

DEFENSE WORKING CAPITAL FUND

DEFENSE-WIDE FISCAL YEAR (FY) FY 2020 BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS



**MARCH 2019
CONGRESSIONAL DATA**

**DEPARTMENT OF DEFENSE
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
DEFENSE-WIDE WORKING CAPITAL FUND**

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The estimated cost of this report or study for the Department of Defense is approximately \$43,000 for the 2019 Fiscal Year. This includes \$1,000 in expenses and \$42,000 in DoD labor.

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**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
MARCH 2019**

DEFENSE-WIDE SUMMARY

The Defense-Wide Working Capital Fund (DWWCF) consists of six activity groups. The Defense Logistics Agency (DLA) operates three of these activity groups, the Defense Information Systems Agency (DISA) operates two activity groups, and the Defense Finance and Accounting Service (DFAS) operates one activity group.

The DFAS was formed in January 1991 from the Military Services finance and accounting functions. The mission of the DFAS is to lead the Department of Defense (DoD) in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

The DISA was reorganized in 1991 from the former Defense Communications Agency. The mission of the DISA is to engineer and provide command and control capabilities and enterprise infrastructure to continuously operate and assure a global net-centric enterprise in direct support to joint warfighters, National level leaders, and other mission and coalition partners across the full spectrum of operations.

The DLA, formed in the early 1960s, operates the Supply Chain Management (SCM), Energy Management (EM), and Document Services activity groups. The DLA SCM manages the materiel from initial acquisition, to storage and distribution, and then finally reutilization or disposal. The DLA Energy Management provides comprehensive worldwide energy solutions for the military services and other authorized customers. The DLA Document Services provides time sensitive, competitively priced, and high quality printing and digital services. The mission of the DLA is to provide effective and efficient worldwide support to warfighters and our other customers.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual DWWCF cash balance for DLA, DISA, and DFAS at the end of FY 2018 and estimated year end balances for FY 2019 and FY 2020. The plan projects a decrease of \$1,961.8 million in cash from the beginning of FY 2018 through FY 2020.

Dollars in Millions	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Cash, Beginning of Period	\$3,007.5	\$2,627.1	\$2,334.1
Disbursements	-\$48,543.0	-\$51,937.0	-\$50,768.9
Collections	\$47,326.9	\$51,598.5	\$49,434.0
<u>Net Outlays</u>	-\$1,216.1	-\$338.5	-\$1,334.9
<u>Direct Appropriation</u>			
FY 2018 Received	\$47.0		
FY 2019 Received		\$48.1	
FY 2020 Requested			\$49.1
<u>Overseas Appropriation</u>			
FY 2018 Received	\$98.8		
FY 2019 Received		\$0.0	
FY 2020 Requested			\$0.0
<u>Cash Transfers</u>	\$689.9	-\$2.6	-\$2.6
Cash, End of Period	\$2,627.1	\$2,334.1	\$1,045.7
Lower Operating Range		\$3,246.0	\$2,890.8
Upper Operating Range		\$5,347.7	\$5,118.2

FY 2018 Cash: The DWWCF Cash balance decreased \$380.4 million due to a cash loss (-\$1,216.1 million); offset by the receipt of net reprogramming (\$689.9 million) and the receipt of appropriated funding (\$145.8 million). The DLA Energy Management (EM) activity's cash loss of \$382.3 million was due to paying a high cost for fuel product (-\$1,141.9 million in Net Outlays); partially offset by a cash transfer in (\$689.6 million) and the receipt of appropriated funding (\$70.0 million). The DLA Supply Chain Management (SCM) activity gained \$106.4 million, primarily due to the receipt of appropriated funding (\$75.8 million).

The DWWCF received \$47.0 million in direct appropriations for Reutilization, Transfer and Disposal (RTD) costs; and \$98.8 million in OCO funding. Of the \$98.8 million requested for OCO, the DLA EM activity received \$70.0 million primarily for fuel-related services provided by the NATO Support and Procurement Agency (NSPA) and the DLA SCM activity received \$28.8 million primarily for the DLA Disposition Services (to support the scheduled drawdown of the Operations Freedom's Sentinel

mission in Afghanistan and the Satellite Communications Services (SATCOM) for all activities in Southwest Asia (SWA)).

