

# FY 2002 Amended Budget Submission

## Defense Logistics Agency (DLA)



June 2001

**DEFENSE LOGISTICS AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Appropriation Highlights**  
**(Dollars in Thousands)**

In FY 2000 the Defense Logistics Agency's operation and maintenance appropriation consisted 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 12,659 full time equivalents. In March of 2000 the Defense Contract Management Command was named a separate Joint Combat Support Agency and became the Defense Contract Management Agency (DCMA). As an agency, DCMA transferred associated support resources from DLA beginning in late FY 2000. OLS includes appropriated costs associated with DLA's logistics mission such as price comparability, hard copy map function, 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.

	FY 2000 Actuals	Foreign Currency Variance	Price Growth	Program Growth	FY 2001 Estimates	Foreign Currency Variance	Price Growth	Program Growth	FY 2002 Estimates
Budget Activity 2: Mobilization	38,192		611	13,764	52,567		894	(8,770)	44,691
Budget Activity 4: Admin. & Serv. Act.	1,209,861		36,137	(1,035,801)	210,197		3,613	(21,820)	191,990
Total	1,248,053		36,748	(1,022,037)	262,764		4,507	(30,590)	36,681

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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. Overall program decrease is due to accelerated FY 2001 purchase of Chemical suit long leadtime liner fabric components.

Budget Activity 4 reflects funding in support of DLA's 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 reduced program requirements.

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**Summary of Increases and Decreases**

	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
1. FY 2001 President's Budget Request	1,136,510	52,663	1,189,173
2. Congressional Adjustments (Distributed)			
a. Equipment & Initiatives	(4,000)		(4,000)
b. General Emulation of Microcircuits	2,200		2,200
c. Aging Aircraft ADC Program	4,000		4,000
Total Congressional Adjustments (Distributed)	2,200	0	2,200
3. Congressional Adjustments (Undistributed)			
a. Headquarters Management			
b. Headquarters Personnel Reduction	(4,363)	(29)	(4,392)
c. Defense Joint Accounting Service	(742)	(34)	(776)
Total Congressional Adjustments (Undistributed)	(5,105)	(63)	(5,168)
4. Congressional Earmarks			
a. Indian Lands Mitigation	(550)	(25)	(575)
b. Middle East Security Issues Program	(54)	(3)	(57)
c. Bosque Redondo Memorial	(110)	(5)	(115)
Total Congressional Earmarks	(714)	(33)	(747)
5. FY 2001 Appropriated Amount	1,132,891	52,567	1,185,458
6. FY 2001 Recission	(571)	0	(571)
7. Functional Transfers - In			
Funding to support DFAS Bill - DHRA to DLA	616	0	616
Total Functional Transfers - In	616	0	616
8. Other Transfers - In (Non-Functional)			
Total Other Transfers - In (Non-Functional)	0	0	0

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**Summary of Increases and Decreases**

	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
9. Functional Transfers - Out			
Funding to support the Defense Contract Management Agency	(925,685)		(925,685)
Total Functional Transfers - Out	(925,685)		(925,685)
10. Other Functional Transfers Out			
11. Price Changes	0	0	0
12. Program Increases			
DPAS extended fielding requirements and six additional civilian personnel	3,500		3,500
Total Program Increases	3,500	0	3,500
13. Program Decreases			
a. Reduction in civilian personnel funding to reflect a lower cost base	(500)		(500)
b. Realignment of Enhanced Defense Management Training funding	(54)		(54)
Total Program Decreases	(554)		(554)
14. Revised FY 2001 Current Estimate	210,197	52,567	262,764
15. Price Growth	3,613	894	4,507
16. Functional Transfers - In			
Realignment from PDW into O&M for DPAS to fund software upgrades	4,500		4,500
Total Functional Transfers - In	4,500	0	4,500

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	<u>BA4</u>	<u>BA2</u>	<u>Total</u>
17. Functional Transfers - Out			
Total Functional Transfers Out	0		0
18. Program Increases			
a. Increase associated with DMEA's Integrated Circuit Microelectronic Diminishing Manufacturing Sources and Material Shortages Program	116		116
b. Additional funding to support the Classified Program labor	159		159
c. Additional Defense Standardization Office requirements	219		219
d. Additional Automatic Identification Technology program requirements	5		5
e. Fact of Life increase to support Defense Acquisition Career Management (DACM) requirements	12		12
f. Increase in funding to support Continuity of Operations (COOP) efforts	50		50
g. Continuing Health increase due to Agency downsizing and consolidation	31		31
h. Disaster Relief Blankets increase to support requirements	30		30
i. Procurement Technical Assistance Program increase to support additional center awards	413		413
j. Logistics Transformation increase to support Department initiatives	140		140
k. Critical Infrastructure Protection increase due to DLA lead for the logistics sector	352		352
l. DFAS service payment	557		557
m. Unemployment increase due to estimated program requirements	1,932		
n. Quality of Life increase due to estimated program operations costs	96		
o. NBC Defense increase due to contractor negotiated costs		95	95
p. Industrial Readiness increase due to more comprehensive supplier assessments and measures to address capability shortfalls		60	60
q. Medical Readiness increase due to the expansion of CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$780M wartime planning shortfall		1,818	1,818
Total Program Increases	4,112	1,973	6,085

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	BA4	BA2	Total
19. Program Decreases			
a. Reduced requirements in the Joint Total Asset Visibility Office	(1,057)		(1,057)
b. Reduction in the Defense Property Accountability System requirements	(3,599)		(3,599)
c. Fact of life decrease for the Logistics Community Management (LCM) Program	(119)		(119)
d. Reduced Joint Electronics Commerce Program Office requirements	(54)		(54)
e. Price Comparability decrease due to competing Agency priorities	(6,622)		(6,622)
f. Disability Compensation decrease due to estimated program requirements	(2)		(2)
g. Aging Aircraft Program decrease due to Congressional add in FY 01 only	(4,068)		(4,068)
h. Demolition decrease due to completion of one-time project	(4,860)		(4,860)
i. DLA Map Function decrease due to going from an in-house redesign/ development of a replacement system to a COTS replacement	(4,698)		(4,698)
j. Management support costs decrease due to decrease in requirements for Official Representation Funds and Director's Medallions	(2)		(2)
k. Defense Security Service decrease due to revised Agency fee	(1)		(1)
m. Joint Logistics Warfighting Initiative decrease due to completed Department operational initiatives	(3,112)		(3,112)
n. Microcircuits: GEM decrease due to Congressional add in FY 01 only	(2,238)		(2,238)
o. Nerve Agent Antidote decrease due to newly negotiated contract options		(16)	(16)
p. Chem suits decrease due to industrial preparedness actions moved forward to FY 01		(7,589)	(7,589)
q T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned		(2)	(2)
r. Tray Pack IPM decrease due to the completion of purchase of unitization equipment		(1)	(1)
s. Manpower/Direct Support decrease due to Commercial Asset Visibility Data realigned in Industrial and Medical Readiness		(669)	(669)
t. Ozone Depleting Substance decrease reflects maximum amount allocated after funding competing priorities		(2,461)	(2,461)
u. Chem gloves decrease due to fact of life		(5)	
Total Program Decreases	(30,432)	(10,743)	(41,175)
20. FY 2002 Budget Request	191,990	44,691	236,681

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**Summary of Price and Program Changes**  
**(Dollars in Thousands)**

	FY 2000 Program	Foreign Currency Rate Differenc	Price Growth Percent	Amount	Program Growth	FY 2001 Program
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	753,535	0	0.0398 29,952	(760,090)	23,397
103	Wage Board	756	0	0.0398 30	(387)	399
104	Foreign National Direct Hire (FNDH)	3,651	0	0.0000 145	(3,796)	0
105	Separation Liability (FNDH)	45	0	0.0000 2	(47)	0
106	Benefits to Former Employees	1,411	0	0.0000 0	(431)	980
107	Voluntary Separation Incentive Pay	3,145	0	0.0000 0	(3,145)	0
110	Unemployment Compensation	9,000	0	0.0000 0	4,262	13,262
111	Disability Compensation	4,781	0	0.0000 0	(3,690)	1,091
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	776,324	0	30,129	(767,324)	39,129
<u>TRAVEL</u>						
308	Travel of Persons	31,184	0	0.016 379	(30,544)	1,019
399	TOTAL TRAVEL	31,184	0	379	(30,544)	1,019
<u>SUPPLIES &amp; MATERIALS PURCHASES</u>						
401	DFSC Fuel	0	0	0.629 0	0	0
411	Army Managed Supplies and Materials	0	0	-0.042 0	0	0
415	DLA Managed Supplies & Materials	1	0	0.045 0	(1)	0
416	GSA Managed Supplies & Materials	73	0	0.016 1	(17)	57
417	Locally Procured DoD centrally managed supp.	14	0	0.016 0	(1)	13
421	DLA Rebates	245	0	0.016 0	0	245
422	Locally Purchased Non-Capitalized Equipment	0	0	0.000 0	0	0
499	TOTAL SUPPLIES & MATERIALS PURCHASES	333	0	1	(19)	315



