diminishing manufacturing sources (DMS) of microelectronics is the driving factor of obsolete DoD systems and mission degradation. This is a Defense-wide issue rather

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I. Description of Operations Financed (continued):

than an application specific issue, since the same microelectronics devices are used in many systems throughout the entire Department. An OSD Integrated Process Team (IPT) found the magnitude of the DMSMS IC problem is growing rapidly and DMSMS decisions are often made using fragmented data. DMEA was designated as the DoD IC DMSMS Executive Agent to address these problems. DMEA was directed to establish a separate activity, independent from other current DMEA functions, to carry out the chartered responsibilities.

The DMEA also provides technical and application engineering support for the implementation of advanced microelectronics research technologies and manages an organic capability to support these technologies within the DoD. These advanced microelectronics research technologies are translated into solutions for military needs, with a view toward developing and evaluating the feasibility of developed solutions to solve the technological challenges of obsolete microcircuits. DMEA uses a unique and innovative methodology to reverse engineer microelectronic devices, analyze solution sets, and then build and test the prototype solution.

DMEA's microelectronics engineering specialists, supported by analysis, design, test and prototyping equipment, produce solutions which are technically correct, logistically supportable, schedule responsive, and fiscally affordable for the entire spectrum of microelectronics. The DMEA engineers use design stations populated with proprietary design tools from a variety of vendors. These tools are used in a secure government environment under non-disclosure agreements. The DMEA engineers determine the best value approach for the specific requirement and use the appropriate design tool for the approach. By using these tools, the DMEA can determine the performance-based specifications that meet the requirements and provide seamless access to the industrial base. The solutions are validated through prototyping and placed on contract with a vendor to begin production. This process is favorably viewed by industry because DMEA converts non-producible components to producible. This not only provides a technically

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I. Description of Operations Financed (continued):

correct solution, regardless of the type of microelectronics problem, but also allows the government specialists the ability to select the best value approach for DoD if more than one solution set is available. The DMEA "smart" government approach coupled with top-flight industry expertise provides the best value. Creating these commercially viable solutions cuts across the entire DoD. In FY 2001 the budget request for this program is \$14.7 million and 136 FTEs. The program remains level with the DLA FY 2000 President's Budget request.

BUSINESS PROCESS REENGINEERING CENTER (BPRC): BPRC is a program established under the authority, direct oversight, and operational control of Office of Under Secretary of Defense Acquisition, Technology and Logistics (OUSD(AT&L)). DLA provides financial and administrative services as requested by OUSD(AT&L) for this activity. BPRC functionally transferred to DLA in FY 1998 from Defense Information Services Activity (DISA).

The BPRC supports the Office of the Secretary by proposing redesigns of processes, organizations, and the culture of Department of Defense activities. Business process reengineering results in highly streamlined processes by providing for a cross-functional, integrated analysis of multiple activities or functions that contribute to a shared purpose. In FY 2001 the budget request for this program is \$2.6 million and 26 FTEs. The program remains level with the DLA FY 2000 President's Budget request.

JOINT TOTAL ASSET VISIBILITY (JTAV) OFFICE: JTAV was established in April 1995 by the Deputy Under Secretary for Defense (Logistics) DUSD(L). The Army DCSLOG was selected as the Executive Agent that same year. JTAV was transferred from the Army DCSLOG to DLA in June of 1998. The JTAV Director reports to the DLA Director through the Deputy Director of DLA as the JTAV Executive Agent. As the Executive Agent, DLA reports to the JTAV Council for overall direction and program management. The JTAV Council consists of the Service DCSLOGS, the Joint Staff/J-I/J-4, the Director of Defense

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I. Description of Operations Financed (continued):

Information Systems Agency (DISA), the Deputy Commander in Chief of United States Transportation Command (USTRANSCOM), and the Director Defense Logistics Agency (DLA). The Council is chaired by the DUSD(L&MR).

The JTAV was chartered to provide all DoD users with timely and accurate joint logistics and personnel asset information to support Joint Vision 2010 and Focused Logistics. The TAV capability will support all joint and multinational military operations through requirements-based Operation and System Architectures in an interoperable shared data environment. The JTAV capability will enable national supply chain integration that is crucial to streamlined and responsive logistics and personnel support.

The JTAV will provide responsive and cost-effective logistics information from Automated Information Systems (AIS) and Automated Identification Technologies (AIT), ensuring readiness and sustainability for the total force in both peacetime and wartime. JTAV enables functional and operational processes to achieve benefits in two broad areas: improved operational flexibility and reduced operating costs. These categories are not mutually exclusive. In most cases, JTAV will benefit both areas. JTAV will ensure: declining backlogs at ports and depots; more responsive supply support; reduced inventory levels; and will support accurate and effective operational planning, assessment, and execution. DLA was funded by reimbursable order in FY 1998 and 1999. The FY 2001 budget request includes \$10.0 million to continue JTAV initiatives. This is an increase from the FY 2000 President's Budget.

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I. Description of Operations Financed (continued):

RAPID ACQUISITION OF MANUFACTURED PARTS (RAMP): RAMP transferred to DLA from the Navy in FY 1999. The RAMP mission was to develop methods to reduce the acquisition and manufacturing lead times for parts in limited supply. It's objective was to develop the capability to more quickly and efficiently manufacture low-volume, hard-to-obtain parts. In FY 2001 the budget request for this program is \$980 thousand and 3 FTEs to support the 3 program managers. The program remains level with the DLA FY 2000 President's Budget request to sustain the program and continue customer support.

DEFENSE STANDARDIZATION PROGRAM OFFICE (DSPO) (MILSPEC): DSPO transferred from OUSD(A&T) to DLA in FY 1999. The DSPO mission is to develop and manage DoD-wide policies and procedures to implement Public Laws related to standardization, acquisition, and metrication. This includes developing and maintaining performance specifications, standards, handbooks, and other standardization documents. This also includes developing policies, procedures, and training to facilitate and promote the acquisition of commercial and non-developmental items by making more aggressive use of market research and commercial item descriptions. In FY 2001 the budget request for this program is \$4.6 million and 11 FTEs. The program remains level with the DLA FY 2000 President's Budget request.

DEFENSE PROPERTY ACCOUNTABILITY SYSTEM (DPAS): DPAS transferred from Office of the Under Secretary of Defense Comptroller (OUSD(C)) to DLA in FY 1999. DPAS is the DoD migratory system for which DLA is the Executive Agent. DPAS is an integrated system for improving accounting and accountability for DoD-owned property. In FY 2001 the budget request for this program is \$9.0 million and 4 FTEs. The program is decreasing from the FY 2000 President's Budget request due to completion of program requirements. This change reflects the increase of \$4.8 million for additional central design activity support and the decrease of \$4.5 million transferred from Operations and Maintenance, Defense-Wide to the appropriate investment account.