The DLA Energy received \$690.6 million in a transfer to offset fuel product cost losses. The DLA Energy transferred \$-0.7 million for the Indian Financing Act of 1974. The FY 2018 ending cash balance is \$2,627.1 million for the three DWWCF entities (DLA, \$1,798.5 million; DISA, \$538.9 million; and DFAS, \$289.7 million)

FY 2019 Cash: The DWWCF projects a cash decrease of \$293.0 million for the DLA SCM activity (\$-433.9 million) partially offset by projected cash gains in the DISA activity (\$78.2 million).

The Net Outlays for the DLA SCM Activity are due to the timing of disbursements for materiel with a long acquisition lead time. Obligations for these items were made in a prior fiscal year; there is no projected sale for some of the materiel received in FY 2019. These materials were ordered in support of the 2018 National Defense Strategy's Readiness and Lethality imperatives.

The DWWCF received \$48.1 million in direct appropriations for RTD costs. The DLA projects a cash transfer of \$-2.6 million for the Indian Financing Act of 1974. The FY 2019 ending cash balance is projected to be \$2,334.1 million (DLA, \$1,413.4 million; DISA, \$617.1 million; and DFAS, \$303.6 million).

FY 2020 Cash: The DWWCF projects a cash decrease of \$1,288.4 million due to Net Outlays for the DLA SCM activity (\$-1,132.0 million). The DLA EM activity projects a cash gain of \$107.9 million.

Over the past two years, the DLA SCM Materiel Supply Chains (MSC) have experienced a significant increase in readiness-based requirements from the Military Services. Moreover, the 2018 National Defense Strategy directed urgent and significant changes to rebuild America's military advantage with a specific emphasis on restoring Military Readiness as the DoD builds a more lethal force. As a result, the DLA MSC have received requests from the Military Services to target higher readiness levels.

In order to respond to these challenges, DLA requested additional FY 2018 OA to meet forecasted customer requirements. Due to the long acquisition lead time of many DLA items, the Agency needed OA to buy the material. After DLA receives the material, cash is disbursed to the vendor to pay for the material. However, cash is not collected until the sale is made to Military Services and other customers. For many readiness-type items, this can take from one to two years or

longer. In order to meet the higher demand signals received from the military services and the current DLA cash balance, DLA has reviewed various options to mitigate negative impacts to cash.

DLA's mission, as a Combat Support Agency, is to have material available to meet readiness needs before orders are placed. The customer requirement for material is formulated two years ahead of execution. DLA generates its requirement by predicting future demand using various forecasting models, collaborating with customers and analyzing historical demand. Customer demand may fluctuate due to changes in optempo, which means customers may buy more or less than estimated. In cases where customers buy less than estimated, it means DLA stock on hand increases and DLA cash decreases without a corresponding collection. While collaborative demand forecasting aims to minimize this, it can result in a cash decline and a reduction in anticipated sales.

This submission requests \$49.1 million in direct appropriations for RTD costs. The DLA projects a cash transfer of \$-2.6 million for the Indian Financing Act of 1974. The FY 2020 ending cash balance is projected to be \$1,045.7 million (DLA, \$437.0 million; DISA, \$323.9 million; and DFAS, \$284.8 million).

DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL
SOURCE OF NEW ORDERS AND REVENUE
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
MARCH 2019
(Dollars in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
1. New Orders:			
a. Orders from DoD Components			
Army	9,702.3	9,625.7	9,364.8
Operations & Maintenance	6,784.9	6,751.5	6,605.7
Research Development Testing & Evaluation	131.7	169.5	173.9
Procurement	259.3	235.9	228.8
Military Construction	3.9	10.5	10.1
Family Housing	0.9	2.1	2.0
Military Personnel	2,427.4	2,407.5	2,293.7
Other	94.2	48.7	50.6
Navy	6,065.1	7,761.2	7,574.9
Operations & Maintenance	4,808.6	6,603.5	6,467.8
Research Development Testing & Evaluation	14.1	17.5	17.7
Procurement	536.9	445.0	427.2
Military Construction	1.9	1.2	1.1
Family Housing	4.3	4.2	4.0
Military Personnel	690.9	680.7	648.3
Other	8.4	9.1	8.8
Air Force	5,941.2	7,448.3	7,367.5
Operations & Maintenance	5,519.6	7,197.0	7,123.8
Research Development Testing & Evaluation	78.6	95.3	94.2
Procurement	12.9	12.4	11.7
Military Construction	0.0	0.0	0.0
Family Housing	9.0	10.5	10.1
Military Personnel	88.7	87.5	83.3
Other	232.4	45.6	44.4
Marine Corps	1,113.9	1,206.5	1,166.3
Operations & Maintenance	739.0	834.3	811.7
Research Development Testing & Evaluation	0.0	2.8	2.8
Procurement	18.2	18.0	17.1
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	356.7	351.4	334.7
Other	0.0	0.0	0.0
Defense-Wide	6,586.0	6,333.9	6,485.1
Operations & Maintenance	1,891.3	1,756.9	2,082.4
Research Development Testing & Evaluation	130.3	239.9	260.5
Procurement	478.8	303.9	291.9
Military Construction	9.8	16.9	16.8
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	4,075.8	4,016.3	3,833.5