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	FY 2000 <u>Actual</u>	Foreign Currency <u>Rate Differenc</u>	<u>Price Growth</u> Percent	<u>Amount</u>	Program <u>Growth</u>	FY 2001 <u>Program</u>
<u>EQUIPMENT PURCHASES</u>						
506 DLA Fund Equipment	39	0	0.045	2	0	41
507 GSA Managed Equipment	22	0	0.016	0	0	22
550 Commercial Purchases of Equipment	66	0	0.016	1	0	67
599 TOTAL FUND EQUIPMENT PURCHASES	127	0		3	0	130
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>						
633 Defense Publication and Printing Services	0	0	0.115	0	0	0
634 Navy Public Work Centers: Utilities	0	0	0.018	0	0	0
635 Navy Public Work Centers: Public Works	0	0	0.020	0	0	0
647 DISA Information Services	6,030	0	-0.063	(380)	(5,355)	295
650 DLA Information Services	0	0	0.000	0	0	0
671 Communication Services (DISA)	7,994	0	-0.004	(32)	(7,962)	0
673 Defense Finance and Accounting Services	7,113	0	0.049	348	(5,897)	1,564
677 Purchased Equipment Maintenance, Non-ADP	0	0	0.000	0	0	0
678 Defense Security Service	1,270	0	0.016	20	(1,151)	139
679 Cost Reimbursable Purchases	73,115	0	0.016	1,170	8,375	82,660
699 TOTAL PURCHASES	95,522			1,126	(11,990)	84,658
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>						
701 MAC Cargo (Fund)	0	0	0.00	0	0	0
725 MTMC (Other)	0	0	0.00	0	0	0
771 Commercial Transportation	2,745	0	0.016	33	(2,778)	0
799 TOTAL TRANSPORTATION	2,745	0		33	(2,778)	0

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	FY 2000	Foreign	Price Growth		Program	FY 2001	
	<u>Program</u>	<u>Rate</u>	<u>Differenc</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>							
901	Foreign National Indirect Hire (FNIH)	813	0	0.0398	32	(845)	0
912	Rental Payments to GSA (SLUC)	13,977	0	0.020	280	(14,066)	191
913	Purchased Utilities (non-Fund)	438	0	0.016	6	(394)	50
914	Purchased Communications (non-Fund)	8,400	0	0.016	101	(8,453)	48
915	Rents (non-GSA)	1,066	0	0.016	14	(825)	255
917	Postal Services (U.S.P.S.)	668	0	0.000	8	(676)	0
920	Supplies & Materials (non-Fund)	17,067	0	0.016	224	(12,036)	5,255
921	Printing and Reproduction	417	0	0.016	5	(387)	35
922	Equipment Maintenance by Contract	1,361	0	0.016	17	(1,022)	356
923	Facility Maintenance by Contract	686	0	0.016	8	(694)	0
925	Equipment Purchases (non-Fund)	38,173	0	0.016	493	(38,559)	107
931	Contract Consultants	0	0	0.016	0	0	0
932	Management & Professional Support Services	30,189	0	0.016	479	(26,668)	4,000
933	Studies, Analysis, & Evaluations	14,032	0	0.016	221	6,779	21,032
934	Engineering & Technical Services	1,033	0	0.016	17	4,779	5,829
987	Other Intr-Govt Purchases	1,435	0	0.016	22	(329)	1,128
988	Grants	16,823	0	0.016	269	764	17,856
989	Other Contracts	195,107	0	0.016	2,879	(116,629)	81,357
991	Foreign Currency Variance	0	0	0.016	0	0	0
998	Other Costs	133	0	0.016	2	(121)	14
999	TOTAL OTHER PURCHASES	341,818	0		5,077	(209,382)	137,513
###	TOTAL OPERATION & MAINTENANCE	1,248,053			36,748	(1,022,037)	262,764

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**(Dollars in Thousands)**

	FY 2001	Foreign	Price Growth		Program	FY 2002	
	Program	Rate Differenc	Percent	Amount	Growth	Program	
<u>CIVILIAN PERSONNEL COMPENSATION</u>							
101	Executive, General & Special Schedule	23,397	0	0.0363	850	(97)	24,150
103	Wage Board	399	0	0.0363	14	0	413
104	Foreign National Direct Hire (FNDH)	0	0	0.0000	0	0	0
105	Separation Liability (FNDH)	0	0	0.0000	0	0	0
106	Benefits to Former Employees	980	0	0.0000	0	31	1,011
107	Voluntary Separation Incentive Pay	0	0	0.0000	0	0	0
110	Unemployment Compensation	13,262	0	0.0000	0	1,932	15,194
111	Disability Compensation	1,091	0	0.0000	0	(2)	1,089
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	39,129	0		864	1,864	41,857
<u>TRAVEL</u>							
308	Travel of Persons	1,019	0	0.017	17	(9)	1,027
399	TOTAL TRAVEL	1,019	0		17	(9)	1,027
<u>SUPPLIES &amp; MATERIALS PURCHASES</u>							
401	DFSC Fuel	0	0	-0.001	0	0	0
411	Army Managed Supplies and Materials	0	0	-0.025	0	0	0
415	DLA Managed Supplies & Materials	0	0	0.004	0	0	0
416	GSA Managed Supplies & Materials	57	0	0.017	1	0	58
417	Locally Procured DoD centrally managed sup	13	0	0.017	0	(1)	12
421	DLA Rebates	245	0	0.000	0	0	245
422	Locally Purchased Non-Capitalized Equipme	0	0	0.000	0	0	0
499	TOTAL SUPPLIES & MATERIAL PURCHASES	315	0		1	(1)	315

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	FY 2001	Foreign Currency	Price Growth Percent	Price Growth Amount	Program Growth	FY 2002 Program
	<u>Program</u>	<u>Rate Differenc</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>EQUIPMENT PURCHASES</u>						
506	DLA Fund Equipment	41	0	0.004	0	41
507	GSA Managed Equipment	22	0	0.017	0	22
550	Commercial Purchases of Equipment	67	0	0.017	1	68
599	TOTAL FUND EQUIPMENT PURCHASES	130	0		1	131
 <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>						
634	Navy Public Work Centers: Utilities	0	0	0.187	0	0
635	Navy Public Work Centers: Public Works	0	0	0.098	0	0
647	DISA Information Services	295	0	-0.159	(47)	248
650	DLA Information Services	0	0	0.000	0	0
671	Communication Services (DISA)	0	0	0.138	0	0
673	Defense Finance and Accounting Services	1,564	0	-0.047	(74)	2,047
677	Purchased Equipment Maintenance, Non-ADP	0	0	0.000	0	0
678	Defense Security Service	139	0	0.017	2	140
679	Cost Reimbursable Purchases	82,660	0	0.017	1,406	72,839
699	TOTAL PURCHASES	84,658	0		1,287	75,274
 <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>						
701	MAC Cargo (Fund)	0	0	0.000	0	0
725	MTMC (Other)	0	0	0.000	0	0
771	Commercial Transportation	0	0	0.017	0	0
799	TOTAL TRANSPORTATION	0	0		0	0

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 (Dollars in Thousands)

	FY 2001	Foreign	Price Growth		Program	FY 2002
	<u>Program</u>	<u>Rate Differenc</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>						
901 Foreign National Indirect Hire (FNIH)	0	0	0.0363	0	0	0
912 Rental Payments to GSA (SLUC)	191	0	0.020	4	(1)	194
913 Purchased Utilities (non-Fund)	50	0	0.017	1	0	51
914 Purchased Communications (non-Fund)	48	0	0.017	1	0	49
915 Rents (non-GSA)	255	0	0.017	4	0	259
917 Postal Services (U.S.P.S.)	0	0	0.000	0	0	0
920 Supplies & Materials (non-Fund)	5,255	0	0.017	89	(2,206)	3,138
921 Printing and Reproduction	35	0	0.017	0	0	35
922 Equipment Maintenance by Contract	356	0	0.017	6	0	362
923 Facility Maintenance by Contract	0	0	0.017	0	0	0
925 Equipment Purchases (non-Fund)	107	0	0.017	2	0	109
931 Contract Consultants	0	0	0.017	0	0	0
932 Management & Professional Support Services	4,000	0	0.017	68	(4,068)	0
933 Studies, Analysis, & Evaluations	21,032	0	0.017	357	(2,615)	18,774
934 Engineering & Technical Services	5,829	0	0.017	99	(4,860)	1,068
987 Other Intr-Govt Purchases	1,128	0	0.017	19	159	1,306
988 Grants	17,856	0	0.017	304	413	18,573
989 Other Contracts	81,357	0	0.017	1,383	(8,595)	74,145
991 Foreign Currency Variance	0	0	0.017	0	0	0
998 Other Costs	14	0	0.017	0	0	14
999 TOTAL OTHER PURCHASES	137,513	0		2,337	(21,773)	118,077
9999 TOTAL OPERATION & MAINTENANCE	262,764	0		4,507	(30,590)	236,681

DEFENSE LOGISTICS AGENCY  
Operations and Maintenance, Defense-Wide  
FY 2002 Amended Budget Submission  
Budget Activity #2: Mobilization  
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).