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I. Description of Operations Financed (continued):

LOGISTICS COMMUNITY MANAGEMENT (LCM): Funding was provided for LCM oversight functions beginning in FY 1999. LCM will improve overall logistics performance in support of war fighters through the coordination of enhancements to information systems, information management, and information exchange among war fighters, the Commander-in-Chief (CINCs), and the logistics community. The Logistics Community Manager is responsible for coordinating and executing logistics community management in order to accomplish the DUSD(L) Logistics Business Systems Corporate Strategy. In FY 2001 the budget request for this program is \$5.9 million and 8 FTEs. The program remains level with the DLA FY 2000 President's Budget request.

DIRECTOR OF ACQUISITION CAREER MANAGEMENT (DACM): On March 13, 1992, the Deputy Secretary of Defense directed that DLA provide administrative, logistical and resource support for the Acquisition Career Management System. Section 1707(b) of Chapter 87, Title 10 U.S. Code, requires that the DACM provide system oversight and career program services to the acquisition workforce in the Office of the Secretary of Defense and the Defense Agencies (including DLA). The DACM serves in a dual capacity as Director of Acquisition Education, Training and Career Development (DAETCD) for the Department of Defense and supports the career system policy formulation and implementation activities of the DAETCD. In FY 2001 the budget request for this program is \$790 thousand and 2 FTEs. Funding remains level with the DLA FY 2000 President's Budget request.

CONTINUITY OF OPERATIONS (COOP): The COOP mission transferred to DLA during FY 1994. COOP mission is under the staff cognizance and oversight of the Office of the Secretary of Defense. In FY 2001 the budget request for this program is \$3.5 million and 12 FTEs. The funding and FTEs are reduced from the FY 2000 President's Budget request for the transfer of the Contingency Operations Office to the Army.

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I. Description of Operations Financed (continued):

JOINT ELECTRONIC COMMERCE PROGRAM OFFICE (JECPO): JECPO was established to support the Joint Electronic Commerce Program. The Department of Defense Chief Information Officer (DoD CIO) has oversight and policy control. JECPO is designated as the DoD Executive Agent to directly support, facilitate and accelerate the application of electronic business practices and associated information technologies to improve DoD processes and support weapons and combat support systems throughout their life cycles. JECPO is assigned organizationally to the Defense Logistics Agency (DLA), as the lead on business development; and the Defense Information Systems Agency (DISA) for oversight of technical development. JECPO is responsible for the strategic implementation of Electronic Commerce (EC) policy. Electronic Commerce is an evolving business methodology for enterprise-wide conduct of secure business transactions via electronic means. The JECPO allows DoD to centralize EC policy recommendations, planning, and coordination efforts. It will also ensure consistent implementation based on open standards for interoperability in a common business environment while maintaining the decentralization of EC execution. In FY 2001 the budget request for this program is \$5.6 million and 35 FTEs. Funding remains level with the FY 2000 President's Budget request.

LAW ENFORCEMENT SUPPORT OFFICE (LESO): LESO, under the DoD Coordinator for Drug Enforcement Policy and Support (CDEP&S), distributes excess DoD personal property to Federal and State Law Enforcement Agencies in support of counterdrug activities. Beginning with the National Defense Authorization Act for FY 1989, DoD received enhanced legal authority to provide support to law enforcement efforts to counter trafficking in illicit drugs. The Secretary of Defense declared the detection and monitoring of trafficking in illicit drugs to be a high priority national security mission of DoD, and established the CDEP&S. The CDEP&S establishes policy and oversees DoD programs to support the National Drug Control Strategy. In FY 2001 the budget request for this program includes 5 FTEs with no corresponding funding. This program is budgeted at the Department level. DLA is reimbursed during execution.

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I. Description of Operations Financed (continued):

CLASSIFIED PROGRAM: The FY 2001 budget request includes \$1.1 million and 14 FTEs to reflect the transfer from the Department to DLA.

The O&M appropriation funds the contracts, supplies, equipment maintenance, communications, salaries, awards, personnel benefits, travel, per diem, and training in support of these programs.

II. Force Structure Summary: N/A

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	FY 2000				
III <u>Financial Summary (O&M: \$ in Thousands):</u>	FY 1999	Budget			
A. <u>Subactivities:</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>	<u>Estimate</u>
1. Defense Microelectronics Activity	12,580	13,775	13,748	13,697	14,764
2. Business Process Reengineering Center	3,079	3,542	3,535	3,522	2,558
3. Joint Total Asset Visibility Office	0	21,364	21,322	16,243	10,000
4. Rapid Acquisition of Manufactured Parts	930	1,000	998	994	980
5. Defense Standardization Program Office	4,093	4,489	4,480	4,464	4,592
6. Defense Property Accountability System	11,000	15,000	14,971	18,415	9,039
7. Logistics Community Management	5,859	6,000	5,988	5,966	5,882
8. Defense Acquisition Career Management	776	775	773	771	790
9. Continuity of Operations	3,681	3,689	3,682	3,668	3,515
10. Joint Electronic Commerce Program Office	7,652	4,445	4,436	4,420	5,624
11. Law Enforcement Support Organization	480	0	0	0	0
12. DoD Classified Program	0	0	0	0	1,139
Total	50,130	74,079	73,935	72,159	58,883
B. <u>Reconciliation Summary</u>	Change				
	<u>FY 2000/FY 2000</u>	<u>FY 2000/FY 2001</u>			
1. Baseline Funding	74,079	72,159			
a. Congressional Adjustments (Distributed)	0	0			
b. Congressional Adjustments (Undistributed)	0	0			
c. Congressional Adjustments (Gen Provision)	0	0			
d. Congressional Earmarks	0	0			
e. Congressional Earmark Billpayers	(144)	0			
2. Appropriated Amount (Subtotal)	73,935	0			
3. Across-the-board Reduction (Rescission)	(276)	0			
4. Approved Transfers	0	(3,637)			
5. Price Change	(633)	1,662			
6. Program Changes	(867)	(11,301)			
7. Current Estimate	72,159	58,883			

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C. Reconciliation of Increases and Decreases:

1. FY 2000 President's Budget Request	74,079
2. Congressional Adjustment (Distributed) Total Congressional Adjustment (Distributed)	
3. Congressional Adjustment (Undistributed) Total Congressional Adjustment (Undistributed)	
4. Congressional Earmarks Congressional Earmarks Bill Payer	(144)
Total Congressional Earmarks	(144)
5. FY 2000 Appropriated Amount	73,935
6. FY 2000 Rescission	(276)
7. Functional Transfers-In Total Functional Transfers-In	
8. Other Transfers-In (Non-Functional) Total Other Transfers-In (Non-Functional)	
9. Functional Transfers-Out Total Functional Transfers-Out	