Other	304.3	250.1	413.8
Operations & Maintenance	301.8	246.0	409.7
Research Development Testing & Evaluation	1.1	1.1	0.9
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	1.4	3.0	3.2
Total New Orders	29,712.8	32,625.7	32,372.4
Operations & Maintenance	20,045.2	23,389.2	23,501.1
Research Development Testing & Evaluation	355.8	526.1	550.0
Procurement	1,306.1	1,015.2	976.7
Military Construction	15.6	28.6	28.0
Family Housing	14.2	16.8	16.1
Military Personnel	3,563.7	3,527.1	3,360.0
Other	4,412.2	4,122.7	3,940.5
b. Orders from Other Fund Activity Groups	15,599.6	14,600.2	13,450.5
Army	3,118.0	3,078.9	2,903.4
Navy	3,827.0	3,136.3	3,010.6
Air Force	6,557.4	6,991.8	6,657.7
Marine Corp	2.7	2.7	2.5
Defense-Wide	2,094.5	1,390.5	876.3
c. Total DoD	45,312.4	47,225.9	45,822.9
d. Other Orders:	4,133.5	3,667.7	3,687.4
Trust Fund	32.1	69.6	65.5
Federal Agencies	1,411.4	1,216.1	1,215.7
Non Federal Agencies	1,447.6	1,053.3	1,044.9
Exchange Activities	0.2	1.2	1.2
Foreign Military Sales	1,242.2	1,327.5	1,360.1
2. Carry-In Orders	4,297.1	6,409.9	6,409.8
3. Total Gross Orders	53,743.0	57,303.5	55,920.1
4. Carry-Out Orders	-6,409.9	-6,409.8	-6,409.8
5. Gross Sales	47,333.1	50,893.7	49,510.3
Disposition Services - Sales Proceeds	87.7	95.9	98.6
6. Credits & Allowances	-460.2	-961.7	-958.2
7. Net Sales	46,960.6	50,027.9	48,650.7
8. Reimbursable Sales	965.1	1,028.0	1,034.2
9. Total Revenue	47,925.7	51,055.9	49,684.9

**DEFENSE-WIDE WORKING CAPITAL FUND
SUMMARY
FISCAL YEAR (FY) 2020 BUDGET ESTIMATE
REVENUE AND EXPENSES
MARCH 2019
(Dollars in Millions)**

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Revenue:			
Gross Sales	46,129.0	49,512.0	48,102.7
Operations	45,978.0	49,304.0	47,874.9
Capital Surcharge	0.0	0.0	22.1
Capital Investment Recovery	151.0	208.0	205.7
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	2,255.8	2,505.6	2,540.4
Refunds/Discounts (-)	(459.1)	(961.7)	(958.2)
Total Income	47,925.7	51,055.9	49,684.9
Expenses:			
Cost of Materiel Sold from Inventory	31,676.7	31,837.7	31,956.0
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	53.2	61.3	61.1
Civilian Personnel Compensation & Benefits	3,942.9	4,129.4	4,251.3
Travel & Transportation of Personnel	53.1	67.3	68.9
Materials & Supplies (For Internal Oper)	93.9	90.1	93.8
Equipment	90.4	141.9	152.7
Other Purchases from Revolving Funds	765.9	937.8	876.5
Transportation of Things	889.8	894.5	912.9
Inventory Maintenance	111.8	100.6	97.2
Capital Investment Recovery	151.3	208.1	205.8
Printing & Reproduction	81.1	126.4	123.4
Advisory and Assistance Services	102.3	133.3	132.8
Rent, Communication, Utilities, & Misc.	2,142.6	1,985.1	2,202.5
Other Purchased Services	7,893.7	8,946.7	8,858.7
Total Expenses	48,048.7	49,660.2	49,993.6
Operating Result	(123.0)	1,395.7	(308.7)
Less Capital Surcharge Reservation	0.0	0.0	(22.1)
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	848.8	(1,299.8)	61.1
Net Operating Result (NOR)	725.8	95.9	(269.7)
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	(46.5)	17.1	1,516.7
Prior Year AOR	(1,931.6)	(1,251.5)	(1,138.4)
Accumulated Operating Result (AOR)	(1,252.3)	(1,138.5)	108.6
Non-Recoverable Adjustments Impacting AOR	0.8	0.0	0.0
Accumulated Operating Results for Budget Purposes	(1,251.5)	(1,138.5)	108.6

