

Fiscal Year (FY) 2008/FY 2009 Budget Estimates

Defense Logistics Agency (DLA)



February 2007

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**DEFENSE LOGISTICS AGENCY (DLA)
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2008/FY 2009 Budget Estimates**

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

	FY 2006 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2007 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2008 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2009 <u>Estimate</u>
DLA	371,439	8,778	-59,726	320,491	7,622	-28,335	299,778	6,782	32,898	339,458

* The FY 2006 Actual column includes \$55.0 million of FY 2006 Emergency Supplemental funds for the Global War (PL 109-234), \$0.0 million of FY 2006 Hurricane Supplemental funds (PL 109-148 and PL 109-234), and \$10.3 million of FY 2006 Title IX obligations (PL 109-148).

* The FY 2007 Estimate column excludes \$26.1 million of FY 2007 Title IX funds (PL 109-289) and \$0.0 thousand of FY 2007 Hurricane Supplemental funds (PL 109-289).

I. Description of Operations Financed:

Budget Activity (BA) 2 Mobilization Warstoppers: The DLA operation and maintenance (O&M) appropriation finances Warstoppers because 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.

Budget Activity (BA) 4 Administration and Service-Wide Activities: The DLA O&M appropriation finances contracts, supplies, equipment maintenance, communications, salaries, awards, personnel, benefits, travel, per diem, and training for two activities:

- Other Logistics Services (OLS) are associated with DLA's logistics mission such as price comparability, hardcopy maps, unemployment, morale, welfare & recreation, and homeless blankets; and
- Other Logistics Programs (OLP) are program offices for which DLA is either the executive agent or the budget administrator.

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I. Description of Operations Financed (continued):

Narrative Explanation of Changes: The FY 2008 program decrease is primarily attributable to FY 2007 Congressional adds for Commercial Technologies Maintenance Activities (CTMA) \$5.2 million, Meals-Ready-to-Eat (MREs) \$5 million, Defense Automatic Addressing Systems Center (DAASC) \$1 million, Supply Chain Integration \$8 million and Procurement Technical Assistance Program (PTAP) \$7 million. The FY 2009 program increase is primarily attributable to Facilities Sustainment \$50.5 million, Warstoppers \$-3.9 million, and Defense Information Infrastructure \$-7.3 million.

Other Logistics Services (OLS) (FY 2008: \$228.309 million and FY 2009: \$273.043 million; no full-time equivalents) includes multiple programs associated with the DLA logistics mission as well as Departmental and Congressionally added programs. DLA is either the executive agent responsible for program oversight and policy guidance or the budget administrator responsible for administrative support for these programs, described in the paragraphs that follow:

1. Unemployment Compensation
2. Price Comparability
3. Morale, Welfare and Recreation (MWR)
4. Continuing Health
5. Counter-Drug Activities
6. Contingency Operations
7. Disability Compensation
8. Procurement Technical Assistance Program (PTAP)
9. Inventory Management, Catalog Production & Distribution of Hardcopy Maps
10. Logistics Transformation
11. Homeless Blankets
12. Defense Finance and Accounting Service (DFAS)

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I. Description of Operations Financed (continued):

13. Counter-terrorism/Force Protection
 14. Government Industry Data Exchange Program (GIDEP)
 15. Federal Employee Compensation Act (FECA) Surcharge
 16. Small Business Administration Support
 17. Base Support
 18. OPM Investigations
 19. Mobilization Warstoppers
 20. Title IX (Public Law 108-287)
 21. FY 2006 Supplemental
 22. Defense Information Infrastructure
 23. Facilities Sustainment
 24. Base Realignment and Closure (BRAC) 2005
 25. PartNet/NET Inventory and Subassembly
 26. Center for Supply Chain Management
 27. Logistics Integration Center (LOGIC)
 28. Supply Chain Integration
 29. Meals-Ready-to-Eat (MREs)
 30. Defense Automatic Addressing System Center (DAASC)Transaction Monitoring Project
 31. Commercial Technologies Maintenance Activities (CTMA)
 32. Managerial Support
 33. Defense Environmental Restoration Account
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1. Unemployment Compensation: (FY 2008: \$11.9 million - FY 2009: \$12.1 million) DLA pays the Unemployment Compensation for all Defense Agencies.
 2. Price Comparability (FY 2008: \$78.4 million - FY 2009: \$80.6 million) supports military unique (DoD-mandated) tasks, such as readiness support, that a commercial distribution company would not experience. When DLA's prices do not include these

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I. Description of Operations Financed (continued):

costs, customers can compare DLA prices with private-sector prices while minimizing risks to readiness. For example, a commercial operation would either dispose of inventory demanded only in wartime (War Reserve Materiel) or charge the customer for the costs of retaining this inventory. By funding the cost of retaining this inventory outside customer prices, DLA can reduce the materiel surcharge (Cost Recovery Rate) to achieve more comparable pricing. The Price Comparability baseline also includes peacetime contingency planning and Command and Control Center costs, and the Department's hazardous and ozone depleting substances programs.

3. Morale, Welfare and Recreation (MWR): (FY 2008: \$13.5 million - FY 2009: \$13.8 million) MWR programs and services provide support that is vital to the readiness of the DoD civilian and military community. Funding is based on cost estimates for operating DLA MWR activities.
4. Continuing Health (FY 2008: \$.5 million - FY 2009: \$.5 million) provides coverage for DLA employees affected by reductions-in-force and BRAC.
5. 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 DLA reimbursement in the year of execution.
6. Contingency Operations (FY 2008: \$1.5 million - FY 2009: \$1.5 million) funding covers Agency costs incurred in support of Bosnia and Kosovo contingency operations.
7. Disability Compensation (FY 2008: \$.8 million - FY 2009: \$.8 million) funding is required to cover disability compensation for the Clothing Factory (DSCP) closed by BRAC 1993. Funding is required for DSCP BRAC employees that currently receive disability compensation through DLA.