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C. Reconciliation of Increases and Decreases (Continued):

10.	Other Transfers-Out (Non-Functional)		
	Total Other Transfers-Out (Non-Functional)		
11.	Price Change		(633)
12.	Program Increase		
	a. Reflects an increase to accelerate DPAS fielding	3,500	
	b. Offset for pricing change	633	
	Total Program Increase		4,133
13.	Program Decrease		
	Reflects a decrease for reduced JTAVO requirements	(5,000)	
	Total Program Decrease		(5,000)
14.	Revised FY 2000 Estimate		72,159
15.	Price Growth		1,662
16.	Functional Transfers-In		
	a. Transfer of Classified program to DLA to support Department initiatives	1,139	
	b. Reflects transfer of funding to correspond with FTEs previously transferred from BPRC	1,054	
	Total Functional Transfers-In		2,193

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C. Reconciliation of Increases and Decreases (Continued):

17.	Functional Transfers-Out		
	a. Realignment of Contingency Operations Office to the Army	(237)	
	b. Transfer of Operation and Maintenance funding to the Procurement, Defense-Wide appropriation to comply with recent information technology policy	(4,500)	
	c. Reflects a fact of life decrease and reduction due to transfer of FTEs to JECPO	(1,093)	
	Total Functional Transfers-Out		(5,830)
18.	Program Increases		
	a. Increase associated with DMEA's Integrated Circuit Microelectronic Diminshing Manufacturing Sources and Material Shortages Program	593	
	b. Reflects additional Defense Standardization Program Office requirements	40	
	c. Reflects fact of life for increase for Defense Acquisition Career Management	2	
	Total Program Increases		635
19.	Program Decreases		
	a. Reflects reduced requirements in the Joint Total Asset Visibility Office	(6,549)	
	b. Reflects a fact of life decrease for Rapid Acquisition of Manufactured Parts	(35)	
	c. Decrease reflects the completion of DPAS fielding	(5,163)	
	d. Reflects a fact of life decrease for the Logistics Community Management Program	(189)	
	Total Program Decreases		(11,936)
20.	FY 2001 Budget Request		58,883

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IV. Performance Criteria and Evaluation Summary:

Other Logistics Programs (OLP) includes multiple program offices of which DLA is either the executive agent or the budget administrator. Performance criteria for this activity group follows.

The BPRC mission is to propose redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. Performance measures include developing network architecture and reducing purchases of unneeded equipment. In fiscal year (FY) 1999 80 percent of the architecture development was completed. BPRC expects to achieve an additional 2 percent in FY 2000 and 2001. Architecture development was measured through comparison to projected milestones. Unneeded equipment purchases were reduced by 90 percent in FY 1999. BPRC projects to reduce unnecessary equipment purchases an additional 2 percent in FY 2000 and 2001. Progress is measured through surveys.

The Defense Standardization Program Office (DSPO) mission is to develop policies, procedures and guidance to ensure standardized policy across the Military Departments and Defense Agencies. In addition, DSPO monitors implementation of the Military Specification Reform Initiatives for the Department. One performance indicator is the completion and quality of updated policy. This is measured by comparison of completed policies against their milestone plan and through customer surveys. Another indicator is the implementation of document improvements or revisions based on the Military Specification (MILSPEC) Reform Initiatives. There are approximately 27 thousand document improvements necessary as a result of MILSPEC reform. In FY 1999, 93 percent of those improvements was completed. The goal is to reach 100 percent by the end of FY 2000.

The Joint Electronic Commerce Program Office mission supports, facilitates, and accelerates application of electronic business practices and associated information technologies to improve Department-wide processes and support weapons and combat support systems throughout their life cycles. The goal is to create an electronic mall

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IV. Performance Criteria and Evaluation Summary (Continuation):

which allows on-line shopping. All four Services and DLA will participate. This initiative, when fully deployed will reduce paper and streamline supply, contracting and payment processes in the Department. Performance is measured by customer surveys, dollar value of on sales and the value of on-line transactions. In FY 1999 \$51.5 million dollars in sales was realized and 17.3 million transactions were recorded. We expect sales to increase by another \$2 million in FY 2000 and 2001. Transactions are expected to reach 23.0 million in FY 2000 and 28.7 million in FY 2001.

The Defense Property Accountability mission is to create and implement an integrated system to improve accounting and accountability of DoD-owned property throughout the Department. A critical performance measure for this system is site implementation. In FY 1999, DPAS achieved a 99 percent site implementation rate. Full deployment is projected for FY 2000.

Other measures used to track performance are customer satisfaction, funding execution and FTE execution. While not the primary performance indicator, these measures are important to the success of Department initiatives.

The first is Customer Satisfaction. In FY 1999, we achieved a 90 percent customer satisfaction rating. We project this rating to increase 2 percent over FY 2000 and 2001. Customer satisfaction is measured through surveys, comment cards and informal as well as formal customer feedback. Problems identified in this measure will be assessed and corrective action taken.

Execution of funding is also a performance measure. In FY 1999, we executed 97 percent of funding in support of this activity group. It is our goal to achieve a 99 percent rating in FY 2000 and 2001 through improved financial management processes and more aggressive execution plans. Activities performing at less than projected execution rates will be required to reassess financial plans to ensure that this measure is achieved

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IV. Performance Criteria and Evaluation Summary (Continuation):

Another critical performance measure to this group is FTE execution. While our Agency is on a plus 4 percent glide slope for FTEs, this group has remained static, due in part to mission priorities. In FY 1999 we executed 97 percent of our FTEs. We expect to execute 100 percent of our FTEs in fiscal years 2000 and 2001 due to more aggressive and realistic hiring plans.