Defense Finance and Accounting Service



**Fiscal Year (FY) 2020 Budget Estimates
Defense Working Capital Fund (DWCF)
President's Budget Submission
February 2019**

DEFENSE FINANCE AND ACCOUNTING SERVICE

Overview

As the world's largest finance and accounting operation, the Defense Finance and Accounting Service (DFAS) builds on its core values of Integrity, Service, and Innovation to lead the Department of Defense (DoD) in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

Established to leverage economies of scale and scope by centralizing various finance, accounting, human resources, and financial systems management services, the DFAS effectively leverages data transparency and customer collaboration to steadily and continually reduce costs to customers. Since its inception, the DFAS has consolidated more than 300 installation-level offices into ten sites and reduced the number of systems in use from 330 to 76.

As a Working Capital Fund, the DFAS obtains its funding by charging customers for services provided, rather than through direct appropriations. The DFAS establishes stabilized customer rates annually in advance of execution based upon anticipated workload, estimated costs, and prior year gains or losses, with the goal of breaking even over the long run and maintaining sufficient cash to meet daily operations.

The DFAS is committed to exceptional customer service, delivering accurate and timely finance and accounting services at the lowest cost, while utilizing electronic processes wherever possible. The DFAS works in partnership with the Office of the Secretary of Defense (OSD), Military Services, Defense Agencies, and Combatant Commands to provide timely business information to key decision-makers. By focusing on the finance and accounting needs of the Military Services, the DFAS allows warfighters to better concentrate on their missions.

The DFAS pays all DoD military and civilian personnel, military retirees and annuitants, as well as major DoD contractors and vendors. The DFAS also functions as a shared services provider, delivering services to federal customers outside the DoD. On behalf of all customers, the DFAS makes over \$500 billion in disbursements each year, while providing a diverse range of accounting services, customer support, and financial reporting to assist customers in tracking funds and managing their budgets. The range and breadth of accounting, financial management, and support services provided to customers are briefly outlined below.

Audit Readiness Services:

The DFAS is leading the way toward the Department's goal of achieving fully-auditable financial statements. The DFAS has now sustained 19 consecutive unmodified opinions on the DFAS Working Capital Fund (WCF), 24 consecutive unmodified opinions on the Military Retirement Fund, three consecutive unmodified opinions on Non-Appropriated

Fund (NAF) Financial Services, 16 consecutive modified opinions for the Medicare-Eligible Retiree Health Care Fund, as well as achieved unmodified audit opinions on Statement on Standards for Attestation Engagements (SSAEs) for the DFAS' internal functions of Military Payroll, Civilian Payroll, Disbursing, and Contract Pay. In addition, the DFAS exceeded its Federal Information System Controls Audit Manual (FISCAM) goals, with a 99 percent system controls pass rate.

Military/Civilian Pay Services:

Annually, the DFAS processes over 135 million pay transactions for more than six million payroll customers, and manages over \$1 trillion in Military Retirement and Health Benefits Funds. The DFAS pays all active and reserve military members, military retirees and annuitants, as well as DoD civilian personnel and the President of the United States.

Payroll support to Army field personnel currently includes sustainment of 35 Defense Military Pay Offices (DMPOs) and 11 satellite offices by providing distributed staffing of over 900 DFAS civilian personnel worldwide.

The DFAS is actively adjusting to the evolving needs of current customers through more flexible Civilian Payroll service offerings. The DFAS has championed an increased use of electronic versus paper payroll documents, resulting in a Department-wide increase in electronic distribution for Affordable Care Act, W-2, and Leave and Earnings Statement pay documents.

Commercial Pay Services:

The DFAS processes over 13 million commercial invoices while reducing unit costs through increased use of electronic commerce (e.g. electronic receipt of contracts, invoices, and receiving reports). This, along with other process improvements, has resulted in reduced cycle times, fewer errors, and less rework, freeing up additional personnel and customer resources to support the warfighter.

The DFAS continues to work with customers to transition workload from legacy systems to the Enterprise Resource Planning (ERP) system environment with Defense Enterprise Accounting and Management System (DEAMS) for the Air Force, General Fund Enterprise Business System (GFEBS) for the Army, Navy Enterprise Resource Planning (Navy ERP) for the Navy, and Defense Agencies Initiative (DAI) for the Defense Agencies.