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I. Description of Operations Financed (continued):

8. Procurement Technical Assistance Program (PTAP) (FY 2008: \$20.4 million - FY 2009: \$20.9 million) 10 USC 2412 Chapter 142 authorizes 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. Activities include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local governments. Under the PTAP statute, the amount of matching funds DLA can provide to a recipient is limited to \$.3 million per fiscal year for eligible entities providing assistance on a regional (less than statewide) basis or \$.6 million per fiscal year for eligible entities providing assistance on a statewide basis.
9. Inventory Management, Catalog Production & Distribution of Hard Copy Maps (FY 2008: \$27.1 million - FY 2009: \$27.7 million) DLA serves as the DoD Integrated Materiel Manager and Distributor of approximately 70,000 map items that transferred from the National Imagery and Mapping Agency in 1996 (presently the Geospatial Information & Services (GI&S) Agency). DLA provides a unified world-wide tailored distribution system for all GI&S products; which are no longer strictly hard copy map products, but include a wide variety of approximately 103,000 items consisting of classified and unclassified hydrographic, topographic, aeronautical and digital maps, charts and various publications required to support the warfighter.
10. Logistics Transformation (FY 2008: \$8.2 million - FY 2009: \$8.4 million) DLA is studying specific initiatives that offer the potential for DoD to transform the current "mass model" logistics structure into world-class integrated supply chains focused on warfighter needs. Initiatives complement ongoing reengineering efforts with the Services, consistent with the Logistics Functional Requirements and Joint Vision 2010. Specifically, funds will:

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I. Description of Operations Financed (continued):

- Provide analysis of operational logistics and Focused Logistics capabilities to support continuous review and development of the DoD Logistics Transformation Strategy and the Focused Logistics Roadmap;
- Support the BRAC Industrial Joint Cross Service Group Deliberations and Analytical Requirements;
- Accelerate implementation of performance based logistics:
 1. Assess commercial benchmarks relative to application on DoD weapon system performance targets.
 2. Establish "customer-facing" metrics such as delivery performance time definite delivery and perfect order fulfillment.
- Establish "internal efficiency" metrics such as inventory days of supply.
- Identify and understand DoD Field-level Maintenance Costs;
- Ensure synchronization of the various enterprise integration programs under way within the Services and Agencies;
- Provide DoD supply chain metrics and analyses that support SECDEF objectives to improve readiness, decrease support costs, and reform DoD processes and organizations;
- Provide Material Readiness Strategic Roadmap and Maintenance Transformation;
- Implement a modern integrated supply chain by incorporating new innovations and best practices into DoD supply chain policies and processes;
- Coordinate the information technology requirements and functional capability within DUSD/L&MR activity; and
- Establish a formal integration and qualification structure to accelerate performance-based logistics initiatives within the Services and Agencies.

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I. Description of Operations Financed (continued):

These tasks will help to accelerate the transition and transformation of the Department's logistics capabilities. They enable DoD to move toward the objective of transforming DoD logistics capabilities to support joint forces conducting distributed adaptive operations and integrating logistics capabilities from source of supply or service to point of effect across Services and Defense Agencies. They support the management goals of achieving credibility and effectiveness in acquisition and logistics and using technologies to create future capabilities, systems and strategies. They also support the SECDEF's objectives of improving readiness, decreasing support costs, and reforming DoD processes and organizations.

11. Homeless Blankets (FY 2008: \$3.5 million - FY 2009: \$3.6 million) The Stewart B. McKinley Homeless Assistance Act of 1987 requires DLA to provide blankets to qualified US 501(C)3 organizations working with the homeless. Homeless shelters request blankets, which are issued on a first-come, first-served basis up to the amount of funding.
12. Defense Finance and Accounting Service (DFAS) (FY 2008: \$1.8 million - FY 2009: \$1.9 million) DFAS requires reimbursement for accounting services provided to the activities and programs reflected in Other Logistics Services, Other Logistics Programs, and Warstoppers.
13. Counter-terrorism/Force Protection (FY 2008: \$3.4 million - FY 2009: \$3.4 million) provides equipment and sustainment of additional security personnel in support of the Global War on Terrorism (GWOT).
14. Government Industry Data Exchange Program (GIDEP): (FY 2008: \$.2 million - FY 2009: \$.2 million) As a buying command, DLA is a Joint Logistics Commanders (JLC) GIDEP

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I. Description of Operations Financed (continued):

member and shares in the funding support. GIDEP provides technical information for sharing with government and industry. Through GIDEP, DLA program managers can query and issue safety alerts to the GIDEP community. An example includes Urgent Data Requests which are queries to the GIDEP community to solve reliability and maintainability problems on specific parts, components, materials, processes or to request critical information not available from other sources.

15. Federal Employees' Compensation Act (FECA) Surcharge pays the FECA surcharge to the Department of Labor for the Agency civilian pay accounts. There is no budget request for this program.
16. Small Business Administration Support (FY 2007: \$.2 million - FY 2009: \$.2 million) pays the Small Business Administration costs incurred to certify firms that claim small disadvantage business status.
17. Base Support (FY 2007: \$.4 million - FY 2009: \$.5 million) supports the requirements for Agency's Public Works Department base support services.
18. OPM Investigations supports Office of Personnel Management (OPM) security investigations costs. There is no budget request for this program.
19. Mobilization Warstoppers: (FY 2008: \$49.2 million - FY 2009: \$46.3 million) Funding for Warstoppers recognizes that the Department must take extra preparedness measures for certain supply items, and that 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, nerve agent antidote auto-injectors, meals-ready-to eat, and tray pack assemblies. Peacetime demand for these items is inadequate to sustain an industrial base sufficient for readiness and

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I. Description of Operations Financed (continued):

mobilization. DLA uses a rigorous business case evaluation to obtain a return on investment that maximizes warfighter benefits. These funds do not fall within the purview of the Defense Working Capital Fund (DWCF) because it emphasizes customer-provided relationships. The Warstoppers program, mandated by law, is the single Agency program for the preservation of essential production capability. It provides the means to invest in improving industry responsiveness without purchasing finished goods inventory. It includes the funding of Industrial Preparedness Measures (IPMs) that support the "surge" of go-to-war material to increase supply availability of spares and troop support items as directed in Defense planning documents. Industrial Base Maintenance Contracts (IBMC) currently preserve critical production capabilities for nerve agent antidotes with a 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).

20. Title IX was funding in FY 2006 for DLA Warstoppers Medical requirements due to the Global War on Terrorism.
21. FY 2006 Supplemental provided funding in FY 2006 for Other Logistics Services program requirements largely for Defense Energy Support Center fuel transportation, Defense Distribution Center Retrograde and Warstoppers Medical due to the Global War on Terrorism.
22. Defense Information Infrastructure: (FY 2008: \$7.1 million) There is no budget request for this program beginning in FY 2009. The DII program is executed through DLA and managed by the Deputy Under Secretary of Defense (DUSD) Logistics and Materiel Readiness (L&MR) has delivered an array of projects that contribute to the modernization and improvement to the logistics information infrastructure community.