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V. <u>Personnel Summary</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Change</u> <u>FY99/FY00</u>	<u>Change</u> <u>FY00/FY01</u>
<u>Active Military End Strength (E/S) (Total)</u>	0	0	0	0	0
Officer	0	0	0	0	0
Enlisted	0	0	0	0	0
 <u>Civilian End Strength (Total)</u>	 227	 251	 256	 24	 5
U.S. Direct Hire	227	251	256	24	5
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	227	251	256	24	5
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	11	5	5	(6)	0
 <u>Active Military Full Time Equivalent (FTE) (Total)</u>	 0	 0	 0	 0	 0
Officer	0	0	0	0	0
Enlisted	0	0	0	0	0
 <u>Civilian Full Time Equivalent (FTE) (Total)</u>	 212	 252	 256	 40	 4
U.S. Direct Hire	212	252	256	40	4
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	212	252	256	40	4
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	10	5	5	(5)	0

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VI. OP-32 Line Items as Applicable (Dollars in Thousands):

		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		FY 1999	Price	Program	FY 2000	Price	Program	FY 2001
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
101	Executive, General & Special Schedule	16,383	737	3,512	20,632	820	(61)	21,391
103	Wage Board	84	4	0	88	3	0	91
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	16,467	741	3,512	20,720	823	(61)	21,482
308	Travel of Persons	798	10	479	1,287	19	(18)	1,288
399	TOTAL TRAVEL	798	10	479	1,287	19	(18)	1,288
416	GSA Managed Supplies and Materials	55	1	0	56	1	0	57
499	TOTAL FUND SUPPLIES & MATERIALS PURCHASES	55	1	0	56	1	0	57
506	DLA Fund Equipment	191	9	0	200	9	0	209
599	TOTAL FUND EQUIPMENT PURCHASES	191	9	0	200	9	0	209
673	Defense Finance and Accounting Services	11	0	416	427	21	0	448
699	TOTAL PURCHASES	11	0	416	427	21	0	448
701	MAC Cargo (Fund)	1	0	0	1	0	0	1
771	Commercial Transportation	4	0	0	4	0	0	4
799	TOTAL TRANSPORTATION	5	0	0	5	0	0	5

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VI. OP-32 Line Items as Applicable (Dollars in Thousands):

		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		FY 1999	Price	Program	FY 2000	Price	Program	FY 2001
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
912	Rental payments to GSA (SLUC)	0	0	359	359	54	0	413
914	Purchased Communications (non-Fund)	5	0	0	5	0	0	5
915	Rents (non-GSA)	247	3	0	250	4	0	254
920	Supplies & Materials (non-Fund)	152	2	10	164	2	0	166
921	Printing & Reproduction	18	0	0	18	0	0	18
922	Equipment Maintenance by Contract	75	1	0	76	1	0	77
923	Facility Maintenance by Contract	5	0	0	5	0	0	5
925	Equipment Purchases (non-Fund)	366	4	1,433	1,803	27	0	1,830
933	Studies, Analysis & Evaluation	647	8	(300)	355	5	0	360
934	Contract Engineering & Technical Services	1,879	23	(359)	1,543	23	0	1,566
989	Other Contracts	29,205	350	15,327	44,882	673	(14,859)	30,696
998	Other Costs	4	0	0	4	0	0	4
999	TOTAL OTHER PURCHASES	32,603	391	16,470	49,464	789	(14,859)	35,394
	TOTAL	50,130	1,152	20,877	72,159	1,662	(14,938)	58,883

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I. Description of Operations Financed

The Defense Logistics Agency (DLA) Other Logistics Services (OLS) includes \$157.343M and no full time equivalents in FY 2001. The following programs are included in OLS:

- Unemployment Compensation
- Price Comparability
- Quality of Life
- Continuing Health
- Security Locks Program
- Counter-Drug Activities
- Disability Compensation
- Automated Document Conversion System (ADCS)
- Procurement Technical Assistance Program (PTAP)
- Inventory Management, Catalog Production & Distribution of Hard Copy Map Function
- Defense Security Service (DSS) Fee-For-Service
- Contingency Operations
- Improved Cargo Methods & Technologies
- Logistics Transformation
- Automatic Identification Technology (AIT)
- Y2K Supplemental
- Homeless Blankets
- Demolition
- Midway Fuel
- Logistics Warfighting Initiative
- Managerial Support

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I. Description of Operations Financed (continued)

A description of the programs included in this activity group follows:

Unemployment Compensation: Reflects funding of unemployment costs for all Defense Agencies. The Department of Labor consolidates the Defense Agencies unemployment costs. DLA estimates include resources for consolidated Defense-wide payments. Decreases in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs. In FY 01, the budget request for this program is \$20.9M. This program increase is based on estimated unemployment compensation due to Department downsizing and consolidation, i.e. Management Headquarters reductions, Acquisition Workforce reductions.

Price Comparability: Price Comparability is that category of costs associated with performing tasks that a commercial company would not include in their normal standard pricing. These costs include readiness support costs. This effort will allow customers a better opportunity to compare DLA prices with those in the commercial sector while minimizing risks to readiness. For example, included in this project is the cost of storing inventory for wartime demand only (War Reserve stock). A strictly business approach would dictate that this materiel be disposed of or to pass the cost of retaining this inventory on to the customer requiring it. By removing the cost of retaining this inventory out of the DLA product line, it more adequately describes DLA prices in business terms. In FY 01, the budget for this program is \$38.608M. This increase is due largely to price growth.

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I. Description of Operations Financed (continued)

Quality of Life: Morale, Welfare, and Recreation costs in FY 01 are \$17.548M. Increased funding is primarily for operations and facilities costs at DWCF activities. Decreased funding would negatively impact the quality of life of the DLA workforce.

Continuing Health: Funding to cover Agency expenses for continuing health coverage for reduction-in-force and BRAC affected employees. In FY 01, the budget request for this program is \$994K. This program increase is due to Agency estimated health coverage costs from downsizing and consolidation, i.e. Management Headquarters reductions, Acquisition Workforce reductions.

Security Locks Program: The funding for the DoD security lock retrofit began in FY 1994 as directed by the Congress. In FY 01, there is no Agency request for this program.

Counter-Drug Activities: Funding is for approved counter narcotics projects, mandated drug testing, and drug abuse education. This program funding is budgeted at the Department level with Agency reimbursement in the year of execution.

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I. Description of Operations Financed (continued)

Disability Compensation: Residual funding is required to cover disability compensation for the closed Clothing Factory (DPSC). In FY 01, the budget request for this program is \$1.091M. This program remains level with the DLA FY 00 President's Budget request.

Automated Document Conversion System (ADCS): Funding, as directed by Congress, is for the purchase of software to convert the Department's more complex engineering documents from raster files to an intelligent format. In FY 01, there is no Agency request for this program.

Procurement Technical Assistance Program (PTAP): The Procurement Technical Assistance Cooperative Agreement Program (PTACAP) was established by Congress in the FY 1985 DoD Authorization Act, Public Law (PL) 98-525. The PL amended Title 10, United States Code (USC) by adding Chapter 142. Title 10, USC, as amended, continues to authorize the Secretary of Defense, acting through the Director, DLA, to enter into cost sharing cooperative agreements with state and local governments, nonprofit organizations, Indian tribal organization and Indian economic enterprises to establish and conduct procurement

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I. Description of Operations Financed (continued)

technical assistance programs. The DoD Authorization and Appropriations Acts make funds available to fund a program to assist state and local governments and nonprofit entities, Indian tribal organizations, and Indian economic enterprises with establishing or maintaining PTACAP activities. Activities include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local governments. In FY 01, the budget request for this program is \$18M. This program increase will be used to enter into cost sharing cooperative agreements.

