

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
FY 2001 Budget Estimates
Information Services Activity Group

I. Narrative Description

This activity group consists of a Central Design Activity, the Defense Logistics Agency (DLA) Systems Design Center and the Defense Automated Addressing Center. There are eight major sites, located throughout the Continental United States, in close proximity to its customer base.

Since 1996, its inaugural year as a business entity, the Information Services activity group strove to meet the needs of its customers within a technically and economically competitive environment. By early FY 1999 the rapidly changing information technology environment -- one that emphasized commercially available software versus in-house development -- precluded the continuation of organically developed systems and software solutions. However, the need exists to maintain legacy systems until they are replaced by newer, commercial-off-the-shelf technology. Therefore, DLA functionally transferred its Information Services activity group resources devoted to legacy system design and maintenance to other DLA activity groups supported by the CDA and the Defense Automated Addressing Center.

II. Description of Operations Financed

DSDC provides a broad range of CDA services. These services include: requirements definition, systems design, modeling, development, testing, integration, implementation support and documentation services. The missions supported by DSDC are just as diversified: accounting and finance, supply management, distribution, reutilization and marketing, and contract management, as well as base level support.

The DAASC operates and maintains an automated system that receives, routes, and maintains a status of electronically transmitted documents.

III. Budget Highlights

The Information Services Activity Group was devolved and realigned to the remaining DLA activity groups on September 30, 1999. Some of these activity group costs and revenue will continue into FY 00. Residual obligation, disbursing, and accounting of the devolved activity group will occur after September 30, 1999. Civilian personnel payroll direct charges occur for several additional days as the pay period extends over the end of the fiscal year. These costs will be budgeted in the successor DLA activity groups. The current estimated expense associated with these transactions is \$9.0 million.

Activity Group Profile

		(\$ in Millions)	
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Cost of Goods Sold	\$109.6	0	0
Net Operating Results	-\$0.3	0	0
Accumulated Operating Results	-\$16.9	0	0
Civilian End Strength	987	0	0
Military End Strength	3	0	0
Civilian Full-Time Equivalents	1,028	0	0
Military Workyears	3	0	0
Capital Budget Program Authority	\$0.9	0	0

DEFENSE LOGISTICS AGENCY
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 Revenue and Expenses

FY 1999

Revenue

Gross Sales	
Operations	109.3
Capital Surcharge	0.0
Depreciation excluding Major Construction	0.0
Major Construction Depreciation	0.0
Other Income	0.0
Refunds/Discounts (-)	0.0
Total Income:	109.3

Expenses

Cost of Material Sold from Inventory	0.0
Salaries and Wages:	
Military Personnel Compensation & Benefits	0.0
Civilian Personnel Compensation & Benefits	74.2
Travel & Transportation of Personnel	1.7
Materials & Supplies (For Internal Operations)	2.0
Equipment	2.1
Other Purchases from Revolving Funds	0.0
Transportation of Things	0.0
Depreciation - Capital	1.7
Printing and Reproduction	0.0
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, & Misc. Charges	1.2
Other Purchased Services	26.7

Total Expenses:	109.6
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Operating Result	(0.3)
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Less Capital Surcharge Reservation
 Plus Passthroughs or Other Appropriations Affecting NOR

Net Operating Result	(0.3)
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Prior Year Adjustments	0.0
Prior Year AOR	(16.6)

Accumulated Operating Result	(16.9)
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Non-Recoverable Adjustment Impacting AOR:	
Surcharge Prohibition	0.0

Accumulated Operating Results for Budget Purposes	(16.9)
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DEFENSE LOGISTICS AGENCY
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FY 2001 Budget Estimates
Source of New Orders and Revenue

	<u>FY 1999</u>
1. New Orders	
a. Orders from DLA Components	66.2
Defense Contract Management	6.9
DLA DWCF	59.3
b. Orders from other Fund Activity Groups	26.4
DFAS	12.3
DISA	1.1
Other DoD Components	0.9
Other DoD Components (DAASC)	12.1
c. Total DoD	185.2
d. Other Orders	1.1
Total New Orders	186.3
2. Carry-In Orders	20.3
3. Total Gross Orders	206.6
4. Funded Carry-Over	4.7
5. Total Gross Sales	201.9

DEFENSE LOGISTICS AGENCY
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 FY 2001 Budget Estimates
 Changes in the Costs of Operation

	<u>Expenses</u>
FY 99 Estimated Actual:	109.6
FY 00 Estimate in President's Budget	112.5
Program Changes:	
Workload: Software Development/Modernization	(3.7)
Functional Transfers:	
Supply Business Area	(69.9)
Distribution Business Area	(17.5)
Reutilization and Marketing Business Area	(5.3)
Defense contract Management Command	(7.1)
FY 00 Current Estimate:	9.0

Note: The functional transfer costs are included in the individual business area submissions. The current estimate is required to fund both the residual expenses associated with prior year undelivered orders and labor costs for the first 10 days of the fiscal year.