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I. Description of Operations Financed (continued):

These projects have been developed to meet a broad array of individual requirements. Many have demonstrated specific applications focused on expanding the use of the Department's evolving information infrastructure. The DUSD(L&MR) has determined the following initiatives are the foundation upon which both logistics excellence and savings rest. The funds identified will provide the resources to support this essential mission requirement. Specifically, the funds will:

- Prepare a rigorous "To-Be" Roadmap, in coordination with the Joint Staff, Military Departments, Combatant Commands, and Defense Agencies.
- Ongoing assessments within the Quadrennial Defense Review and include Commercial Benchmarking initiatives. DoD must harmonize the QDR specified logistics metrics with other desired metrics.
- Monitor and enhance the Department's logistics performance and resource application to achieve a cost-effective logistics and material readiness program. Measuring performance is a key oversight component.
- Formulate Materiel readiness and maintenance transformation in support of defense transformation; infrastructure rationalization and savings associated with BRAC processes; implementation of Continuous Process Improvement throughout the end-to-end sustainment value chain.
- Issue policy for implementing RFID within the DoD Supply Chain - both the current active ITV/TAV RFID capability in support of ongoing Combatant Command operations and future emerging passive RFID capabilities in support of improvements to the integrated end-to-end DoD Enterprise. An integral component of this new policy is to develop a detailed data architecture to enable the use of passive RFID technology at the item/case/pallet/consolidated air pallet/container levels to provide an automated data capture/transfer mechanism to our business systems. Another integral component of this new policy is the development of a Supplier

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I. Description of Operations Financed (continued):

Engagement Strategy which will assist and facilitate early adoption of this RFID technology into the DoD suppliers' business processes.

- Establish and maintain DoD transportation, traffic management, strategic mobility, and travel program policies. Provide policy guidance and oversight for the administrative use of motor vehicles and of the DoD Postal System. Reviews and recommends actions on Military Airlift policy waivers.
- Ensure the effectiveness, efficiency, and cost management of DoD transportation programs. Leads DoD transportation reengineering programs to streamline processes, increase effectiveness and efficiency, and reduce costs.

These tasks will help to accelerate the Department's capabilities to improve the logistics infrastructure. They enable DoD information infrastructure move towards the objective of transforming DoD logistics capabilities to support joint forces conducting distributed adaptive operations and integrating logistics capabilities from source of supply or service to point of effect across Services and Defense Agencies. They support the management goals of achieving credibility and effectiveness in acquisition and logistics and using technologies to create future capabilities, systems and strategies.

23. Facilities Sustainment: (FY 2009: \$50.5 million) provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. Includes regularly scheduled adjustments and inspections, preventative maintenance tasks, and emergency response and service calls for minor repairs. This program also includes major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement or heating and cooling systems, replacing tile and carpeting, and

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I. Description of Operations Financed (continued):

similar types of work. The program does not include certain restoration, modernization, and environmental compliance costs which are funded elsewhere. Other tasks associated with facilities operations (such as custodial services, grounds services, waste disposal, and the provision of central utilities) are also included.

24. Base Realignment and Closure (BRAC) 2005 provided funding in FY 2006 largely to the DLA Defense Distribution Center for the accelerated closure of Defense Distribution Depot Columbus, Ohio (DDCO) and materiel movement costs associated with that closure. There is no budget request for this program.
25. PartNet/NET Inventory and Subassembly was a one-time Congressional add in FY 2006.
26. Center for Supply Chain Management was a Congressional add in FY 2006.
27. Logistics Integration Center (LOGIC) was a one-time Congressional add in FY 2006.
28. Supply Chain Integration was a Congressional add in FY 2007.
29. Meals-Ready-to Eat (MREs) War Reserve Stockpile was a Congressional add in FY 2007.
30. Defense Automatic Addressing System Center (DAASC) Transaction Monitoring Improvement Project was a Congressional add in FY 2007.
31. Commercial Technologies for Maintenance Activities (CTMA) was a Congressional add in FY 2007.
32. Managerial Support (FY 2008: \$.04 million - FY 2009: \$.04 million) includes programs such as:

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I. Description of Operations Financed (continued):

- **Prior Year Invoices:** For 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 attended by DoD personnel and distinguished non-DoD personnel. Since FY 1998, all DLA activities have been required to use O&M funds for ORF functions.
- **Investigative Activities:** DLA confidential investigations.
- **Director's Medallion:** The DLA Director presents medallions to DLA personnel for special accomplishments.

33. Defense Environmental Restoration Account (DERA): The Environmental Restoration Account, established by Congress in FY 1984, funds environmental programs for Installation Restoration Projects at DoD sites. These resources are used for achieving and maintaining compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act of 1986, and the National Contingency Plan. The Defense Environmental Restoration Program (DERP) provides centralized management for the cleanup of DoD hazardous waste sites. DLA uses the DERA to support the goals of the DERP. DLA implements the DoD DERP program through the Installation Restoration Program (IRP) to achieve this mission. IRP-financed operations include a comprehensive program to identify, investigate and clean up contamination from hazardous substances, pollutants, and contaminants at active DLA sites as well as formerly-owned or used properties and Potentially Responsible Party sites (third-party sites) where DLA is named as a responsible party.

Other Logistics Programs (OLP) (FY 2008: \$71.469 million and 286 FTEs - FY 2009: \$66.415 million and 285 FTEs) are multiple program offices for which the Defense Logistics Agency (DLA) is either the executive agent or the budget administrator.

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Personnel (FTEs) work exclusively on the respective programs. 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. The Activity Group, described below, includes:

1. DLA Program Direction
 - 1.1. DLA Information Operations
 - 1.1.1. Logistics Enterprise Support Program (LESP)
 - 1.1.2. Automatic Identification Technology (AIT)
 - 1.2 Law Enforcement Support Office (LESO)
 - 1.3 Defense Standardization Program Office (DSPO)
2. OSD Program Direction With Administrative Support From DLA
 - 2.1. Defense Property Accountability System (DPAS)
 - 2.2. Defense Microelectronics Activity (DMEA)
 - 2.3. Business Process Reengineering Center (BPRC)
 - 2.4. Continuity of Operations Program (COOP)
 - 2.5. DoD Classified Program

1.1 DLA Information Operations is responsible for providing 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.

- 1.1.1 Logistics Enterprise Support Program (LESP) LESP transfers to the Business Transformation Agency (BTA) in FY 2007.

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I. Description of Operations Financed (continued):

- 1.1.2 Automatic Identification Technology (AIT) (FY 2008: \$3.1 million and 2 FTEs - FY 2009: \$2.9 million and 2 FTEs) is a suite of technologies (e.g., bar codes, smart cards, satellite tracking systems, and radio frequency identification (RFID) tags) that are used to capture, aggregate, and transfer data automatically to Automated Information Systems (AIS). This use of AIT, in conjunction with AIS, enables timely and accurate visibility of all logistics assets whether in-process, in-storage, or in-transit. Current DoD policy requires the use of active (high capacity) RFID tags on consolidated international shipments and passive RFID tags to be applied at the case and pallet (shipment unit) level for supplies.