Inventory Management, Catalog Production & Distribution of Hard Copy Map Function: In May 1996, the JSC Combat Support Agency Review Team recommended map management be transferred from the NIMA to DLA. Approximately 70,000 map items transferred to DLA. DLA serves as the DoD Integrated Materiel Management and Distributor of those items. DLA provides the items as free issue. Transfer of Hardcopy Media Inventory Management, Cataloging, and Distribution functions from NIMA to DLA began in FY 1999. In FY 01, the budget request for this program is \$31.24M. This program increase is to execute the mission using the venerable DMA Automated Distribution Management System (DADMS) system transferred to DLA by NIMA, while DLA's Business System Modernization process develops a more modern automation solution.

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I. Description of Operations Financed (continued)

Defense Security Service (DSS) Fee-For-Service: DSS became an activity group of the Defense-wide Working Capital Fund in FY 1999 and operates on a reimbursable basis. Funds will cover DSS support to DLA for Personnel Security Investigations, National Industrial Security Investigations, and DoD Security and Education Training Programs. In FY 01, the budget request for this program is \$600K. Funding is projected to cover DLA estimated workload based on data from previous years.

Contingency Operations: Congressional supplemental funding to cover Agency costs incurred in support of contingency operations in FY 1999.

Improved Cargo Methods & Technologies: Funding, as directed by Congress, in FY 1999 and FY 2000 was to evaluate cost saving opportunities that exist from integrating the latest private sector logistics research, transport technology, and security development into the practices and procedures for moving military cargo around the United States and throughout the world. As directed by Congress, this evaluation was accomplished by a not-for-profit foundation having detailed knowledge of national and international commercial practices in all elements of the supply chain. The analysis evaluated the ability of third-party logistics providers to meet military requirements and ways to improve commercial cargo security procedures across distribution networks. In FY 01, there is no budget request for this program.

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I. Description of Operations Financed (continued)

Logistics Transformation: Funding in FY 2000 is for conducting studies for specific initiatives offering the potential for DoD to transform the current "mass model" logistics structure into world-class integrated supply chains focused on warfighter needs. Initiatives will compliment ongoing reengineering efforts with the Services and DLA consistent with the Logistics Functional Requirements and Joint Vision 2010. In FY 01, the budget request for this program is \$7.2M. The program increase is due to Department logistics transformation initiatives.

Automatic Identification Technology (AIT): Funding in FY 2000 and FY 2001 for AIT is to support a suite of technologies that enables the automatic capture of source data, thereby enhancing the ability to identify, track, document, and control deploying forces, equipment, and personnel and sustainment cargo. AIT will streamline the DoD logistics business processes and enhance its warfighting capability. AIT will assist DoD in achieving Joint Total Asset Visibility and a Common Operating Picture based upon accurate source data generation. AIT will improve supply visibility, and provide more accurate and timely information to decision makers. In FY 01, the budget request for this program is \$3M. The increase for this program is due to increased Department initiatives.

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I. Description of Operations Financed (continued)

Y2K Supplemental: Congressional supplemental funding for DLA to conduct end-to-end, vendor-government integration, time machine, and contingency plan testing for Y2K. In FY 01, there is no budget request for this program.

Homeless Blankets: The Steward B. McKinnley Homeless Assistance Act of 1987 created the requirement for DLA to make blankets available to qualified US 501(C)3 organizations working with the homeless. Homeless shelters issue a request to the Agency and blankets are issued on a first come, first served basis up to the amount of funding available. In FY 01, the budget request for this program is \$3M. This program remains level with previous budget requests.

Demolition: Funding for the reduction of excess (aged and uneconomical) vacant facility infrastructure of facilities that are not being replaced. In FY 01, the budget request for this one-time project is \$4.823M.

Midway Fuel Resupply: Funding as directed by Congress.

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I. Description of Operations Financed (continued)

Joint Logistics Warfighting Initiative (JLWI): JLWI is a project to improve the logistics system supporting deployed warfighters. The JLWI is intended to improve readiness by enhancing logistics responsiveness through process improvements to the requisitioning, distribution, asset visibility, and retrograde functions and by validating these improvements in a real world operational environment. The JLWI objective is to ensure streamlined logistics systems, processes, and functions fully support operational requirements in Joint or Cooperative Combined Task Force operations. The JLWI Implementation Plan developed jointly by the Joint Staff, DUDS (Logistics), and USCENTCOM staff provides a blueprint for testing streamlined logistics support processes in the CENTCOM Area of Responsibility in FY 2000-FY 2002. JLWI realigns resources from the Army's JCALS program. Funding for this program is \$10M in FY 2001.

Managerial Support: Funding for programs such as:

Prior Year Invoices: Prior year bills received after the close of the fiscal year.

Rent: Leased space for DoD and DLA activities.

Official Representation Funds (ORF): Special and official functions or ceremonies with DoD personnel and distinguished non-DoD personnel. Beginning in FY 98 all DLA activities were required to use O&M funds for ORF functions.

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I. Description of Operations Financed (continued)

Investigative Activities: DLA confidential investigations.

Director's Medallion: Purchase of medallions to be presented by the DLA Director for special accomplishments.

In FY 01, the budget request for this program is \$240K and remains level with the DLA FY 00 President's Budget request.

II. Force Structure: N/A

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		<u>FY 2000</u>			
<u>III. Financial Summary (O&M: \$ in Thousands)</u>		FY 1999	Budget	Current	FY 2001
A.	<u>Subactivity Group</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>
	Unemployment	11,617	23,684	23,414	17,562
	Price Comparability	35,711	37,506	37,506	37,873
	Quality of Life	11,294	13,438	13,438	14,438
	Continuing Health	582	1,754	1,754	854
	Security Locks	15,000	0	10,000	8,500
	Counter Drug Activities	747	0	0	0
	Disability Compensation	743	1,099	1,099	1,099
	Automated Document Conversion System	25,000	0	30,000	28,926
	Procurement Technical Assistance Program	17,000	17,357	17,357	17,357
	Demolition	0	0	0	0
	Inventory Management, Catalog Production & Distribution of Hard Copy Map Products	24,753	27,529	27,529	28,137
	Defense Security Service Fee-For-Service	500	700	700	700
	Homeless Blankets	0	3,133	3,133	3,133
	Contingency Operations	9,254	0	0	0
	Improved Cargo Methods & Technologies	2,000	0	4,000	3,857
	Logistics Transformation	800	7,000	7,000	7,000
	Automatic Identification Technology	0	500	500	1,140
	Midway Fuel	0	0	2,000	1,928
	Y2K Supplemental	31,900	0	0	0
	Logistics Warfighting Initiative	0	0	0	5,500
	DAU Support	0	3,640	3,640	0
	Training Initiative	0	0	0	0
	Managerial Support	268	234	234	234
	Total	187,169	137,574	183,304	178,238
					157,343