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Budget Activity #2: Mobilization  
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. The budget request for this program is \$8.434 million in FY 2002. The program decrease is due to newly negotiated contract options that were lower than expected.

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. The budget request for this program is \$4.156 million in FY 2002. The program remains relatively level.

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**Budget Activity #2: Mobilization**  
**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. The long leadtime The budget request for this program is \$643K in FY 2002. The program decrease in FY 2002 is due to industrial preparedness actions being moved forward to FY 2001 to provide improved readiness earlier than was originally planned which was due to budget constraints in FY 2002. The FY 2001 funding is for the purchase of long leadtime liner fabric components (carbon beads) and other industrial actions to provide industrial surge capabilities. All discretionary Chemical Suit funding in FY 2002 was moved to Medical Readiness to cover the growth in those years. The amount remaining in this line for FY 2002 will be used to pay for the storage of prepositioned suit components purchased in prior years.

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. The



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**Warstoppers**

**I. Description of Operations Financed (continued):**

budget request for this program is \$100 thousand in FY 2002 and remains relatively level from FY 2001 requirements. The overall program decrease is due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.

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. The budget request for this program is \$50 thousand in FY 2002 and remains relatively level from FY 2001 requirements. The overall 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. The budget request for this program is \$3.132 million in FY 2002. Commercial Asset Visibility data, originally funded under the manpower line in prior years, were determined to fit better under other lines. Beginning in FY 2002 these items will be transferred to the Industrial Readiness and Medical Readiness lines.

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**I. Description of Operations Financed (continued):**

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. The budget request for this program is \$30 thousand in FY 2002. This program remains level.

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. The budget request for this program is \$2.339 million in FY 2002. This represents contractor negotiated costs for the Nerve Agent Antidote Autoinjector Shelf Life Extension Program and Readiness Enhancement 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 support items are provided via Prime Vendors, and an increasing quantity of hardware and

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**I. Description of Operations Financed (continued):**

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. The budget request for this program is \$4.027 million in FY 2002. The program increase in FY 2002 is not actually an increase but a result of an undistributed mark taken against Industrial Readiness in FY 2001.

**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. The budget request for this program is \$18.264 million in FY 2002. The program increase in FY 2002 is due to the expansion and start-up costs of CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$780 million 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. The budget request for this program is \$3.516 million in FY 2002. The program decreases in FY 2002; with intent to complete the purchase of the reserve in FY 2003.

**II. Force Structure: N/A**

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

A. Subactivities:	FY 2000 Actuals	FY 2001			FY 2002 Estimate
		Budget Request	Appropriated	Current Estimate	
Nerve Agent Antidote	7,853	8,309	8,309	8,309	8,434
Chemical Gloves	4,027	4,091	4,091	4,091	4,156
Chemical Suits	3,050	8,094	8,094	8,094	643
MRE/Tray Pack IPMs	250	50	50	50	50
T-Pack/MRE Maintenance	200	100	100	100	100
Manpower/Direct Support	3,772	3,737	3,737	3,737	3,132
DPAS	30	30	30	30	30
NBC Defense	2,326	2,206	2,206	2,206	2,339
Industrial Readiness	8,584	3,998	3,902	3,902	4,027
Medical Readiness	6,100	16,171	16,171	16,171	18,264
Ozone Depleting Substance	2,000	5,877	5,877	5,877	3,516
Total	38,192	52,663	52,567	52,567	44,691

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

<u>B. Reconciliation Summary:</u>	Change	Change
	FY 2001/ FY 2001	FY 2001/ FY 2002
<b>1. Baseline Funding</b>	<b>52,663</b>	<b>52,567</b>
a) Congressional Adjustments (Distributed)	0	0
b) Congressional Adjustments (Undistributed)	(63)	0
c) Congressional Earmark	(33)	0
<b>2. Appropriated Amount</b>	<b>52,567</b>	<b>0</b>
<b>3. FY 2001 Rescission</b>	<b>0</b>	<b>0</b>
<b>3. Price Change</b>	<b>0</b>	<b>894</b>
<b>4. Program Changes</b>	<b>0</b>	<b>(8,770)</b>
<b>5. Current Estimate</b>	<b>52,567</b>	<b>44,691</b>

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**C. Reconciliation of Increases and Decreases:**

		<u>(\$ in Thousands)</u>	
		<u>Amount</u>	<u>Totals</u>
1.	FY 2001 President's Budget Request		52,663
2.	Congressional Adjustments (Distributed)		0
3.	Congressional Adjustments (Undistributed)		
	Management Headquarters Reduction	(29)	
	Defense Joint Accounting Service	(34)	
	Total Congressional Adjustments (Undistributed)		(63)
4.	Congressional Earmarks		
	Section 8047 - Indian Lands Mitigation	(25)	
	Section 8139 - Mid-East Regional Security Issues	(3)	
	Section 8142 - Bosque Redondo Memorial	(5)	
	Total Congressional Earmarks		(33)
5.	FY 2001 Appropriated Amount		52,567
6.	FY 2001 Rescission		0
7.	Functional Transfers-In		
	Total Functional Transfers-In		0

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**C. Reconciliation of Increases and Decreases (cont'd):**

8.	Other Transfers-In (Non-Functional)	
	Total Other Transfers-In (Non-Functional)	0
9.	Functional Transfers-Out	
	Total Functional Transfer-Out	0
10.	Other Functional Transfers-Out	
	Other Total Functional Transfer-Out	0
11.	Price Change	0
12.	Program Increase	
	Total Program Increase	0
13.	Program Decrease	
	Total Program Decrease	0
14.	Revised FY 2001 Current Estimate	52,567
15.	Price Growth	894
16.	Transfers-In	
	Total Transfers-In	0
17.	Transfers-Out	
	Total Transfers-Out	0

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**C. Reconciliation of Increases and Decreases (cont'd):**

18. Program Increases		
a) NBC Defense increase due to contractor negotiated costs.		95
b) Industrial Readiness increase due to more comprehensive supplier assessments and measures to address capability shortfalls.		60
c) Medical Readiness increase due to the expansion of CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$780 million wartime planning shortfall.		1,818
Total Program Increases		1,973
19. Program Decreases		
a) Nerve Agent Antidote decrease to newly negotiated contract options.		(16)
b) Chem Suits decrease due to industrial preparedness actions moved forward to FY 2001	(7,589)	
c) T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.		(2)
d) Tray Pack IPM decrease due to the completion of purchase of unitization equipment.		(1)
e) Chem gloves decrease due to fact of life.		(5)



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**C. Reconciliation of Increases and Decreases (cont'd):**

e) Manpower/Direct Support decrease due to Commercial Asset Visibility Data realigned in Industrial and Medical Readiness.	(669)
f) Ozone Depleting Substance decrease reflects maximum amount allocated after funding competing priorities.	(2,461)
Total Program Decreases	(10,743)
20. FY 2002 Budget Request	44,691

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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 2000 success, the continued goal for the Warstoppers Program in FYs 2001 and 2002 is to provide exceptional capability of coverage to meet the Services and CINCs wartime requirements.

**V. Personnel Summary: N/A**

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

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>			
	<u>FY 2000 Actual</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2001 Estimate</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2002 Estimate</u>
989 Other Contracts	38,192	611	13,764	52,567	894	(8,770)	44,691
9999 Total	38,192	611	13,764	52,567	894	(8,770)	44,691

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**Budget Activity 4: Contract Management**

**I. Description of Operations Financed:**

Contract Management Services (CMS):

In March of 2000 the Defense Contract Management Command was named a separate Joint Combat Support Agency and became the Defense Contract Management Agency (DCMA). As an agency, DCMA transferred associated support resources from the Defense Logistics Agency beginning in late FY 2000. As a result of this transition DCMA is now aligned under the Principal Under Secretary of Defense (Acquisition, Technology and Logistics).