1.2 Law Enforcement Support Office (LESO) (FY 2008: \$1.3 million and 14 FTEs - FY 2009: \$1.3 million and 14 FTEs) administers the transfer to Federal and State agencies of excess DoD personal property suitable for use by agencies in law enforcement activities, including counter-drug and counter terrorism activities under Section 1033 of the FY 1997 National Defense Authorization Act. In FY 2004, the Department transferred Drug Interdiction and Counterdrug Activities, Defense, funding for LESO to DLA.

1.3 Defense Standardization Program Office (DSPO) (FY 2008: \$5.1 million and 12 FTEs - FY 2009: \$4.8 million and 12 FTEs) 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. Associated actions require the DSPO to identify, influence, develop, manage, and provide access to standardization processes, products, and services for warfighters, the acquisition community, and the logistics community to promote interoperability, reduce total ownership costs, and sustain readiness. DSPO is authorized by Sections 2451-2452 of Title 10, which established the Defense Standardization Program (DSP), and the DoDI 4120.24, which implements the DSP in the DoD.

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2.1 Defense Property Accountability System (DPAS) (FY 2008: \$15.0 million and 7 FTEs - FY 2009: \$11.8 million and 7 FTEs) is used by nearly every Component in DoD, supporting over 10,000 users accountable for nearly 10.6 million assets valued at over \$49 billion. DPAS is a critical financial feeder system, and provides capital asset values (acquisition value minus accumulated depreciation) that are reported on Component financial statements for personal, military, heritage, and real property accounts. The Under Secretary of Defense Acquisition, Technology and Logistics (OUSD(AT&L)) provides program management oversight.

2.2 Defense Microelectronics Activity (DMEA) (FY 2008: \$16.1 million, 125 direct-funded FTEs and 31 reimbursable FTEs - FY 2009: \$15.2 million, 124 direct-funded FTEs and 31 reimbursable FTEs) is chartered to take advantage of the capabilities and payoffs of advanced technologies to solve operational problems in weapon systems, increase operational capabilities, reduce operation and support (O&S) costs, and reduce the effects of Microelectronics Diminishing Manufacturing Sources and Material Shortages (DMSMS). The DoD is increasingly reliant on the use of "smart" weapons based on microelectronics; all future engagement scenarios depend on the use of these systems. Likewise, the use of microelectronics has exploded in the commercial world, driving the semiconductor industry to supersede successive generations of semiconductor technologies with new technologies every 18 months. The growth in commercial products has driven DoD's share of the semiconductor market below 0.1%. DoD must rely on technologies that become obsolete every 18 months and an industry in which DoD has no influence due to low market share. This is a Defense-wide issue since many systems across the Department use the same microelectronic process technologies.

The DMEA reverse-engineers microelectronic devices, using a unique and innovative methodology, to determine their function and specifications, analyze possible solutions, and design, build, and test the best solution. The DMEA strategy creates a comprehensive

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mix of commercially-viable solutions for DoD. Industry views this process favorably because DMEA converts components from non-producible to producible and enables industry to support the warfighter's requirements. The DMEA also evaluates the entire spectrum of microelectronics for current and future obsolescence issues, evaluates the feasibility of potential solutions, fosters technologies that address the problem, recommends solutions at all complexity levels, provides guidance, and recommends policy and procedure changes. The DMEA also gives government organizations streamlined access to state-of-the art technologies and engineering expertise. The DMEA assists system managers by applying both available leading-edge technologies and innovative applied research and development (R&D) approaches to develop solutions to current problems. DMEA was established by the Deputy Secretary of Defense under the authority, direction, and control of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD(L&MR)). DLA provides financial and administrative services as requested by DUSD(L&MR).

2.3 Business Process Reengineering Center (BPRC) (FY 2008: \$1.9 million and 17 FTEs - FY 2009: \$1.8 million and 17 FTEs) is a management analysis discipline that redesigns processes, organizations, and the culture of DoD activities, and is applied by functional leaders using improvement tools and techniques. The redesign approach can be radical or incremental to achieve dramatic improvements over time. BPR results in highly streamlined processes by providing for a cross-functional, integrated analysis of multiple activities or functions that contribute to a shared purpose. BPR, chartered to support the Under Secretary of Defense Acquisition, Technology and Logistics (USD(AT&L)), can include data modeling, and migration systems selection and support services necessary to carry out activities such as:

- 1) Strategic planning, outlining vision and goals;
- 2) Activity modeling of current and future processes, including cross-functional and integration analyses;

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- 3) Data modeling (including data standardization) associated with activity modeling;
- 4) Benchmarking to identify and evaluate best practices and their application to DoD;
- 5) Development of functional economic analyses;
- 6) Planning for BPR implementation and assessment;
- 7) Analysis leading to the selection of migration systems following BPR;
- 8) Development and identification of BPR tools.

2.4 Continuity of Operations (COOP) (FY 2008: \$27.5 million, 50 direct-funded FTEs and 14 reimbursable FTEs - FY 2009: \$27.1 million, 50 direct-funded FTEs and 14 reimbursable FTEs), under the staff cognizance and oversight of the Office of the Secretary of Defense, transferred to DLA in FY 1994.

2.5 DoD Classified Program (FY 2008: \$1.5 million, 11 direct-funded FTEs and 3 reimbursable FTEs - FY 2009: \$1.4 million, 11 direct-funded FTEs and 3 reimbursable FTEs) transferred to DLA in FY 2001.

II. Force Structure Summary: N/A

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III. Financial Summary (\$ in thousands)

	FY 2007							
	FY 2006 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>		<u>Appropriated</u>	<u>Current Estimate</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>				
A. <u>BA Subactivities</u>								
BA 2 Mobilization Warstoppers	24,549	50,497	-547	-1.0	49,950	49,173	49,220	46,346
BA 4								
Other Logistics Services								
Unemployment Compensation	10,424	11,904	-128	-1.0	11,776	11,776	11,898	12,094
Price Comparability	60,946	77,753	-900	-1.0	76,854	75,717	78,400	80,654
Morale, Welfare and Recreation (MWR)	13,011	13,107	-142	-1.0	12,965	12,763	13,472	13,816
Continuing Health	12	456	-5	-1.0	451	451	469	478
Counter-Drug Activities	533	-	-	-	-	-	-	-
Contingency Operations	293	1,460	-16	-1.0	1,444	1,422	1,519	1,520
Disability Compensation	681	799	-9	-1.0	790	790	801	809
Procurement Technical Assistance Program (PTAP)	26,315	19,837	6,786	34.0	26,623	26,318	20,380	20,903
Inventory Management, Catalog Production & Distribution of Maps	25,793	26,639	-287	-1.0	26,352	25,942	27,055	27,741
Logistics Transformation	7,796	7,999	-86	-1.0	7,913	7,790	8,219	8,428
Homeless Blankets	3,348	3,401	-37	-1.0	3,364	3,312	3,496	3,585
Defense Finance & Accounting Service (DFAS)	3,952	1,358	-15	-1.0	1,343	2,063	1,800	1,900
Counter-terrorism/Force Protection	2,959	3,308	-36	-1.0	3,272	3,221	3,372	3,411