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III. Financial Summary (O&M: \$ in Thousands)

B. Reconciliation Summary

	<u>Change</u> <u>FY 2000/FY 2000</u>	<u>Change</u> <u>FY 2000/FY 2001</u>
Baseline Funding	137,574	178,238
Congressional Adjustments (Distributed)	46,000	0
Congressional Adjustments (Undistributed)	0	0
Congressional Earmarks Bill Payer	(270)	0
Appropriated Amount (Subtotal)	183,304	0
Across-the-board Reduction (Rescission)	(10,556)	0
Approved Reprogrammings/Transfers	5,490	0
Price Change	(486)	2,380
Program Changes	486	(23,275)
Current Estimate	178,238	157,343

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C. Reconciliation of Increases and Decreases:

1. FY 2000 Amended President's Budget		137,574
2. Congressional Adjustments (Distributed)		
a. Military Cargo Methods	4,000	
b. Automated Document Conversion System (ADCS)	30,000	
c. Midway Fuel	2,000	
d. Security Locks Retrofit	10,000	
Total Congressional Adjustments (Distributed)		46,000
3. Congressional Adjustments (Undistributed)		
Total Other Congressional Adjustments (Undistributed)		
4. Congressional Earmarks:		
Congressional Earmarks Bill Payers	(270)	
Total Congressional Earmarks		(270)
5. FY 2000 Appropriation Enacted		183,304
6. FY 2000 Rescission		(10,556)
7. Functional Transfers In		
Joint Logistics Warfighting Initiative	5,500	
Total Functional Transfers In		5,500
8. Other Transfers-In (Non-Functional):		
Total Other Transfers-In		
9. Functional Transfers Out		
Total Functional Transfers Out		

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C. Reconciliation of Increases and Decreases:

10. Other Functional Transfers Out		
Security Research Center	(10)	
Total Functional Transfers Out		(10)
11. Price Change		(486)
12. Program Increase:		
Off-set for pricing change	486	
Total Program Increase		486
13. Program Decrease:		
Total Program Decrease		
14. Revised FY 2000 Current Estimate		178,238
15. Price Growth		2,381
16. Transfers In		
Total Transfers In		
17. Transfers Out		
Total Transfers Out		
18. Program Increases		
a. Unemployment Compensation increase due to Department downsizing and consolidation initiatives.	3,332	
b. Price Comparability increase due to minimal increased program requirements.	168	
c. Quality of Life increase due to including operations and facilities costs at DWCF activities.	2,893	

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C. Reconciliation of Increases and Decreases:

18. Program Increases (continued)

d. Continuing Health increase due to Agency downsizing and consolidation initiatives	140	
e. Procurement Technical Assistance Program increase for additional cost sharing cooperative agreements.	405	
f. Demolition increase for reduction of excess facility infrastructure.	4,823	
g. Inventory Management, Catalog Production & Distribution of Hard Copy Map Products increase for program requirements.	2,681	
h. Automatic Identification Technology increase to support technologies to enable automatic capture of source data.	1,841	
i. Logistics Transformation increase to support Department initiatives.	95	
j. Joint Logistics Warfighting Initiative increase due to Department initiatives.	4,417	
k. Training Initiative increase to support financial certification program.	54	
l. Managerial Support increase for rent.	4	
Total Program Increases		20,853

19. Program Decreases

a. Security Lock decrease due to completion of retrofit.	(8,628)	
b. Disability Compensation decrease due to estimated requirements.	(8)	
e. Automated Document Conversion System decrease due to program requirements.	(29,360)	
f. Homeless Relief Blankets decrease due to program requirements.	(148)	
g. Defense Security Service decrease due to estimated workload requirements.	(111)	
h. Improved Cargo Methods decrease due to study completion.	(3,915)	
i. Midway Fuel decrease due to completion of requirements.	(1,957)	
j. Managerial Support decreases in Official Representations Funds, and Director's Medallions.	(2)	
Total Program Decreases		(44,129)

20. FY 2001 Budget Request 157,343

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity 4: Defense-Wide Other Logistics Services

IV. Performance Criteria and Evaluation Summary:

Other Logistics Services (OLS) includes multiple programs of which DLA is either the executive agent or the budget administrator. Measures used to track performance are customer satisfaction and funding execution. These measures are important to the success of these Department initiatives. Performance criteria for this activity group follows:

The first performance measure is Customer Satisfaction. In FY 1999, we achieved a 90 percent customer satisfaction rating. We project this rating to increase 2 percent over FYs 2000 and 2001. Customer satisfaction is measured through surveys, comment cards and informal as well as formal customer feedback. In addition, customer satisfaction is measured through Congressional inquiries and appeals as related to the program execution of Congressional adds. Problems identified in this measure will be assessed for corrective action.

Execution of funding is an imperative performance measure for this activity group. In FY 1999, we achieved a 98 percent execution rating of funding in support of this activity group. It is our goal to achieve a 99 percent rating in FYs 2000 and 2001 through improved financial management processes, increased training through the financial certification program and more aggressive execution plans. In addition, more accurate budget estimating regarding funding projections for several of these activity group programs, i.e. Unemployment, Continuing Health Benefits, Disability Compensation, is an important factor of execution. We will continue to strive to become more accurate in factoring in Department and Agency initiatives and the impact of these initiatives on these programs. We will continue tracking trends and reviewing aged accounts to ensure previous funding levels were appropriate and adequate. Programs performing at less than projected execution rates will be required to reassess financial plans to ensure that this measure is achieved.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Services

VI. OP-32 Line Items as Applicable (Dollars in Thousands):

		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>	<u>Price</u>	<u>Program</u>	<u>FY 2001</u>
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
106	Benefits to Former Employees	582	0	272	854	0	140	994
110	Unemployment Compensation	11,617	0	5,945	17,562	0	3,332	20,894
111	Disability Compensation	743	0	356	1,099	0	(8)	1,091
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	12,942	0	6,573	19,515	0	3,464	22,979
912	Rental payments to GSA (SLUC)	192	2	(2)	192	3	4	199
988	Grants	17,000	204	153	17,357	260	405	18,022
989	Other Contracts	157,035	1,884	(17,745)	141,174	2,117	(27,148)	116,143
999	TOTAL OTHER PURCHASES	174,227	2,090	(17,594)	158,723	2,380	(26,739)	134,364
	TOTAL	187,169	2,090	(11,021)	178,238	2,380	(23,275)	157,343

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System (SPS)

I. Description of Operations Financed:

The SPS program objective is deploying SPS to users in the functional area of defense contracting. There are approximately 44,000 users at approximately 1,100 sites worldwide, and the full operational capability threshold schedule date is the end of fourth quarter FY 2003. The purpose of SPS is to standardize the automated procurement functions across the Army, Navy, Air Force, Marine Corps, Defense Logistics Agency, Defense Contract Management Command, and the other Defense Agencies. As of December 1999, SPS was deployed to 17,475 users. SPS has been installed completely to two legacy system communities: Navy Automation of Procurement and Accounting Data Entry and the United States Marine Corps Base Contracting Automation System (BCAS). SPS is currently being installed to three other communities: the Standard Army Automated Contracting System, Federal Standard Automated Contracting System; and United States Air Force BCAS. Most have been trained and half are operational. Additionally, SPS provides Electronic Document Access and Electronic Data Interchange capabilities to meet paperless contracting goals.