The critical requirements that justified establishing DCMA as a separate Agency included: the combat support mission; the size, scope and complexity of the organization; comparable organization placement with Senior Acquisition Executives; the need for independent oversight; and the elimination of a management layer. The Agency's role as a combat support organization is the most important mission. DCMA's combat support responsibilities include: contingency and wartime planning with the CINCs; maintaining effective training and force preparation for deployed operations such as Bosnia and Kosovo; deployment with military forces to support contingency operations; support of joint exercises; and mobilizing defense industry support of CINC operations.

The Defense Contract Management Agency (DCMA) provides customer-focused contract management services throughout the acquisition life cycle, around the clock, around the world. As DoD's independent CAS agent, DCMA 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. DCMA'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. DCMA 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.

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**I. Description of Operations Financed: (con't)**

DCMA aims to be the provider of choice for contract management for the Department of Defense and a valued customer to our suppliers. DCMA'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 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.

**II. Force Structure Summary: N/A**

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

A. Subactivities:	FY 2000 Estimate	FY 2001		FY 2002 Estimate
		Budget Request	Appropriated Estimate	
1. Contract Management Services				
Personnel Comp & Benefits	829,969	855,356	855,356	
Voluntary Separation Incentive	3,104	2,000	2,000	
Pay	14,574	12,525	12,525	
PCS	25,267	27,518	27,509	
Travel	14,976	13,250	13,250	
Training	9,161	13,245	13,245	
Information Svcs - DISA Tele Communications	5,891	7,114	7,144	
Information Svcs - DISA	7,424	5,204	5,204	
Processing	65,831	76,978	75,305	
Finance and Accounting Services	976,197	1,013,220	1,011,538	
Other Operating Support Costs				
2. Subtotal	8,277	8,614	4,614	
3. DCMC Initiatives	47,051	34,186	34,186	
4. Infrastructure	3,414	0	0	
5. Contingency Operations Support	22,415	14,294	14,294	
DLA Corporate Allocation				

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Total	1,057,354	1,070,314	1,064,632
Reimbursable Earnings	163,561	153,859	153,859
Operation and Maintenance	893,793	916,455	910,773
Total			

III. Financial Summary (O&M: \$ in thousands)(con't):

<u>B. Reconciliation Summary:</u>	<u>Change</u> <u>FY 2001 /</u> <u>FY 2001</u>	<u>Change</u> <u>FY 2001/</u> <u>FY 2002</u>
1. <b>Baseline Funding</b>	<b>919,418</b>	
Congressional Adjustments (Distributed)	-4,000	
Congressional Adjustments (Undistributed)	-1,615	
Congressional Earmarks	-577	
Adjustments to Meet Congressional Intent	0	
2. <b>Subtotal Appropriated Amount</b>	<b>913,226</b>	
FY 2001 Rescission	0	
Approved Reprogrammings/Transfers	-913,842	
3. Price Change	0	
4. Program Changes	0	
5. <b>Current Estimate</b>	<b>0</b>	

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**C. Reconciliation of Increases and Decreases:**

		<u>(Dollars in Thousands)</u>
<b>FY 2001 President's Budget Request</b>		<b>919,418</b>
1. Congressional Adjustment (Distributed)		
Equipment Purchases and Initiatives	-4,000	
Total Congressional Adjustment (Distributed)		-4000
2. Congressional Adjustment (Undistributed)		
a. Headquarters Personnel Reduction	-1,015	
b. Defense Joint Accounting Service	-600	
Total Congressional Adjustment (Undistributed)		-1,615
3. Congressional Adjustments (General Provisions)		
Total Congressional Adjustments (General Provisions)		
4. Congressional Earmarks		
a. Section 8047 - Indian Lands Mitigation	-445	
b. Section 8139 - Mid-East Regional Security Issues	-43 -89	
c. Section 8142 - Bosque Redondo Memorial		
Total Congressional Earmarks		-577
<b>FY 2001 Appropriated Amount (subtotal)</b>		<b>913,266</b>
5. FY 2001 Rescission		



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6.	Functional Transfers-In		
	Transfer of funding in support of costs associated with accounting services	616	
	Total Functional Transfers-In		616

**C. Reconciliation of Increases and Decreases: (con't)**

7.	Functional Transfers-Out		
	a. Transfer of funding from the Defense Logistics Agency associated with the establishment of the		
	Defense Contract Management Agency	913,226	
	b. Transfer of funding in support of costs associated with accounting services	616	
	Total Functional Transfers-Out		913,842

8.	Program Increases		
	Total Program Increases		

<b>Revised FY 2001 Current Estimate</b>	<b>0</b>
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**IV. Performance Criteria and Evaluation Summary:**

The Draft FY 2000-2005 Performance Contract contains four goals for the DCMA which are associated with the Agency mission.

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The first goal is to reduce the cost per unit of output for contract administration services by three percent annually from the FY 1998 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 second goal is to achieve a rating of five or greater, on a six point scale, on 90 percent of the responses regarding overall customer satisfaction. DCMA 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 third 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, DCMA teams with these other organizations to work systemic issues that would otherwise delay closeout.

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

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V. <u>Personnel Summary:</u>	FY 2000	FY 2001	FY 2002	<u>Change FY 2000/ FY 2001</u>	<u>Change FY 2001/ FY 2002</u>
<u>Active Mil End Strength (Total)</u>	626			-626	
Officer	529			-529	
Enlisted	97			-97	
 <u>Civilian End Strength (Total)</u>	 12,419			 -12,419	
U.S. Direct Hire	12,312			-12,312	
Foreign National Direct Hire	88			-88	
Total Direct Hire	12,400			-12,400	
Foreign National Indirect Hire	19			-19	
(Reimbursable Civilians -Memo)	1,625			-1,625	
 <u>Active Mil FTEs (Total)</u>	 626			 -626	
Officer	529			-529	
Enlisted	97			-97	
 <u>Civilian FTEs (Total)</u>	 12,363			 -12,363	
U.S. Direct Hire	12,256			-12,256	
Foreign National Direct Hire	88			-88	
Total Direct Hire	12,344			-12,344	
Foreign National Indirect Hire	19			-19	
(Reimbursable Civilians -Memo)	1,625			-1,625	

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

	FY 2000	<u>Change FY2000/2001</u>		<u>Change FY2001/2002</u>		
		<u>Est</u>	<u>Price Growth</u>	<u>Prog Growth</u>	<u>Price Growth</u>	<u>Prog Growth</u>
Executive, General & Special Schedule	733,402	29,153	-762,555			
Wage Board	372	15	-387			
Foreign National	3,651	145	-3,796			
Direct Hire						
Separation Liability (FNDH)	45	2	-47			
Benefits to Former Employees	1,055	0	-1,055			
Voluntary Separation Incentive Pay	3,104	0	-3,104			
Disability Compensation	4,038	0	-4,038			
Total Civilian Personnel Compensation	745,667	29,315	-774,982			
Travel Of Persons	29,686	356	-30,042			
Total Travel	29,686	356	-30,042			
DISA Information Services	4,979	-314	-4,665			
Communication Svcs	7,994	-32	-7,962			

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(DISA) Tier 2			
Defense Finance & Accounting Svcs	6,479	317	-6,796
Communication Svcs	0	0	0
(DISA) Tier 1			
Defense Security Svc	0	0	0
Total Purchases	19,452	-29	-19,423
	<u>FY 2000</u>	<u>Price</u>	<u>Prog</u>
	<u>Est</u>	<u>Growth</u>	<u>Growth</u>
			<u>FY 2001</u>
			<u>Est</u>
			<u>Price</u>
			<u>Growth</u>
			<u>Prog</u>
			<u>Growth</u>
			<u>FY 2002</u>
			<u>Est</u>
Commercial	2,735	33	-2,768
Transportation			
Total Transportation	2,735	33	-2,768
Foreign National	813	32	-845
Indirect Hire			
(FNIH)			
SLUC (GSA Leases)	13,789	276	-14,065
Purchased Utilities	389	5	-394
(non fund)			
Purchased	8,353	100	-8,453
Communications			
(non IF)			
Rents and Leases	815	10	-825
(non GSA)			
Postal Service	668	8	-676
(U.S.P.S)			

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DEFENSE LOGISTICS AGENCY  
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Supplies and Materials (non SF)	12,375	149	-12,524
Printing & Reproduction Equipment Maintenance	382	5	-387
Facility Maintenance	847	10	-857
Equipment Purchases & COTS	686	8	-694
Mngt & Professional Svcs	26,882	323	-27,205
Studies, Analysis, & Evaluation	904	11	-915
Other Contracts	676	8	-684
Foreign Currency Variance	28,632	344	-28,976
Other Costs	0	0	0
Total Other Purchases	42	1	-43
	96,253	1,014	-97,543
Total	893,793	30,689	-924,758

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Budget Activity 4: Standard Procurement System

**I. Description of Operations Financed:**

The Standard Procurement System (SPS) program objective is deploying SPS to users in the functional area of defense contracting. There are approximately 43,000 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 Agency, and the other Defense Agencies. Over 745 sites and 20,894 personal computers were installed with SPS as of December 31, 2000. 17,949 users are formally trained and 16,207 are Component declared operational users. 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.