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	FY 2007							FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
	FY 2006 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>		<u>Appropriated</u>	Current <u>Estimate</u>			
			<u>Amount</u>	<u>Percent</u>					
A. <u>BA Subactivities</u>									
Government Industry Data Exchange Program (GIDEP)	197	187	-2	-1.0	185	182	191	196	
Federal Employee Compensation Exchange Act (FECA) Surcharge	-	2,115	-23	-1.0	2,092	2,059	-	-	
Small Business Administration Support	104	215	-2	-1.0	213	213	159	160	
Base Support	391	387	-3	-1.0	384	378	395	498	
OPM Investigations	-	186	-2	-1.0	184	181	-	-	
Title IX (Public Law 108-287)	10,300	-	-	-	-	-	-	-	
FY 2006 Supplemental	55,000	-	-	-	-	-	-	-	
Defense Information Infrastructure	6,806	7,100	-77	-1.0	7,023	6,914	7,121	-	
Facilities Sustainment	-	-	-	-	-	-	-	50,462	
Base Realignment & Closure 2005	7,900	-	-	-	-	-	-	-	
PartNet/NET Inventory and Subassembly	1,800	-	-	-	-	-	-	-	
Center for Supply Chain Management	12,750	-	-	-	-	-	-	-	
Logistics Integration Center (LOGIC)	1,000	-	-	-	-	-	-	-	
Supply Chain Integration	-	-	8,000	100.0	8,000	8,000	-	-	
Meals-Ready-to-Eat (MREs)	-	-	5,000	100.0	5,000	5,000	-	-	

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	FY 2007							
	FY 2006 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
A. <u>BA Subactivities</u>								
War Reserve Stockpile								
Defense Automatic Addressing System Center (DAASC) Transaction Monitoring Improvement Project	-	-	1,000	100.0	1,000	1,000	-	-
Commercial Technologies Maintenance Activities (CTMA)	-	-	5,200	100.0	5,200	5,200	-	-
Managerial Support	643	43	-	-1.0	42	42	42	42
Defense Environmental Restoration Account	18,548	-	-	-	-	-	-	-
Total Other Logistics Services	271,502	178,254	24,216	13.6	202,470	200,734	179,089	226,697
Other Logistics Program								
Logistics Enterprise Support	5,994	-	-	-	-	-	-	-
Automatic Identification Technology	3,301	3,230	-35	-1.0	3,195	3,145	3,090	2,947
Defense Property Accountability System	10,764	12,318	-133	-1.0	12,185	15,628	15,019	11,845
Law Enforcement Support Office	1,257	1,233	-13	-1.0	1,220	1,201	1,306	1,337
Defense Standardization Program Office	5,135	5,384	-59	-1.0	5,325	5,242	5,105	4,753
Defense Microelectronics Activity	16,344	15,244	-164	-1.0	15,080	14,845	16,053	15,207

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	FY 2007							
	FY 2006 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
A. <u>BA Subactivities</u>								
Business Process Reengineering Center	1,751	1,850	-20	-1.0	1,830	1,802	1,930	1,817
Continuity of Operations Program	29,418	28,018	-301	-1.0	27,717	27,286	27,481	27,122
DoD Classified Program	1,424	1,474	-16	-1.0	1,458	1,435	1,485	1,387
Total Other Logistics Program	75,388	68,751	-741	-1.0	68,010	70,584	71,469	66,415
Total DLA	371,439	297,502	22,928	16.0	320,430	320,491	299,778	339,458
Title IX (not included in total)			26,100		26,100	26,100		

* The FY 2006 Actual column includes \$55.0 million of FY 2006 Emergency Supplemental funds for the Global War (PL 109-234), \$0.0 million of FY 2006 Hurricane Supplemental funds (PL 109-148 and PL 109-234), and \$10.3 million of FY 2006 Title IX obligations (PL 109-148).

* The FY 2007 Estimate column excludes \$26.1 million of FY 2007 Title IX obligations (PL 109-289) and \$0.0 thousand of FY 2007 Hurricane Supplemental funds (PL 109-289).

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<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2007/FY 2007</u>	<u>Change</u> <u>FY 2007/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
Baseline Funding	297,502	320,491	299,778
Congressional Adjustments (Distributed)	26,139	n/a	n/a
Congressional Adjustments (Undistributed)	-1,742	n/a	n/a
Adjustments to Meet Congressional Intent	-1,308	n/a	n/a
Congressional Adjustments (General Provisions)	-161	n/a	n/a
Subtotal Appropriated Amount	320,430	n/a	n/a
Fact-of-Life Changes (CY to CY Only)	-	n/a	n/a
Subtotal Baseline Funding	320,430	n/a	n/a
Anticipated Supplemental	26,100	n/a	n/a
Reprogrammings	-	n/a	n/a
Price Changes	-	7,622	6,782
Functional Transfers	n/a	-	-
Program Changes	61	-28,335	32,898
Current Estimate	346,591	299,778	339,458
Less: Wartime Supplemental	26,100	-	-
Normalized Current Estimate	320,491	299,778	339,458

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2007 President's Budget Request (Amended, if applicable)		297,502
1. Congressional Adjustments		22,989
a. Distributed Adjustments		
1) Commercial Technologies for Maintenance Activities	5,200	
2) Procurement Technical Assistance Program	7,000	
3) Meals Ready to Eat (MREs) War Reserve Stockpile	5,000	
4) Defense Automatic Addressing Systems Center (DAASC) Transaction Monitoring Project	1,000	
5) Supply Chain Integration	8,000	
b. Undistributed Adjustments - Unobligated Balances	-1,742	
c. Adjustments to meet Congressional Intent		
d. General Provisions		
1) Sec 8106 - Economic Assumptions	-1,080	
2) Sec 8097 - Excessive Growth in Travel and Transportation	-228	
e. Congressional Earmarks - Indian Lands Environmental Impact	-161	
FY 2007 Appropriated Amount		320,491
2. War-Related and Disaster Supplemental Appropriations		26,100
3. Fact of Life Changes		
FY 2007 Baseline Funding		346,591
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2007 Estimate		346,591
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		-26,100
FY 2007 Normalized Current Estimate		320,491
6. Price Change		7,622
7. Functional Transfers		