The Program Office is responsible for: installation of the product (Procurement Defense Desktop (PD2)), licenses, training, enhancements to the Shared Data Warehouse (SDW), interfaces to the financial and other legacy systems, data conversion, and enhancements to the product to meet mission critical procurement functions.

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System (SPS)

I. Description of Operations Financed (continued):

The program decrease from FY 2000 to FY 2001 results from the realignment of funds from Operation and Maintenance to Research, Development, Test and Evaluation (RDT&E) and Procurement appropriations and the completion of most of the enhancement effort to the product. The realignment was necessary to conform with recent Information Technology budgeting policy. During FY 1999 and FY 2000, the major enhancements to the original commercial product will be completed which will result in SPS conforming to Defense procurement business processes. The decrease is also attributed to the completion of deployment to the base level contracting procurement community in FY 2000. The program now focuses on completing the remaining enhancements to fulfill weapon system and inventory control point procurement capabilities and the deployments to those communities to achieve full operational capability across DoD by end of FY 2003. In order to expand into these other DoD procurement communities, interfaces and data conversions must be created and achieved to connect with logistics and finance communities.

II. Force Structure Summary: N/A

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

III. Financial Summary (O&M: \$ in thousands)

	FY 1999	Budget	Current	FY 2001
A. <u>Subactivity Group</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation</u>	<u>Estimate</u>
Contract Administration Services				
A. Personnel Compensation and Benefits	2,181	2,415	2,415	1,898
B. Travel	449	935	935	419
C. Processing Charges	1,096	609	609	1,440
D. Supplies and Materials	60	42	42	52
E. Equipment Maintenance	210	16	16	215
F. Equipment Purchases and Commercial Off the Shelf	5,334	13,000	13,000	8,212
G. Software Development and Maintenance	24,384	21,228	21,228	32,610
H. Software Conversion	6,983	11,558	11,420	7,625
I. Training/Testing/Studies and Implementation	19,746	20,905	20,905	17,249
G. Other Operating Support Costs	4,241	0	0	586
Subtotal	64,684	70,708	70,570	70,306

B. Reconciliation Summary

	Change	Change
	<u>FY 2000/FY 2000</u>	<u>FY 2000/FY 2001</u>
1. Baseline Funding	70,708	70,306
a. Congressional Adjustments (Distributed)	0	0
b. Congressional Adjustments (Undistributed)	0	0
c. Congressional Adjustments (General Provision)	0	0
d. Congressional Earmarks	0	0
e. Congressional Earmarks Billpayer	(138)	0
2. Appropriated Amount (Subtotal)	70,570	70,306
a. Adjustments to Meet Congressional Intent	0	0
b. Across-the-board Reduction (Recission)	(264)	0
c. Approved Reprogramming/Transfers	0	(36,000)
3. Price Change	(355)	960
4. Program Changes	355	(23,400)
5. Current Estimate	70,306	11,866

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

C. Reconciliation of Increases and Decreases:

1. FY 2000 President's Budget		70,708
2. Congressional Adjustments (Distributed)		
Total Congressional Adjustments (Distributed)		
3. Congressional Adjustments (Undistributed)		
Total Congressional Adjustments (Undistributed)		
4. Congressional Earmarks:		
Congressional Earmarks Bill Payer	(138)	
Total Congressional Earmarks		(138)
5. FY 2000 Appropriated Amount		70,570
6. FY 2000 Rescission		(264)
7. Functional Transfers In		
Total Functional Transfers-In		

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

C. Reconciliation of Increases and Decreases:

8. Other Functional Transfers-Out		
Total Other Functional Transfers-Out		
9. Price Change		(355)
10. Program Increase		
Program adjustment to offset FY 00 Price Change	355	
Total Program Increase		355
11. Program Decrease		
Total Program Decrease		
12. Revised FY 2000 Estimate		70,306
13. Price Growth		960
14. Transfers In		
15. Transfers-Out		
16. Program Increases		
Increased travel to support mission restructuring changes	3	
Total Increases		3

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

C. Reconciliation of Increases and Decreases:

17. Program Decreases		
a. Reduction in information technology processing costs associated with changes in DISA costs	(460)	
b. Reduction in supplies and equipment maintenance costs	(41)	
c. Reduction in equipment purchases due to successful implementation of computer purchases and upgrades	(2,608)	
d. Reduction in contract consultants services due to successful software upgrades	(9,291)	
e. Reduction in studies, analysis and professional support services as a result of software accomplishments	(934)	
f. Reduction in software development and testing services due to the information technology funding realignment to Research, Development, Testing and Evaluation (RDT&E)	(15,900)	
g. Reduction in equipment and maintenance support services due to the information technology funding realignment to Procurement Defense-Wide (PDW)	(20,100)	
h. Reduction in other support services associated software development and maintenance	(10,069)	
Total Decreases		(59,403)
18. FY 2001 Budget Request		11,866

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System (SPS)

IV. Performance Criteria and Evaluation Summary:

The SPS will prepare legacy procurement system users to operationally use SPS and enable retirement decisions to be made for the 14 designated major legacy systems. The SPS funding supports functional enhancement, installation, training, data conversion and interfaces to procurement users at approved sites.

The PMO collects deployment metrics to manage performance and work load data in these major categories: users, sites, and systems. The following table presents the performance parameters identified in the SPS Acquisition Program Baseline. The values represent the percent complete to Full Operational Capability (FOC).