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 to recent Information Technology budgeting policy. 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

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I. Description of Operations Financed:

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



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 Budget Activity 4: Standard Procurement System

**III. Financial Summary (O&M: Dollars in thousands):**

A. Subactivities:	FY 2000 Estimate	FY 2001		Current Estimate	FY 2002 Estimate
		Budget Request	Appropriated		
1. Personnel Comp & Benefits	596	815	815		
2. Travel	412	425	425		
3. Processing Charges	789	895	895		
4. Supplies & Materials	110	26	26		
5. Equipment Maintenance	163	200	200		
6. Equipment Purchases & Comm Off the Shelf	11,186	5,734	5,734		
7. Software Dev. & Maintenance	27,416	1,272	1,272		
8. Software Conversion	7,667	0	0		
9. Trng/Tstng/Studies & Implementation	21,393	1,677	1,677		
8. Other Operating Support Costs	397	822	799		
Total	70,128	11,866	11,843		

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 Budget Activity 4: Standard Procurement System

<b>B. <u>Reconciliation Summary:</u></b>	<b>Change</b>	<b>Change</b>
	<b>FY 2001 /</b>	<b>FY 2001/</b>
	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>
1. <b>Baseline Funding</b>	11,866	
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)	-23	
Congressional Adjustments (General Provision)		
Adjustments to Meet Congressional Intent		
2. <b>Subtotal Appropriated Amount</b>	11,843	
Program Changes		
3. <b>Subtotal Baseline Funding</b>	11,843	
Approved Reprogrammings/Transfers	-11,843	
4. Price Change		
5. Program Changes		
6. <b>Current Estimate</b>	0	

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**C. Reconciliation of Increases and Decreases:**

	<u>(Dollars in Thousands)</u>
<b>FY 2001 President's Budget Request</b>	<b>11,866</b>
1. Congressional Adjustment (Distributed)	
Total Congressional Adjustment (Distributed)	
2. Congressional Adjustment (Undistributed)	
a. Headquarters Personnel Reduction	-7
b. Defense Joint Accounting Service	-8
Total Congressional Adjustment (Undistributed)	-15
3. Congressional Adjustments (General Provisions)	
Total Congressional Adjustments (General Provisions)	
4. Congressional Earmarks	
a. Section 8047 - Indian Lands Mitigation	-6
b. Section 8139 - Mid-East Regional Security Issues	-1
c. Section 8142 - Bosque Redondo Memorial	-1
Total Congressional Earmarks	-8
<b>FY 2001 Appropriated Amount (subtotal)</b>	<b>11,843</b>
5. Rescission	
6. Functional Transfers - Out	
Transfer of funding associated with the establishment of DCMA	-11,843
Total Functional Transfers - Out	-11,843

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Revised FY 2001 Current Estimate

0

**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%

With most sites reporting, from October 1999 through December 2001, SPS users have completed 400,000 contract awards/modifications totaling \$45 billion.

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V. <u>Personnel Summary:</u>	FY 2000	FY 2001	FY 2002	<u>Change FY 2000/ FY 2001</u>	<u>Change FY 2001/ FY 2002</u>
<u>Active Mil End Strength (Total)</u>	0				
Officer					
Enlisted					
<u>Civilian End Strength (Total)</u>	5			-5	
U.S. Direct Hire	5			-5	
<u>Active Mil FTEs (Total)</u>	0				
Officer					
Enlisted					
<u>Civilian FTEs (Total)</u>	5			-5	
U.S. Direct Hire	5			-5	

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

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>		
	<u>FY 2000</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2001</u>	<u>Price</u>	<u>Prog</u>
	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>
				<u>Est</u>		<u>Est</u>
101 Executive, General & Special Schedule	596	24	-620			
103 Wage Board	0	0	0			
199 Total Civilian Personnel Compensation	596	24	-620			
308 Travel Of Persons	412	6	-418			
399 Total Travel	412	6	-418			
647 DISA Information Services	736	-46	-690			
699 Total Purchases	736	-46	-690			
920 Supplies and Materials (non SF)	110	2	-112			
922 Equipment Maintenance	163	2	-165			
925 Equipment Purchases & COTS	11,186	168	-11,354			

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932	Mngt & Professional Svcs	359	5	-364
989	Other Contracts	56,566	849	-57,415
999	Total Other Purchases	68,384	1,026	-69,410
9999	Total	70,128	1,010	-71,138

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**Budget Activity #4: Defense-Wide Other Logistics Programs**

I. Description of Operations Financed:

In FY 2002 the Defense Logistics Agency (DLA) Other Logistics Programs (OLP) include \$57.5 million and 361 full-time equivalents (FTEs). As a result of DLA's strategic plan, DLA 21, several information operations programs were realigned to DLA Information Operations. This includes: The Joint Total Asset Visibility (JTAV) Program, the Defense Property Accountability System (DPAS), Logistics Community Management (LCM), the Joint Electronic Commerce Program Office (JECPO) and Automatic Identification Technology (AIT). AIT is currently funded in DLA's Other Logistics Services Activity. The following programs are included in the Activity Group:

DLA Information Operations

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

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

DLA INFORMATION OPERATIONS: DLA 21 established the DLA Information Operations Directorate during FY 2000 to provide comprehensive, best practice technological support to the DoD/DLA logistics community resulting in the highest quality information systems, efficient and economical computing, data management, electronic commerce, and telecommunications services.



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I. Description of Operations Financed (continued):

JTAV was transferred from the Army DCSLOG to DLA in June of 1998. The JTAV Director reports to the DLA Director for Information Operations as the JTAV Executive Agent. As the Executive Agent, DLA reports to the JTAV IPT for overall direction and program management. 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.

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 the sustainment of JTAV initiatives. The FY 2002 budget request includes \$9 million to sustain the JTAV efforts.

DPAS, another program under the DLA Information Operations program, 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 2002 the budget request includes \$13.5 million and 10 FTEs.

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I. Description of Operations Financed (continued):

LCM funding for LCM oversight functions began 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 2002 the budget request includes \$5.7 million and 8 FTEs.

JECPO, another program under the DLA Information Operations program, 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 to DLA as the lead on business development; and the Defense Information Systems Agency (DISA) for oversight of technical development. The program 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. In FY 2002 the budget request is \$5.5 million and 35 FTEs. FY 2002 remains level with the FY 2001 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 DoD and supports the career system policy formulation and implementation activities of the DAETCD. In FY 2002 the budget request is \$806 thousand and 2 FTEs.

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I. Description of Operations Financed (continued):

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 2002 the budget request is \$3.6 million and 11 FTEs.

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 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

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I. Description of Operations Financed (continued):

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 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 2002 the budget request is \$15.0 million, 136 direct-funded FTEs and 94 reimbursable FTES.

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

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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).

I. Description of Operations Financed (continued):

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 2002 budget request for this program is \$2.6 million and 26 FTEs. The program remains level with the DLA FY 2001 President's Budget request.

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 2002 DLA has internally realigned funding and FTEs for RAMP. No funding has been identified for FY 2002.

DEFENSE STANDARDIZATION PROGRAM OFFICE (DSPO) (MILSPEC): DSPO transferred from OUSD(AT&L) 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 2002 the budget request for this program is \$4.8 million and 11 FTEs. Program increases are attributable to contractual administration costs to maintain performance specifications and other standardized documents.

LAW ENFORCEMENT SUPPORT OFFICE (LESO): LESO, under the DoD Coordinator for Drug Enforcement Policy and Support (CDEP&S), distributes excess DoD personal property to

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Federal and State Law Enforcement Agencies in support of counterdrug activities. Beginning with the National Defense Authorization Act for FY 1989, DoD received enhanced

I. Description of Operations Financed (continued):

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 of 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. The FY 2002 request includes 5 FTEs with no corresponding funding. This program is budgeted at the Department level. DLA is reimbursed during execution.