Accounting Operations Services:

The DFAS accounts for over 1,300 active DoD appropriations by maintaining over 110 million general ledger accounts. Accounting Operations provides responsive and professional financial management, accounting, analysis, and consultation services with a focus on helping the DoD and other customers become more audit ready every day. Accounting services provided on a Direct Billable Hour (DBH) basis include General Ledger (GL) reconciliations, Journal Voucher (JV) postings, United States Treasury reporting, billing, payment demand letters and collections, error clearing, problem

disbursement work, systems access request processing, and many other accounting services.

Information Technology (IT) Services:

Robust investment in building and maintaining secure and audit-steady accounting, disbursing, and payroll systems is core to success of the DFAS mission. The constantly-evolving technological environment necessitates continuous management focus on IT planning, development and maintenance of systems, evolving cybersecurity threats, and maintaining essential telecommunications and computing infrastructure.

The DFAS is focused on investing in “target environment” systems to consolidate capabilities into a modernized systems base, to permit retirement of legacy systems, and to realize reduced systems maintenance costs. The DFAS successfully retired five legacy systems in FY 2017 and three in FY 2018, with eight more on the horizon for FYs 2019 – 2020. Efforts are underway to upgrade remaining target environment systems to meet the requirements of the Standard Financial Information Structure and the DoD Standard Line of Accounting (SFIS/SLoA). Additionally, the DFAS is continuing work to test, validate, and update systems and processes in support of sustained auditability.

Budget Strategy

The DFAS builds and executes its budget mindful that every dollar counts and that resourcing the warfighter is the top priority. To ensure that accounting and financial management resources are directed to the most critical requirements, the DFAS has outlined the FY 2020 budget to align with four key strategic priorities:

- **Audit Steadiness:** Helping lead the DoD in achieving and sustaining favorable audits for all financial statements. The DFAS leads by example, having achieved 19 consecutive unmodified opinions on the DFAS Working Capital Fund annual financial statements.
- **Business Environment Modernization:** Modernizing processes and leveraging technologies to achieve the highest customer service levels and greatest cost efficiencies possible. Consolidating capabilities into targeted enduring and ERP systems, retiring legacy systems, and reducing operating costs.
- **People:** Implementing strategies for precise and timely alignment of talent pools with customer-driven mission requirements. Actively executing the DFAS' human capital plan to hire and grow key skillsets and implementing a collaborative work environment. Leading the way in hiring former military service members and Americans with disabilities.
- **Agency Operational Health:** Increasing productivity and expanding customer service to maximize the DFAS' value as a shared service provider through a comprehensive metrics-based approach. Maturing cost transparency to customers to collaboratively identify opportunities for reducing customers' total expense for DFAS-provided services.

Budget Assumptions

The DFAS bases budget assumptions and cost estimates on specific business needs required to meet customer workload forecasts. As a Working Capital Fund, the DFAS has flexibility to adapt its execution plan in response to evolving customer requirements. Since its inception in 1991, the DFAS has continually achieved measurable improvements in efficiency, which help offset growing workload requirements and the rising cost of labor.

The FY 2020 budget incorporates the following assumptions:

- Reducing or eliminating legacy system expenses, with offsets for expenses to upgrade target systems and transition data and work processes to the targeted systems environments.
- Continuing reductions in overhead expenses driven by headquarters functions, to ensure that the DFAS cost structure remains responsive to customer requirements.

- Increasing IT support for infrastructure, cybersecurity, audit readiness, FISCAM, the Digital Accountability and Transparency (DATA) Act, and the Risk Management Framework (RMF) in order to meet Federal and DoD requirements.
- Improved efficiencies in Civilian Payroll processing stemming from expanded online availability of historical payroll data, with offsets for the additional expense of maintaining more information online.
- Focus on customer support for audit steadiness by providing client liaison support, educational programs, contracting and accounting support, and system upgrades and enhancements as part of a dedicated audit steadiness infrastructure.
- Full staffing support for the Military Payroll function, as well as the DMPO network, pending future functional changes related to delivery of the Integrated Personnel and Pay System.
- Generating long-term cost savings and continuity of quality by in-sourcing mission-related functions when beneficial.
- Increasing partnership opportunities with customers to ensure the DFAS has timely resources to support ongoing operations and capital investment plans.
- The FY 2019 and FY 2020 budgets reflect a 0% labor inflation assumption.