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
8. Program Increases		
a. Annualization of New FY 2007 Program		
b. One-Time FY 2008 Increases		695
1) Increase for two additional paid days	695	
c. Program Growth in FY 2008		2,982
1) Increased contractor support costs for the Defense Microelectronics Activity (FY 2007 Base: \$15,244 thousand)	427	
2) Increase for Business Process Reengineering Center is due to labor (FY 2007 Base: \$1,850 thousand)	33	
3) Increase for the Law Enforcement Support Office is due to additional labor requirements (FY 2007 Base: \$1,233 thousand)	50	
4) DFAS increase due to direct billable workload for Other Logistics Services, Other Logistics Programs and Warstoppers estimated requirements (FY 2007 Base: \$1,358 thousand)	167	
5) Morale, Welfare and Recreation increase due to various equipment and supply purchases (FY 2007 Base: \$13,107 thousand)	403	
6) Disaster Relief Blankets increase to support program estimated requirements (FY 2007 Base: \$3,401 thousand)	105	
7) Contingency Operations increase due to estimated field mission support (FY 2007 Base: \$1,460 thousand)	63	
8) Counter-terrorism/Force Protection increase due to equipment and training requirements (FY 2007 Base: \$3,308 thousand)	74	
9) Logistics Transformation increase to support Department transformation initiatives (FY 2007 Base: \$7,999 thousand)	242	
10) Continuing Health increase due to estimated requirements for employee benefits (FY 2007 Base: \$456 thousand)	7	
11) Price Comparability increase due to estimated depot services and contingency operations requirements (Base: \$77,754)	867	
12) Mapping increase due to support mission distribution system requirements (FY 2007 Base: \$26,639 thousand)	490	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
13) Base Support increase due to estimated Agency base support Public Works requirements (FY 2007 Base: \$387 thousand)	8	
14) Defense Information Infrastructure increase due to estimated projects that contribute to the modernization and improvement to the logistics infrastructure community (FY 2007 Base: \$7,100 thousand)	41	
15) GIDEP increase due to estimated Agency share to support the Department program (FY 2007 Base: \$187 thousand)	5	
9. Program Decreases		
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2007 Increases		-26,231
1) Procurement Technical Assistance Program decrease due to prior year Congressional add (FY 2007 Base: \$19,837 thousand)	-6,570	
2) Commercial Technologies Maintenance Activities decrease due to prior year Congressional add (FY 2007 Base: \$0 thousand)	-5,325	
3) DAASC Transaction Monitoring Improvement Project decrease due to prior year Congressional add (FY 2007 Base: \$0 thousand)	-1,024	
4) Supply chain Integration decrease due to prior year Congressional add (FY 2007 Base: \$0 thousand)	-8,192	
5) Meals-Ready-to-Eat (MREs) War Reserve Stockpile decrease due to prior year Congressional add (FY 2007 Base: \$0 thousand)	-5,120	
c. Program Decreases in FY 2008		-5,781
1) Decrease for Automatic Identification Technology is due to reduced contractor support costs (FY 2007 Base: \$3,230 thousand)	-138	
2) Decrease for the Defense Standardization Program Office is due to reduced contractor support costs (FY 2007 Base: \$5,384 thousand)	-312	
3) Decrease is due to the Defense Property Accountability System operation funding requirements (FY 2007 Base: \$12,318 thousand)	-1,020	
4) Decrease is due to the Defense Continuity Program Office (part of Continuity of Operations Program) operation funding requirements (FY 2007 Base: \$28,018 thousand)	-630	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
5) Decrease in labor for the Classified Program (FY 2007 Base: \$1,474 thousand)	-26	
6) Small Business Administration estimated costs to certify small disadvantage business status (FY 2007 Base: \$215 thousand)	-59	
7) Unemployment decrease due to estimated requirements for employee benefits (FY 2007 Base: \$11,904 thousand)	-161	
8) Decrease to FECA Department of Labor surcharge (FY 2007 Base: \$2,115 thousand)	-2,108	
9) Disability Compensation decrease due to estimated employee benefits for the closed Philadelphia Clothing Factory (FY 2007 Base: \$799 thousand)	-8	
10) Decrease due to estimated OPM Agency expenses (FY 2007 Base: \$186 thousand)	-185	
11) Warstoppers decrease due to estimated sustainment requirements (FY 2007 Base: \$50,497 thousand)	-1,133	
12) Interest penalty decrease due to estimated costs (FY 2007 Base: \$9 thousand)	-1	
FY 2008 Budget Request		299,778
6. Price Change		6,782
7. Functional Transfers		
8. Program Increases		
a. Annualization of New FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Growth in FY 2009		51,200
1) Increased contractor support for the Law Enforcement Support Office (FY 2008 Base: \$1,306 thousand)	12	
2) Price Comparability increase due to estimated depot services and contingency operations requirements (FY 2008 Base: \$78,400 thousand)	449	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
3) Morale, Welfare and Recreation increase due to various equipment and supply purchases (FY 2008 Base: \$13,472 thousand)	34	
4) Mapping increase to support mission distribution system requirements (FY 2008 Base: \$27,055 thousand)	64	
5) ORF increase due to fact of life (FY 2008 Base: \$15 thousand)	1	
6) Disaster Relief Blankets increase to support program estimated Requirements (FY 2008 Base: \$3,496 thousand)	9	
7) Base Support increase in estimated requirements for Agency Public Works Department services (FY 2008 Base: \$395 thousand)	94	
8) Facilities Sustainment increase for activities such as roof replacement, refinishing of wall surfaces, repairing and replacement or heating and cooling systems, replacing tile and carpeting, necessary to keep facilities in good working order (FY 2008 Base: \$0 thousand)	50,462	
9) Logistics Transformation increase to support Department transformation initiatives in support of the warfighter supply chain (FY 2008 Base: \$8,219 thousand)	20	
10) Procurement Technical Assistance Program increase to support estimated center requirements (FY 2008 Base: \$20,380 thousand)	54	
11) GIDEP increase to support Agency share of the Department program (FY 2008 Base: \$191 thousand)	1	
9. Program Decreases		
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2008 Decreases		-366
1) Decrease of one paid day		
c. Program Decreases in FY 2009		-17,936
1) Decrease for the Defense Microelectronics Activity is for reduced contractor support (FY 2008 Base: 16,053 thousand)	-1,048	
2) Decrease for the Business Process Reengineering Center is for labor (FY 2008 Base: \$1,930 thousand)	-138	