DoD CLASSIFIED PROGRAM: The FY 2002 budget request includes \$1.3 million and 14 FTEs to reflect a 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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III. Financial Summary (O&M: Dollars in thousands):

A. Subactivities:	FY 2000 Actuals	FY 2001		Current Estimate	FY 2002 Estimate
		Budget Request	Appropriated		
1. DLA Info Operations	47,559	30,545	30,383	33,552	33,823
a. JTAV	18,540	10,000	9,947	9,841	8,959
b. DPAS	18,415	9,039	8,991	12,391	13,533
c. LCM	5,966	5,882	5,851	5,786	5,782
d. JECPO	4,638	5,624	5,594	5,534	5,549
2. DMEA	13,921	14,764	14,671	14,482	15,062
3. BPRC	3,098	2,558	2,558	2,558	2,641
4. RAMP	994	0	0	0	0
5. DSPO	4,464	4,592	4,567	4,518	4,837
6. DACM	842	790	786	778	808
7. COOP	3,668	3,515	3,496	3,458	3,588
8. LESO	430	0	0	0	0
9. DoD Classified Program	0	1,139	1,133	1,121	1,321
Total	74,976	57,903	57,594	60,467	62,080

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IV. Financial Summary (O&M: Dollars in thousands):

<u>B. Reconciliation Summary:</u>	Change	Change
	FY 2001/ FY 2001	FY 2001/ FY 2002
<b>1. Baseline Funding</b>	<b>57,903</b>	<b>60,467</b>
a) Congressional Adjustments (Distributed)	0	0
b) Congressional Adjustments (Undistributed)	(272)	0
c) Congressional Earmark	(37)	0
<b>2. Appropriated Amount</b>	<b>57,594</b>	<b>0</b>
<b>3. FY 2001 Rescission</b>	<b>(127)</b>	<b>0</b>
<b>4. Price Change</b>	<b>0</b>	<b>1,386</b>
<b>5. Approved Transfers</b>	<b>0</b>	<b>4,500</b>
<b>6. Program Changes</b>	<b>3,000</b>	<b>(4,273)</b>
<b>7. Current Estimate</b>	<b>60,467</b>	<b>62,080</b>



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**C. Reconciliation of Increases and Decreases:**

	<u>(Dollars in Thousands)</u>	
	<u>Amount</u>	<u>Totals</u>
1. FY 2001 President's Budget Request		57,903
2. Congressional Adjustments (Distributed)		0
3. Congressional Adjustments (Undistributed)		
Management Headquarters Personnel Reduction	234	
Defense Joint Accounting Service	(38)	
Total Congressional Adjustments (Undistributed)		(272)
4. Congressional Earmarks		
Section 8047 - Indian Lands Mitigation	(28)	
Section 8139 - Mid-East Regional Security Issues	(3)	
Section 8142 - Bosque Redondo Memorial	(6)	
Total Congressional Earmarks		(37)
5. FY 2001 Appropriated Amount		57,594
6. FY 2001 Rescission		(127)
7. Functional Transfers-In		
Total Functional Transfers-In		0
8. Other Transfers-In (Non-Functional)		
Total Other Transfers-In (Non-Functional)		0

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**C. Reconciliation of Increases and Decreases (cont'd):**

9.	Functional Transfers-Out		
	Total Functional Transfer-Out		0
10.	Other Functional Transfers-Out		
	Other Total Functional Transfer-Out		0
11.	Price Change		0
12.	Program Increase		
	Increase to support the Defense Property	3,500	
	Accountability (DPAS) fielding efforts		
	Total Program Increase		3,500
13.	Program Decrease		
	Reduction in civilian personnel cost base	(500)	
	Total Program Decrease		(500)
14.	Revised FY 2001 Current Estimate		60,467
15.	Price Growth		1,386
16.	Transfers-In		
	Realignment from Procurement, Defense-wide into	4,500	
	O&M, Defense-wide for DPAS to fund software		
	upgrades		
	Total Transfers-In		4,500
17.	Transfers-Out		
	Total Transfers-Out		0

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**C. Reconciliation of Increases and Decreases (cont'd):**

18.	Program Increases		
	a) Increase associated with DMEA's Integrated Circuit Microelectronic Diminishing Manufacturing Sources and Material Shortages	116	
	b) Additional funding to support the Classified Program labor	159	
	c) Additional Defense Standardization Office requirements	219	
	d) Fact of Life increase to support Defense Acquisition Career Management (DACM) requirements	12	
	e) Increase to support Continuity of Operations (COOP)	50	
	Total Program Increases		556
19.	Program Decreases		
	a. Reduced requirements in the Joint Total Asset Visibility (JTAV) Office	(1,057)	
	b. Reduction in the Defense Accountability System (DPAS) requirements	(3,599)	
	c. Fact-of-life decrease for the Logistics Community Management (LCM)Program	(119)	
	d. Reduced Joint Electronics Commerce Program Office requirements	(54)	
	Total Program Decreases		(4,829)
20.	FY 2002 Budget Request		62,080

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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 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 sales and the value of on-line transactions. In FY 1999 \$51.5 million 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 System mission is to field and sustain an integrated system to improve accounting and accountability of DoD-owned property for the Departments of the Army and Navy and most Defense Agencies. A critical performance measure for this system is site implementations. In FY 1999, DPAS implemented the system throughout much of the Army, a portion of the Navy and some of the Defense Agencies. Implementation will continue in the Departments of the Army and Navy and several Defense Agencies during FY 2002.

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

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V. Performance Criteria and Evaluation Summary (Continuation):

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. 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.

	<b>FY 2000 Actual</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Estimate</b>
BPRC Architecture Development	80%	82%	84%
BRPR Reduction in Unneeded Equipment Purchases	90%	92%	94%
DPAS Software Completion Rate	75%	90%	100%
Customer Satisfaction	90%	90%	90%
Funding executed to meet Department requirements	97%	99%	99%
FTEs executed to meet Department requirements	97%	100%	100%

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<b>V. <u>Personnel Summary:</u></b>	<b>FY 2000</b>	<b><u>FY 2001</u></b>	<b>FY 2002</b>	<b>Change <u>FY 2001/ FY 2002</u></b>
<b><u>Active Mil End Strength (Total)</u></b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
Officer	0	0	2	2
Enlisted	0	0	18	18
<b><u>Civilian End Strength (Total)</u></b>	<b>300</b>	<b>268</b>	<b>361</b>	<b>93</b>
U.S. Direct Hire	300	268	361	93
Foreign National Direct Hire	0	0	0	0
Total Direct Hire	300	268	361	93
Foreign National Indirect Hire	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	76	5	99	94
<b><u>Active Mil FTEs (Total)</u></b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
Officer	0	0	2	2
Enlisted	0	0	18	18
<b><u>Civilian FTEs (Total)</u></b>	<b>296</b>	<b>268</b>	<b>361</b>	<b>93</b>
U.S. Direct Hire	296	268	361	93
Foreign National Direct Hire	0	0	0	0
Total Direct Hire	296	268	361	93
Foreign National Indirect Hire	0	0	0	0
(Reimbursable Civilians Included Above - Memo)	76	5	99	94

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Operations and Maintenance, Defense-Wide  
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VI. OP 32 Line Items (Dollars in Thousands):

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>			
	<u>FY 2000</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2001</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2002</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>
101 Executive, General & Special Schedule	18,988	753	3,656	23,397	850	(97)	24,150
103 Wage Board	384	15	0	399	14	0	413
107 VSIP	41	0	(41)	0	0	0	0
199 Total Civilian Personnel Compensation	19,413	768	3,615	23,796	864	(97)	24,563
308 Travel Of Persons	1,007	16	(4)	1,019	17	(9)	1,027
399 Total Travel	1,007	16	(4)	1,019	17	(9)	1,027
416 GSA Managed Supplies And Materials	56	1	0	57	1	0	58
421 Locally Purchased Supplies & Materials	245	0	0	245	0	0	245
499 TOTAL FUND SUPPLIES & MATERIALS PURCHASES	301	1	0	302	1	0	303
506 DLA Equipment	39	2	0	41	0	0	41
507 GSA Equipment	22	0	0	22	0	0	22
550 Commercial Purchase of Equipment	66	1	0	67	1	0	68
599 Total Revolving Fund Equipment Purchases	127	3	0	130	1	0	131



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Operations and Maintenance, Defense-Wide  
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647	DISA Information System	315	(20)	0	295	(47)	0	248
673	DFAS	634	31	0	655	(32)	0	633
679	Cost Reimb Purchases	1,309	21	0	1,330	23	0	1,353
699	Total Purchases	2,258	32	0	2,290	(56)	0	2,234