Reform Initiatives

The DFAS is actively engaged in multiple reform initiatives related to its mission and in support of the National Defense Strategy, in partnership with OSD, the Office of the Chief Management Officer (OCMO), the Military Services, and Defense Agencies.

Reduced Legacy Systems (RLS):

The DFAS 2020 budget reflects savings from the RLS initiative, which have been incorporated into FY 2020 customer rates. The below chart outlines the DFAS' progress to date on its 2017 – 2021 RLS plan, as well as planned future retirements:

Acronym	System Name	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
Cash Accountability Systems							
1	DIT	Deposit in Transit	Retired				
2	TBO	Transactions By Others	Retired				
3	CRS	Cash Reconciliation System		Retired			
4	IBOP	International Balance of Payments		Retired			
5	SAMS	Suspense/Aging Monitoring System			FY 2019		
6	CHOOSE	Cash History On-Line Operator Search Engine			FY 2019		
7	HQARS	Headquarters Accounting and Reporting System				FY 2020	
8	DDARS	Defense Disbursing Analysis Reporting System				FY 2021	
Disbursing Systems							
9	CRISPS	Consolidated Returned Items Processing System	Retired				
10	SNIPS	Standard Negotiable Items Processing System	Retired				
11	RECERT	Check Recertification		Retired			
12	DFRRS	Departmental Financial Reporting and Reconciliation System				FY 2020	
Accounts Maintenance & Control Systems							
13	TSS	Transportation Support System				FY 2020	
14	DWAS	Defense Working Capital Fund Accounting System				FY 2020	
15	DBMS	Defense Business Management System				FY 2021	
Financial Reporting Systems							
16	CORAS	Contingency Operations Reporting and Analysis Service	Retired				
17	WYPC	Work Year and Personnel Cost Reporting				FY 2021	
Contract Pay, Civilian Pay and Retired & Annuitant Pay Systems							
18	MOCAS Mid-tier	MOCAS Mid-Tier				FY 2020	
19	ICPS	International Civilian Pay System			FY 2019		
20	DRAS	Defense Retiree and Annuitant Pay System				FY 2021	
FY 2017-2021 Reduce Legacy Systems Strategy (20 systems)			5	3	3	5	4

Fourth Estate Network Optimization:

The DFAS has worked in partnership with the Defense Information Systems Agency (DISA) to properly align FY 2020 budgeted costs for desktop support, teleservices, and Enterprise Local Area Network (ELAN) services in support of the Fourth Estate Network Optimization IT reform initiative.

Budget Summary

The following tables provide the DFAS' estimates for revenue, cost, and personnel levels.

Revenue and Expenses

(\$ in Millions)

	FY 2018	FY 2019	FY 2020
Revenue	\$1,400.5	\$1,421.3	\$1,356.8
Cost of Operations	<u>\$1,409.4</u>	<u>\$1,425.5</u>	<u>\$1,384.0</u>
Operating Results	(\$8.9)	(\$4.2)	(\$27.2)
Adjustment for Unfunded Depreciation on Non-DFAS Acquired PP&E	\$13.3	\$13.2	\$13.0
Other Adjustment to NOR	<u>(\$0.5)</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable Net Operating Results (NOR)	\$3.9	\$9.0	(\$14.2)
Accumulated Operating Results (AOR) – Beginning	\$58.2	\$5.2	\$14.2
Adjustment for Recoverable/Deferred AOR	<u>\$(57.0)</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable AOR - Ending	\$5.2	\$14.2	\$0.0

In order to maintain sufficient cash for daily operations, the DFAS made a portion of its FY 2018 AOR non-recoverable. The DFAS FY 2019 position assumes targeted cash reserve levels would be achieved, therefore, the DFAS FY 2020 budget was built with a \$14.2M rate reduction to return remaining projected AOR to customers.

Personnel

	FY 2018	FY 2019	FY 2020
Direct Hire Civilian FTEs	11,568	11,553	11,175
Indirect Hire Foreign National FTEs	199	199	202
Civilian End Strength	12,002	11,807	11,558
Military End Strength	23	21	21

Capital Investment Program

(\$ in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Total Obligations	\$24.4	\$31.2	\$23.7
Total Capital Outlays	\$19.9	\$25.2	\$25.4

ADPE and Telecommunications Equipment

The FY 2020 budget includes projects supporting Enterprise Local Area Network (ELAN) and security to continue to provide enhanced functionality to assist the DFAS in meeting Federal and DoD mandates. The FY 2020 budget also includes infrastructure replacement to enhance video teleconferencing capabilities in support of Federal and DoD teleservice and communication mandates.