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III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
3) Decrease for Automatic Identification Technology is due to reduced contractor support costs (FY 2008 Base: \$3,090 thousand)	-210	
4) Decrease for the Defense Standardization Program Office is due to reduced contractor support costs (FY 2008 Base: \$5,105 thousand)	-451	
5) Decrease is due to the Defense Property Accountability System operation funding requirements (FY 2008 Base: \$15,019 thousand)	-3,507	
6) Decrease is due to the Defense Continuity Program Office (part of Continuity of Operations Program) operation funding requirements (FY 2008 Base: \$27,481 thousand)	-924	
7) Decrease for the Classified Program is for labor (FY 2008 Base: \$1,485 thousand)	-117	
8) Contingency Operations estimate for field mission support (FY 2008 Base: \$1,519 thousand)	-34	
9) Counter-terrorism/Force Protection decrease to equipment and training requirements (FY 2008 Base: \$3,372 thousand)	-39	
10) Small Business Administration estimated costs to certify small disadvantage business status (FY 2008 Base: \$159 thousand)	-3	
11) Unemployment decrease due to estimated requirements for employee Benefits (FY 2008 Base: \$11,898 thousand)	-78	
12) Continuing Health decrease due estimated requirements for employee Benefits (FY 2008 Base: \$469 thousand)	-2	
13) Disability Compensation decrease due to estimated employee benefits for the closed Philadelphia Clothing Factory (FY 2008 Base: \$801 thousand)	-10	
14) Defense Information Infrastructure decrease due to program stand down (FY 2008 Base: \$7,121 thousand)	-7,285	
15) Warstoppers decrease due to estimated sustainment requirements (FY 2008 Base: \$49,220 thousand)	-4,006	

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C. Reconciliation of Increases and Decreases

- 16) DFAS decrease due to direct billable workload for Other Logistics Services, Other Logistics Programs and Warstoppers estimated requirements (FY 2008 Base: \$1,800 thousand)
- 17) Interest Penalty decrease due to estimated costs (FY 2008 Base: \$8 thousand)

	<u>Amount</u>	<u>Totals</u>
	-83	
	-1	
FY 2009 Budget Request		339,458

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IV. Performance Criteria and Evaluation Summary

Other Logistics Services (OLS) includes multiple programs for which DLA is either the executive agent responsible for program oversight and policy guidance or the budget administrator responsible for administrative support. Measures used for all programs to track performance are *customer satisfaction* and *funding execution*. Performance criteria follow:

Customer Satisfaction is measured through surveys, comment cards and informal as well as formal customer feedback. Customer satisfaction is also measured through Congressional inquiries and appeals as related to the program execution of Congressional adds. Problems identified in this measure are assessed for corrective action.

Funding execution's goal to obligate 100 percent of funds received through improved financial management processes, increased training and more aggressive execution plans. Budget estimate accuracy is an important execution success factor for Unemployment, Continuing Health Benefits, Disability Compensation. DLA tracks trends and reviews aged accounts to assess the accuracy of previous funding levels. DLA requires programs that perform at less than projected execution rates to reassess financial plans.

The Warstoppers Program enhances DoD's wartime readiness by funding activities that improve DLA's capability to meet the Services' and Combatant Commanders' wartime requirements. The program also funds industrial preparedness measures that preserve critical industrial capability and accelerate the production of critical spares and troop support items, such as Medical, Clothing & Textiles, and Subsistence Rations. Comprehensive industrial base assessments, plans to address capability shortfalls, and industrial preparedness measures form the basis for the metrics. The Warstoppers Program metrics are requirements validation, industry capability validation, requirements offset capability, and resource availability/management and percent of items with surge

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IV. Performance Criteria and Evaluation Summary

coverage. The metrics account for coverage of war reserve requirements, surge testing, and return on investment which is calculated against the offset of unfunded War Reserve Requirements identified by the Services. Warstoppers averages \$5 offset for every \$1 invested in industrial surge capabilities.

The Procurement Technical Assistance Program (PTAP) evaluates the performance of our resource investment by requiring the Procurement Technical Assistant (PTA) Centers, established with the award of the PTA Cooperative Agreement, to submit PTA Performance Data Reports bi-annually. The first report covers the first six months of performance and the second, or final report provides the accumulative data for the entire year and is submitted 90 days after the expiration date of the PTA Cooperative Agreement's performance period. The report tracks the number of Active Clients, Outreach Events, Initial and Follow-up Counseling Sessions by category of Small Business Concerns, Other Businesses, and the number and dollar value of prime and subcontract awards. The dollar value of prime and subcontract awards is used to calculate the number of jobs that may have been created as a result of the PTAC's efforts. Procedure for validating the data submitted in the Performance Data Reports must be available during on-site reviews of the Program.

The Morale, Welfare & Recreation performance metrics track readiness support as it relates to quality child care, physical fitness and family support programs and relocation assistance; Non-Appropriated Fund accountability and reinvestment; and customer service provided in the areas of recreation activities such as lodging, pools, dining facilities and information, ticketing and reservations.

The Counter-terrorism/Force Protection metrics include execution of planned systems requirements and sustainment of security personnel.

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IV. Performance Criteria and Evaluation Summary

The Environmental Restoration Program funded by DERA uses two Measures of Merit (MOM) which are categorized by risk (MOM#R1) and phase (MOM#R2). Table 1 shows estimates for site cleanup by risk category (MOM#R1) at the end of FY 2006 and FY 2007:

Category	FY 2006	FY 2007
High Risk	2	0
Medium Risk	1	0
Low Risk	2	1

Table 2 shows projected status by activity type (MOM#R2) at the end of FY 2006 and FY 2007:

Category	FY 2006	FY 2007
Investigation	1	0
Cleanup	16	14
Response Complete	360	363

The Defense Property Accountability System exists to field and sustain an integrated system for accounting and accountability of DoD-owned property for the Departments of the Army and Navy and most Defense Agencies. DPAS will undergo a technical refreshment during FY 2007 which will convert DPAS from a client-server application to a web-based application, increase its availability to all users, allow for the introduction of best commercial practices, create efficient system change procedures and result in a secure PKI compliance system.

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IV. Performance Criteria and Evaluation Summary

The Defense Microelectronics Activity (DMEA) leverages the capabilities and payoffs of advanced technologies to solve operational problems, increase operational capabilities, reduce operation and support costs, extend useful life, and reduce the effects of diminishing manufacturing sources in weapon systems. Customer satisfaction, which is DMEA's critical performance measure, is measured through surveys and formal and informal customer feedback. Individual projects performing below expected customer satisfaction rates must initiate recovery plans to ensure that this measure is achieved. Customer satisfaction has risen from 96 percent in FY 2004 to 97 percent in FY 2006; DMEA plans to maintain this rating through FY 2008.

DMEA also measures its funding execution, and consistently obligates over 99 percent of its funding. DMEA will maintain or improve its obligation rate in FY 2007 and 2008 through strong financial management processes and aggressive execution plans.

The Defense Standardization Program Office (DSPO) develops policies, procedures and guidance ensuring standardized policy across the Military Departments and Defense Agencies. The qualitative performance indicators for the DSPO are:

- Effectiveness of the DSP as a single source for information exchange and coordination of all defense standardization efforts, measured by increased number of organizations participating in information exchange, and increased customer satisfaction based on survey results; and
- Success in institutionalized development and use of performance and Non-Government Standards (NGSs) in the DoD, measured by increased usage of performance and NGSs, and decreased usage of military-unique specifications and standards.