VI. OP 32 Line Items (Dollars in Thousands) (cont'd):

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>				
	<u>FY 2000</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2001</u>	<u>Price</u>	<u>Prog</u>		
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>		<u>Est</u>
912	Rental Payments to GSA (SLUC)	188	4	(1)	191	4	(1)	194
913	Purchased Utilities	49	1	0	50	1	0	51
914	Purchased Communications	47	1	0	48	1	0	49
915	Rents (non-GSA)	251	4	0	255	4	0	259
920	Supplies & Materials (non-fund)	48	1	2	51	1	0	52
921	Printing & Reproduction	35	0	0	35	0	0	35
922	Equipment Maintenance by Contract	351	5	0	356	6	0	362
925	Equipment Purchases	105	2	0	107	2	0	109
933	Studies, Anal, & Eval	849	13	0	862	14	0	876
934	Contract Engineering & Technical Services		17	0	1,050	18	0	1,068

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	1,033						
987 Other Intra-Govt							
Purchases	1,435	22	(329)	1,128	19	159	1,306
989 Other Contracts	47,472	687	(19,369)	28,790	489	175	29,454
998 Other Costs	7	0	0	7	0	0	7
999 Total Other	51,870	756	(19,696)	32,930	558	334	33,822
Purchases							
9999 Total	74,976	1,576	(16,085)	60,467	1,386	227	62,080

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

I. Description of Operations Financed:

The Defense Logistics Agency (DLA) Other Logistics Services (OLS) includes \$129.91 million in FY 2002 and no full time equivalents. The following programs are included in OLS:

- Unemployment Compensation
- Price Comparability
- Quality of Life
- Continuing Health
- Counter-Drug Activities
- Contingency Operations
- Disability Compensation
- Automated Document Conversion System (ADCS) Aging Aircraft Program
- Procurement Technical Assistance Program (PTAP)
- Inventory Management, Catalog Production & Distribution of Hard Copy Map Function
- Defense Security Service (DSS)
- Improved Cargo Methods & Technologies
- Logistics Transformation
- Automatic Identification Technology (AIT)
- Critical Infrastructure Protection (CIP)
- Defense Finance and Accounting Service (DFAS)
- Disaster Relief Blankets
- Microcircuits: GEM
- Demolition
- Joint Logistics Warfighting Initiative
- Defense Threat Reduction Agency/Defense Contract Management Agency Relocation
- Training Initiative
- Managerial Support

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**Operations and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Budget Activity #4: Defense-Wide Other Logistics Services**

**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 funding in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs. The budget request for this program in FY 2002 is \$15.194 million. These requests are based on estimated unemployment compensation due to Department downsizing and consolidation, i.e. Management Headquarters 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. The budget request for this program is \$32.377 million in FY 2002.

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**I. Description of Operations Financed (continued)**

Quality of Life: Morale, Welfare, and Recreation costs are \$12.309 million in FY 2002. Funding is based on estimates for operations costs for DLA activities. Additional decreases in 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. The budget request for this program is \$1.011 million in FY 2002. The program request is for Agency estimated health coverage costs and remains relatively level with previous budget requests.

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.

Contingency Operations: Congressional supplemental funding to cover Agency costs incurred in support of Bosnia and Kosovo contingency operations in FY 2000.

Disability Compensation: Residual funding is required to cover disability compensation for the closed Clothing Factory (DPSC). The budget request for this program is \$1.089 million in FY 2002. This program request is for Agency disability compensation estimates and remains relatively level with previous budget requests.

Automated Document Conversion System (ADCS) Aging Aircraft Program: Funding, as directed by Congress, is for the Aging Aircraft Program. There is no Agency request for this program in FY 2002.

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**I. Description of Operations Financed (continued)**

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 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. The budget request for this program is \$18.573 million in FY 2002. This program increase will be used to enter into anticipated additional cost sharing cooperative agreements.

Inventory Management, Catalog Production & Distribution of Hard Copy Map Function: In May 1996, the JCS 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 1998. The budget request for this program is \$26.781 million in FY 2002. This program decrease is due to going from an in-house re-design/development of a replacement system to a COTS replacement.

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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. The budget request for this program is \$140 thousand in FY 2002. Funding is projected to cover DLA estimated O&M activity workload based on data from previous years.

Improved Cargo Methods & Technologies: Funding, as directed by Congress, in 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. There is no budget request for this program in FY 2002.

Logistics Transformation: Funding request 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. The budget request for this program is \$7.462 million in FY 2002. The program increase is due to fact of life and continued Department logistics transformation initiatives.

Automatic Identification Technology (AIT): Funding request 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 acquisition logistics and

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**I. Description of Operations Financed (continued)**

sustainment business processes and enhance Joint Total Asset Visibility while simultaneously providing a Common Operating Picture to CINC's and other decision makers. AIT will also facilitate improved transportation and supply visibility, and serve as a tool for acquisition and sustainment managers to manage configuration management of DoD weapons systems and their major components. The budget request for this program is \$3.025 million in FY 2002. This program remains relatively level.

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. The budget request for this program is \$3.086 million in FY 2002. This program remains relatively level with previous budget requests.

Demolition: The O&M demolition account will be used for the removal of primary facilities at the DLA permitted installations (Sharpe, Tracy, Columbus, Richmond, and New Cumberland) that are excess (unused/underutilized) to the needs of the installation, and are uneconomical to repair and maintain. This includes over 1.5 million square feet of aged (WWI and WWII) storage and administrative buildings that are not included in MILCON facility replacement programs. Inclusion of this demolition work in the DWCF would unnecessarily increase the cost to Distribution and ICP customers. Additional facility demolition required to meet infrastructure goals is currently included on a cubic foot or square foot replacement basis in future MILCON projects currently programmed for the permitted installations. There is no budget request for this program in FY 2002.



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**I. Description of Operations Financed (continued)**

Microcircuits GEM (Generalized Emulation of Microcircuits): Funding in FY 2000 (\$1.446 million) and FY 2001 (\$2.2 million), as directed by Congress, is for the maintenance of GEM System emulation production capability to meet the current and increasing non-procurable device requirements experienced by DLA and the Services. Funding supports both production and sustainment of non-procurable and obsolete microcircuits. Program benefits are realized by the Warfighter through increased levels of mission readiness due to microcircuit availability. There is no budget request for this program in FY 2002.

Critical Infrastructure Protection (CIP): CIP is an integrated, war-fighter-focused effort to identify and mitigate the vulnerabilities of critical assets that are essential to Commander-in-Chief mission accomplishment and operational readiness. Presidential Decision Directive 63, Critical Infrastructure Protection, requires a public-private partnership to provide protection; establishes a national organizational structure to affect that partnership; and directs DoD, as well as the other federal departments, to develop a plan for protecting its portion of the Federal Government critical infrastructures. The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence is the DoD Chief Infrastructure Assurance Officer, the CIP Functional Coordinator for National Defense, and responsible for both protection of DoD critical infrastructure and for DoD participation in the national program. The DoD CIP Plan identifies the Defense Logistics Agency as the lead component for the Logistics Sector DoD-wide. In this role, DLA is responsible for the mutual coordination and overall program management of CIP within the Logistics sector. Funding is necessary to carry out DLA lead the Logistics Sector in defining end-to-end sector functionality and supporting assets; determining assurance levels to meet both military and sector operational requirements; assessing the critical infrastructure vulnerabilities of the sector; and implementing sector assurance plans. Funding for CIP is \$352 thousand in FY 2002.

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**I. Description of Operations Financed (continued)**

Defense Finance and Accounting Service (DFAS): Funding request is required to reimburse DFAS for accounting services provided to the activities and programs reflected in Other Logistics Services. Prior to FY 2001, this workload was reflected in the Defense Contract Management Command (DCMC) budget. The budget request is \$1.414 million for FY 2002.

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, DUSD (Logistics), and USCENTCOM staff provides a blueprint for testing streamlined logistics support processes in the CENTCOM Area of Responsibility. Funding for this program is \$7.059 million in FY 2002.

Defense Threat Reduction Agency (DTRA)/Defense Contract Management Agency (DCMA) Relocation: One-time DLA expenses related to the relocation of DTRA to the DLA HQ Complex and DLA Defense Contract Management Command/DCMA off-site move.

Training Initiative: Funding is provided to support training initiatives as Department directed. Funding realigned to the Department level with no Agency request in FY 2002.

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**I. Description of Operations Financed (continued)**

Managerial Support: Funding for programs such as:

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

Interest Penalty: Penalties incurred due to payment processing delays.

Official Representation Funds (ORF): Special and official functions or ceremonies with DoD personnel and distinguished non-DoD personnel. Beginning in FY 1998 all DLA activities were required to use O&M funds for ORF functions.

Investigative Activities: DLA confidential investigations.