FY 2019 capital investments for ADPE and Telecommunications reflect a slight decrease from the 2019 President's Budget due to a reprioritization and reassessment of costs.

Software Development

The FY 2020 program includes the Reduced Legacy Systems (RLS) initiative to subsume three additional systems into the Defense Cash Accountability System (DCAS). FY 2020 also includes development of the remaining data elements to become compliant with the Standard Financial Information Structure (SFIS) and the Standard Line of Accounting (SLOA) DoD mandate for the Defense Industrial Financial Management System (DIFMS) and the Centralized Disbursing System (CDS). Additionally, FY 2020 includes completing the development of an end to end change process within the Mechanization of Contract Administration Services (MOCAS) system to add functionality to process interest payments, which will allow the retirement of the Prompt Payment application.

FY 2019 capital investments for software development show an increase from the 2019 President's Budget due to emerging requirements for the Standard Material Accounting System (SMAS) and One Pay to develop remaining SFIS functionality to become compliant with the DoD mandate to standardize financial reporting. Another emerging requirement contributing to the increase is to transfer the local purchase functionality from the Integrated Accounts Payable System (IAPS) to SMAS.

Minor Construction

The Minor Construction projects scheduled for FY 2020 will cover the procurement and installation of a single automatic transfer switch and associated ancillary equipment to allow full use of generator capabilities at DFAS Limestone. This will allow the facility to operate all of the infrastructure systems during extreme winter weather, and would preclude severe damage in the event of an extended power outage. Funds will also be used to cover the purchase and installation of security turnstile and metal detector units to increase security measures at the DFAS Limestone facility. These units will be placed at

the front, rear, west, and east entrances of the building. These units are important precautionary measures for the safety and security of all DFAS Limestone personnel. The FY 2020 budget also includes the installation of overhangs on all of the entrances to DFAS Columbus Building 21. This will prevent the risk of employees falling when it rains or snows, and extends outside overhang coverings on eight exposed entry doors leading into Building 21. Extensions will provide additional weather covering to current entry doors, protecting security entry card readers, door thresholds, hinges, and locking mechanisms. Lastly, the FY 2020 budget includes funds to expand collateral work space within the DFAS Indianapolis Site Operations Center, to include an additional 50 work stations, mechanical systems relocation and upgrades, and construction of a conference room.

FY 2019 capital investments for minor construction show an increase from the 2019 President's Budget due to an emerging requirement for Cleveland to move the mailroom operations from the 9th floor to the 26th floor. As part of the DFAS saving's plan to reduce its physical footprint, the DFAS will vacate the 9th floor to allow the Department of Veterans Affairs to occupy the space. In this build out, a sound proof equipment room and a small meeting room will be built to accommodate 24 employees.

**Fiscal Year (FY) 2020 Budget Estimates
Changes in the Costs of Operation
Defense Finance and Accounting Service
February 2019
(\$ in Millions)**

	Costs
FY 2018 Actual	\$1,409.4
Pricing Adjustment:	
FY 2019 Civilian Pay Raise	0.0
Annualization Prior Year Pay Raise	5.0
Inflation Adjustment	6.6
Program Changes:	
Civilian Personnel Compensation	3.1
Travel & Transportation of Personnel	(1.2)
Material & Supplies	0.2
Other Purchases from Revolving Funds	(0.9)
Transportation of Things	(0.1)
Depreciation	5.0
Printing & Reproduction	(0.0)
Advisory & Assistance Services	10.1
Rent, Communication, Utilities and Misc. Charges	(4.7)
Other Purchased Service	(6.8)
FY 2019 Projection:	\$1,425.5
Pricing Adjustment:	
FY 2020 Civilian Pay Raise	0.0
Annualization Prior Year Pay Raise	0.0
Inflation Adjustment	6.7
Program Changes:	
Civilian Personnel Compensation	(48.7)
Travel & Transportation of Personnel	1.4
Material & Supplies	(0.3)
Other Purchases from Revolving Funds	32.8
Transportation of Things	(0.1)
Depreciation	(2.6)
Printing & Reproduction	0.0
Advisory & Assistance Services	(0.3)
Rent, Communication, Utilities and Misc. Charges	2.9
Other Purchased Service	(33.2)
FY 2020 PB 2020 Estimate:	\$1,384.0

**Fiscal Year (FY) 2020 Budget Estimates
Source of New Orders and Revenue
Defense Finance and Accounting Service
February 2019
(\$ in Millions)**