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IV. Performance Criteria and Evaluation Summary

The Business Process Reengineering Center (BPRC) proposes redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. It also contributes to improvements in the E-Business areas of logistics systems modernization, acquisition reporting, information technology (IT), and internal processes and business practices. Performance measures track the development of network architecture, support to the Future Logistics Enterprise, end-to-end procurement process integration and modernization, integrated digital environment acquisition life-cycle, and, the Acquisition Technology & Logistics (AT&L) IT modernization and knowledge management portal capability. The continuing mission for FY 2008 is to support these initiatives and to identify opportunities for business process improvements throughout the OUSD(AT&L) organization.

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V. Personnel Summary	FY 2006	FY 2007	FY 2008	FY 2009	Change			
					FY 2006/ FY 2007	FY 2007/ FY 2008	FY 2008/ FY 2009	
<u>Active Military End Strength (E/S)</u>								
(Total)	21	21	21	21	-	-	-	-
Officer	3	3	3	3	-	-	-	-
Enlisted	18	18	18	18	-	-	-	-
<u>Civilian End Strength (Total)</u>	264	285	286	285	21	1	-1	-1
U.S. Direct Hire	264	285	286	285	21	1	-1	-1
Total Direct Hire	264	285	286	285	21	1	-1	-1
Memo: Reimbursable Civilians Included	45	48	48	48	3	-	-	-
<u>Active Military Average Strength (A/S)</u>								
(Total)	21	21	21	21	-	-	-	-
Officer	3	3	3	3	-	-	-	-
Enlisted	18	18	18	18	-	-	-	-
<u>Civilian FTEs (Total)</u>	265	277	286	285	12	9	-1	-1
U.S. Direct Hire	265	277	286	285	12	9	-1	-1
Total Direct Hire	265	277	286	285	12	9	-1	-1
Memo: Reimbursable Civilians Included	42	47	48	48	5	1	-	-
Average Annual Civilian Salary (\$)	116,196	114,971	121,787	121,305	-1,225	6,816	-482	-482

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

<u>OP 32 Line</u>	<u>FY 2006</u> <u>Actuals</u>	<u>Change</u> <u>FY 2006/FY 2007</u>		<u>FY 2007</u> <u>Estimate</u>	<u>Change</u> <u>FY 2007/FY 2008</u>		<u>FY 2008</u> <u>Estimate</u>	<u>Change</u> <u>FY 2008/FY 2009</u>		<u>FY 2009</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
Civilian Personnel Compensation										
101 Executive, Gen'l & Special Schedules	26,522	644	257	27,423	768	1,544	29,735	736	-1,538	28,933
103 Wage Board	54	1	-	55	2	-	57	1	-	58
107 Voluntary Separation Incentive Pay	50	-	-50	-	-	-	-	-	-	-
199 Total Civilian Personnel Comp	26,626	645	207	27,478	770	1,544	29,792	737	-1,538	28,991
Travel										
308 Travel of Persons	920	21	-376	565	14	-50	529	13	-	542
399 Total Travel	920	21	-376	565	14	-50	529	13	-	542
Supplies & Materials Purchase										
415 DLA Managed Supplies & Materials	1	-	-1	-	-	-	-	-	-	-
416 GSA Managed Supplies & Materials	21	1	-22	-	-	-	-	-	-	-
499 Total Supplies & Materials Purchases	22	1	-23	-	-	-	-	-	-	-
Equipment Purchases										
506 DLA Equipment	13	-	-	13	-	-	13	-	-	13
599 Total Equipment	13	-	-	13	-	-	13	-	-	13

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2008/FY 2009 Budget Estimates

<u>OP 32 Line</u>	<u>FY 2006</u>	<u>Change</u>		<u>FY 2007</u>	<u>Change</u>		<u>FY 2008</u>	<u>Change</u>		<u>FY 2009</u>
		<u>FY 2006/FY 2007</u>			<u>FY 2007/FY 2008</u>			<u>FY 2008/FY 2009</u>		
<u>Purchases</u>	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
Other Fund Purchases										
(Exclude										
Transportation)										
673 Defense Finance & Accounting Services	3,952	-379	-1,510	2,063	-132	167	2,098	-115	-83	1,900
679 Cost Reimbursable Purchases	205,250	5,131	-38,423	171,958	4,127	877	176,962	4,070	47,033	228,065
699 Total Purchases	209,202	4,752	-39,933	174,021	3,995	1,044	179,060	3,955	46,950	229,965
Transportation of People										
771 Transportation	12	-	-12	-	-	-	-	-	-	-
799 Total	12	-	-12	-	-	-	-	-	-	-
Other Purchases										
913 Purchases										
Utilities	484	12	-400	96	2	-	98	2	-	100
914 Purchase Comm	17	-	-7	10	-	-	10	-	-	10
915 Rents (Non-GSA)	3,755	90	-1	3,844	92	-1	3,935	91	-	4,026
920 Supplies & Mat	822	20	-594	248	7	1	256	6	1	263
923 Facility Maintenance by										
Contract	581	14	-554	41	1	-	42	1	-	43
925 Equip Purchase	54	1	-30	25	1	-	26	1	-	27
932 Mgmt & Prof Srvcs	2,561	61	-383	2,239	54	-	2,293	53	-	2,346
987 Other Intra-Govt Purchases	9,951	238	4,183	14,372	345	-990	13,727	315	-3521	10,521
989 Other Contracts	116,330	2,921	-21,724	97,527	2,341	-29,882	69,986	1,608	-8,993	62,601

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2008/FY 2009 Budget Estimates

<u>OP 32 Line</u>	<u>FY 2006</u> <u>Actuals</u>	<u>Change</u> <u>FY 2006/FY 2007</u>		<u>FY 2007</u> <u>Estimate</u>	<u>Change</u> <u>FY 2007/FY 2008</u>		<u>FY 2008</u> <u>Estimate</u>	<u>Change</u> <u>FY 2008/FY 2009</u>		<u>FY 2009</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
998 Other Costs	89	2	-79	12	-	-1	11	-	-1	10
999 Total Other Purchases	134,644	3,359	-19,589	118,414	2,843	-30,873	90,384	2,077	-12,514	79,947
Total	371,439	8,778	-59,726	320,491	7,622	-28,335	299,778	6,782	32,898	339,458

* The FY 2006 Actual column includes \$55.0 million of FY 2006 Emergency Supplemental funds for the Global War (PL 109-234), \$0.0 million of FY 2006 Hurricane Supplemental funds (PL 109-148 and PL 109-234), and \$10.3 million of FY 2006 Title IX obligations (PL 109-148).

* The FY 2007 Estimate column excludes \$26.1 million of FY 2007 Title IX obligations (PL 109-289) and \$0.0 thousand of FY 2007 Hurricane Supplemental funds (PL 109-289).

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