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

The budget request for this program is \$38 thousand in FY 2002.

**II. Force Structure: N/A**

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**III. Financial Summary (O&M: Dollars in thousands):**

A. Subactivities:	FY 2000 Actuals	FY 2001		Current Estimate	FY 2002 Estimate
		Budget Request	Appropriated		
Unemployment Compensation	9,000	15,711	13,690	13,262	15,194
Price Comparability	33,813	38,608	38,391	38,348	32,377
Quality of Life	13,527	12,711	12,128	12,009	12,309
Continuing Health	356	994	982	980	1,011
Defense Finance & Accounting Service	0	0	0	899	1,414
Counter Drug Activities	845	0	0	0	0
Disability Compensation	743	1,091	1,091	1,091	1,089
Automated Document Conversion System	28,926	0	4,000	4,000	0
Procurement Technical Assistance	16,823	18,022	17,884	17,856	18,573
Demolition	0	4,823	4,787	4,779	0
Inventory Mgmt, Catalog Production & Distribution of Hard Copy Maps	23,612	31,240	30,999	30,953	26,781
Defense Security Service	1,270	600	600	139	140
Disaster Relief Blankets	3,076	3,032	3,009	3,004	3,086
Microcircuits: GEM	1,446	0	2,200	2,200	0
Improved Cargo Methods & Technologies	3,857	0	0	0	0
Logistics Transformation	7,800	7,200	7,200	7,200	7,462
Automatic Identification Technology	500	2,997	2,973	2,970	3,025
Critical Infrastructure Protection	350	0	0	0	352
Joint Logistics Warfighting Initiative	0	10,000	10,000	10,000	7,059
Training Initiative	0	54	54	0	0
Managerial Support	107	240	240	40	38
Contingency Operations	4,679	0	0	0	0
DTRA/DCMA Relocation	622	0	0	0	0
Total	151,352	147,323	150,228	149,730	129,910

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B. Reconciliation Summary:

	Change FY 2001 / FY 2001	Change FY 2001/ FY 2002
<b>1. Baseline Funding</b>	<b>147,323</b>	<b>149,730</b>
a) Congressional Adjustments (Distributed)	6,200	0
b) Congressional Adjustments (Undistributed)	<b>(3,203)</b>	0
c) Congressional Earmark	(92)	0
<b>2. Appropriated Amount</b>	<b>150,228</b>	<b>0</b>
<b>3. FY 2001 Rescission</b>	(444)	0
<b>3. Price Change</b>	0	2,227
<b>4. Program Changes</b>	(54)	(22,047)
<b>5. Current Estimate</b>	<b>149,730</b>	<b>129,910</b>

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**C. Reconciliation of Increases and Decreases:**

	<u>(Dollars in Thousands)</u>	
	<u>Amount</u>	<u>Totals</u>
1. FY 2001 President's Budget Request		147,323
2. Congressional Adjustments (Distributed)		
a) Microcircuits: GEM	2,200	
b) ADCS Aging Aircraft Program	4,000	
Total Congressional Adjustments (Distributed)		6,200
3. Congressional Adjustments (Undistributed)		
Management Headquarters Reduction	(3,107)	
Defense Joint Accounting Service	(96)	
Total Congressional Adjustments (Undistributed)		(3,203)
4. Congressional Earmarks		
Section 8047 - Indian Lands Mitigation	(71)	
Section 8139 - Mid-East Regional Security Issues	(7)	
Section 8142 - Bosque Redondo Memorial	(14)	
Total Congressional Earmarks		(92)
5. FY 2001 Appropriated Amount		150,228
6. FY 2001 Rescission		(444)
7. Functional Transfers-In		
Total Functional Transfers-In		0
8. Other Transfers-In (Non-Functional)		

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Total Other Transfers-In (Non-Functional) 0

**C. Reconciliation of Increases and Decreases:**

9. Functional Transfers-Out	
Total Functional Transfer-Out	0
10. Other Functional Transfers-Out	
Other Total Functional Transfer-Out	0
11. Price Change	0
12. Program Increase	
Total Program Increase	0
13. Program Decrease	
Training initiative to OSD program office.	
Total Program Decrease	(54)
14. Revised FY 2001 Current Estimate	149,730
15. Price Growth	2,227
16. Transfers-In	
Total Transfers-In	0
17. Transfers-Out	
Total Transfers-Out	0

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**C. Reconciliation of Increases and Decreases (cont'd):**

18. Program Increases		
a) Continuing Health increase due to Agency downsizing and consolidation.		31
b) Unemployment increase due to estimated program requirements.		1,932
c) DFAS payment increase due to estimated accounting services required.		557
d) Disaster Relief Blanket increase due to estimated requirements.		30
e) Logistics Transformation increase due to estimated program requirements.		140
f) Critical Infrastructure Protection increase to support initiatives as logistics program lead.		352
g) Procurement Technical Assistant increase to support additional center award requirements.		413
h) Quality of Life increase due to estimated program operations costs.		96
i) Automatic Identification Technology increase due to estimated program requirements.		5
 Total Program Increases		 3,556
19. Program Decreases		
a) Disability compensation decrease due to estimate program requirements.		(2)
b) Director's Medallions decrease due to estimated program requirements.		(1)
c) Price Comparability decrease due to competing Agency requirements		(6,622)



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**C. Reconciliation of Increases and Decreases (cont'd):**

d) Mapping Function decrease due to going from a in-house redesign/development of a replacement system to a COTS replacement.	(4,698)	
e) Microcircuits: GEM decrease due to FY 2001 Congressional add only.	(2,238)	
f) ADCS Aging Aircraft Program decrease due to FY 2001 Congressional add only.	(4,068)	
g) Joint Logistics Warfighting Initiative decrease due to completed Department operational initiatives.	(3,112)	
h) Demolition decrease due to completion of one- time projects.	(4,860)	
i) Official Representation Funds decrease due to estimated program costs.	(1)	
j) Defense Security Service decrease due to revised Agency costs.	(1)	
Total Program Decreases		(25,603)
20. FY 2002 Budget Request		129,910

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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 2000, we achieved a 90 percent customer satisfaction rating. We project this rating to increase 2 percent over FYs 2002 and 2003. 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 2000, 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 2002 and 2003 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.

V. Personnel Summary: N/A

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

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>			<u>FY 2002 Est</u>
	<u>FY 2000 Est</u>	<u>Price Growth</u>	<u>Prog Growth</u>	<u>FY 2001 Est</u>	<u>Price Growth</u>	<u>Prog Growth</u>	
106 Benefits to Former Employees	356	0	624	980	0	31	1,011
110 Unemployment Compensation	9,000	0	4,262	13,262	0	1,932	15,194
111 Disability Compensation	743	0	348	1,091	0	(2)	1,089
199 Total Civilian Personnel Compensation	10,099	0	5,234	15,333	0	1,961	17,294
417 Locally Procured Fund Managed Supplies & Materials	14	0	(1)	13	0	(1)	12
499 Total Fund Supplies & Materials Purchases	14	0	(1)	13	0	(1)	12
673 Defense Finance & Accounting Services	0	0	899	899	(42)	557	1,414
678 Defense Security Services	1,270	20	(1,151)	139	2	(1)	140
679 Cost Reimbursable Purchases	71,806	1,149	8,375	81,330	1,383	(11,227)	71,486
699 Total Purchases	73,076	1,169	8,123	82,368	1,343	(10,671)	73,040

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Budget Activity #4: Defense-Wide Other Logistics Services

VI. OP 32 Line Items (Dollars in Thousands) (cont'd):

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>			<u>FY 2002</u> <u>Est</u>
	<u>FY 2000</u> <u>Est</u>	<u>Price</u> <u>Growth</u>	<u>Prog</u> <u>Growth</u>	<u>FY 2001</u> <u>Estt</u>	<u>Price</u> <u>Growth</u>	<u>Prog</u> <u>Growth</u>	
920 Supplies & Material (Non-Fund)	4,522	72	610	5,204	88	(2,206)	3,086
932 Management & Professional Support Services	28,926	463	(25,389)	4,000	68	(4,068)	0
933 Studies, Analysis & Evaluations	12,507	200	7,463	20,170	343	(2,616)	17,898
934 Engineering & Technical Services	0	0	4,779	4,779	81	(4,860)	0
988 Grants	16,823	269	764	17,856	304	413	18,573
989 Other Contracts	5,301	85	(5,386)	0	0	0	0
998 Other Costs	84	1	(78)	7	0	0	7
999 Total Other Purchases	68,163	1,090	(17,237)	52,016	884	(13,336)	39,564
9999 Total	151,352	2,259	(3,881)	149,730	2,227	(22,047)	129,910