FY	1999	2000	2001	2002	2003
Users	34%	48%	64%	88%	100%
Sites	42%	74%	87%	97%	100%
Systems	14%	29%	43%	64%	100%

Efforts are underway in calendar year 2000 to collect metrics on workload usage with SPS by reporting contracting actions and the dollar value of such for the operational components of DoD. The performance goals by fiscal year have not been established.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

<u>V. Personnel Summary</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Change</u> <u>FY 99/FY00</u>	<u>Change</u> <u>FY 00/FY01</u>
<u>Active Military End Strength (E/S) (Total)</u>	0	0	0	0	0
Officer	0	0	0	0	0
Enlisted	0	0	0	0	0
 <u>Civilian End Strength (Total)</u>	 6	 9	 9	 3	 0
U.S. Direct Hire	6	9	9	3	0
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	6	9	9	3	0
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	0	0	0	0	0
 <u>Active Military Average Strength (A/S) (Total)</u>	 0	 0	 0	 0	 0
Officer	0	0	0	0	0
Enlisted	0	0	0	0	0
 <u>Civilian Workyears (Total)</u>	 6	 9	 9	 3	 0
U.S. Direct Hire	6	9	9	3	0
Foreign National Direct Hire	0	0	0	0	0
Total Direct Hire	6	9	9	3	0
Foreign National Indirect Hire	0	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	0	0	0	0	0

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Standard Procurement System

VI. Financial Summary (O&M: \$ in Thousands)

<u>Summary of Price and Program Changes</u>		<u>Change FY 1999/FY 2000</u>			<u>Change FY 2000/FY 2001</u>			
		<u>FY 1999 Actuals</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2000 Estimate</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2001 Estimate</u>
101	Executive, General & Special Schedule	479	22	250	751	30	0	781
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	479	22	250	751	30	0	781
308	Travel of Persons	449	5	(35)	419	6	3	428
399	TOTAL TRAVEL	449	5	(35)	419	6	3	428
647	DISA Information Services	1,096	(105)	449	1,440	(91)	(369)	980
699	TOTAL PURCHASES	1,096	(105)	449	1,440	(91)	(369)	980
914	Purchased Communications (non-Fund)	86	1	(87)	0	0	0	0
920	Supplies & Materials (non-Fund)	60	1	(9)	52	1	(27)	26
922	Equipment Maintenance by Contract	210	3	2	215	3	(18)	200
923	Facility Maintenance by Contract	0	0	0	0	0	0	0
925	Equipment Purchases (non-Fund)	5,334	64	2,814	8,212	123	(2,731)	5,604
931	Contract Consultants	9,045	109	0	9,154	137	(9,291)	0
932	Management and Professional Support Services	728	9	599	1,336	20	(461)	895
933	Studies, Analysis, & Evaluations	460	6	0	466	7	(473)	0
989	Other Contracts	46,737	561	963	48,261	724	(46,033)	2,952
999	TOTAL OTHER PURCHASES	62,660	754	4,282	67,696	1,015	(59,034)	9,677
	Total	64,684	676	4,946	70,306	960	(59,400)	11,866

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Environmental Restoration

I. Description of Operations Financed:

The Environmental Restoration Account, established by Congress in FY 1984, funds environmental programs for Installation Restoration Projects at DoD sites. These resources are used for achieving and maintaining compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act of 1986, and the National Contingency Plan. The Defense Environmental Restoration Program (DERP) provides centralized management for the cleanup of DoD hazardous waste sites. DLA utilizes the Defense Environmental Restoration Account to support the goals of the DERP. DLA operates the Installation Restoration Program (IRP) to achieve this mission.

IRP operations financed include a comprehensive program to identify, investigate and clean up contamination from hazardous substances, pollutants, and contaminants at active DLA sites as well as formerly-owned or used properties and Potentially Responsible Party sites (third-party sites) where DLA is named as a responsible party; and removal actions upon discovery of an imminent threat.

II. Force Structure: N/A

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Environmental Restoration

	FY 2000		
III. <u>Financial Summary (O&M: \$ in Thousands)</u>	FY 1999	Budget	Current FY 2001
A. <u>Subactivity Group</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriation Estimate</u>
Environmental Restoration	20,308		
Total	20,308		
B. <u>Reconciliation Summary</u>	Change	Change	
	<u>FY 2000/FY2000</u>	<u>FY 2000/FY 2001</u>	
Baseline Funding			
Congressional Adjustments			
Supplemental Request			
Price Change			
Functional Transfer			
Program Changes			
Current Estimate			
C. <u>Reconciliation of Increases and Decreases:</u>			
N/A			

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Environmental Restoration

IV. Performance Criteria and Evaluation Summary:

There are two Measures of Merit (MOM) used in the Environmental Restoration Program funded by DERA. The first Measure of Merit (MOM#R1) is categorized by Risk. The second Measure of Merit (MOM#R2) is categorized by Phase.

MOM#R1 - Site Risk Categorization is broken out into three Relative Risk Categories: High, Medium and Low. Sites remaining to be cleaned up in the High Risk Category at the end of FY 99 are 15. The projected estimate for site cleanup at the end of FY 00 and FY 01 is 11 and 3 sites respectively. Sites remaining to be cleaned up in the Medium Risk Category at the end of FY 99 are 8. The projected estimate for site cleanup at the end of FY 00 and FY 01 is 3 and 1 sites respectively. Sites remaining for cleanup in the Low Risk Category at the end of FY 99 is 11 and projections for the end of FY 00 and FY 01 is 4 and 1 sites respectively.

MOM#R2 - Phase Progress is categorized into three activities: Investigation, cleanup and Response complete. Sites in the Investigation phase for the end of FY 99 are 36. Projected sites under investigations for the end of FY 00 and FY 01 is 21 and 1 sites respectively. Sites in the cleanup phase for end of FY 99 are 59 and projections for the end of FY 00 is 50 and the end of FY 01 are 57 sites. The Response Complete phase for FY 99 is 279 and projections for the end of FY 00 and FY 01 is 287 and 311 sites respectively.

V. Personnel Summary: N/A

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
Budget Activity #4: Environmental Restoration

VI. OP-32 Line Items as Applicable (Dollars in Thousands):

		<u>Change from FY 1999 to FY 2000</u>			
		<u>FY 1999</u>	<u>Price</u>	<u>Program</u>	<u>FY 2000</u>
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
308	Travel of Persons	697	8	(705)	
	TOTAL TRAVEL	697	8	(705)	
415	DLA Managed Supplies and Materials	1	0	(1)	
416	GSA Managed Supplies and Materials	17	0	(17)	
	TOTAL FUND SUPPLIES & MATERIALS PURCHASES	18	0	(18)	
771	Commercial Transportation	10	0	(10)	
	TOTAL TRANSPORTATION	10	0	(10)	
920	Supplies & Materials (non-Fund)	118	1	(119)	
989	Other Contracts	19,465	234	(19,699)	
	TOTAL OTHER PURCHASES	19,583	235	(19,818)	
	TOTAL	20,308	243	(20,550)	