APPN	Client	Customer	FY 2018	FY 2019	FY 2020
1. New Orders					
a. Orders from DoD Components:					
Total Capital	Defense Agency	Defense Finance and Accounting Service	6.8	1.1	1.7
Total Family Housing	Army	Army Family Housing	0.1	0.1	0.1
O&M	Air Force	Air Force	259.5	267.2	250.1
O&M	Army	Army	504.7	512.1	488.1
O&M	Marine Corps	Marine Corps	44.4	48.8	44.1
O&M	Navy	Navy	226.6	234.6	222.1
O&M	Defense Agency	Business Transformation Agency	0.0	0.0	0.0
O&M	Defense Agency	Chemical Biological Defense Program	0.0	0.0	0.0
O&M	Defense Agency	Defense Acquisition University	1.9	1.4	1.9
O&M	Defense Agency	Defense Contract Audit Agency	5.0	5.5	5.3
O&M	Defense Agency	Defense Contract Management Activity	6.7	8.0	6.4
O&M	Defense Agency	Defense Human Resources Activity	3.1	3.0	3.1
O&M	Defense Agency	Defense Information Systems Agency	8.6	12.6	11.0
O&M	Defense Agency	Defense Intelligence Agency	0.7	0.8	0.7
O&M	Defense Agency	Defense Legal Services Agency	0.3	0.3	0.4
O&M	Defense Agency	Defense Logistics Agency	2.0	2.5	2.5
O&M	Defense Agency	Defense Media Activity	1.2	1.0	1.1
O&M	Defense Agency	Defense Microelectronics Activity	0.9	1.0	0.8
O&M	Defense Agency	Defense POW/MIA Accounting Agency	0.8	0.5	0.8
O&M	Defense Agency	Defense Security Cooperation Agency	3.7	3.0	4.1
O&M	Defense Agency	Defense Security Service	1.6	1.7	1.9
O&M	Defense Agency	Defense Technology Security Administration	0.2	0.6	0.6
O&M	Defense Agency	Defense Test Resource Management Center	0.1	0.0	0.1
O&M	Defense Agency	Defense Threat Reduction Agency	3.7	3.9	2.9
O&M	Defense Agency	Department of Defense - Comptroller	0.1	0.0	0.0
O&M	Defense Agency	Department of Defense Education Activity	8.4	8.0	8.2
O&M	Defense Agency	Department of Defense Inspector General	3.9	3.4	3.7
O&M	Defense Agency	Director Operational Test & Evaluation	0.6	0.0	0.8
O&M	Defense Agency	Military Health System - Tricare, TMA, DHA, USUHS	32.3	33.6	36.9
O&M	Defense Agency	Military Housing Privatization Initiative	0.7	0.6	0.1
O&M	Defense Agency	National Defense University	0.7	0.7	0.7
O&M	Defense Agency	National Geospatial-Intelligence Agency	1.7	1.7	1.9
O&M	Defense Agency	National Reconnaissance Office	0.1	0.0	0.1
O&M	Defense Agency	National Security Agency	1.4	1.4	1.4
O&M	Defense Agency	Office of Economic Adjustment	0.5	0.4	0.5
O&M	Defense Agency	Office of the Joint Chiefs of Staff	0.7	0.7	0.7
O&M	Defense Agency	Office of the Secretary of Defense	0.1	0.0	1.4
O&M	Defense Agency	Pentagon Force Protection Agency	0.2	0.3	0.2
O&M	Defense Agency	US Court of Appeals for the Armed Forces	0.1	0.1	0.0
O&M	Defense Agency	US Soldiers' and Airmen's Home	0.0	0.0	0.0
O&M	Defense Agency	US Special Operations Command	7.3	3.5	7.7
O&M	Defense Agency	Washington Headquarters Service	5.9	8.4	4.3
Total O&M			1,140.2	1,171.6	1,116.7
RDT&E	Navy	Navy	2.1	1.7	2.5
RDT&E	Defense Agency	Business Transformation Agency	0.0	0.0	0.0
RDT&E	Defense Agency	Chemical Biological Defense Program	1.7	2.0	2.0
RDT&E	Defense Agency	Director Operational Test & Evaluation	0.2	0.0	0.0
RDT&E	Defense Agency	Defense Advanced Research Projects Agency	3.1	3.6	3.2
RDT&E	Defense Agency	Defense Technical Information Center	2.7	2.5	2.7
RDT&E	Defense Agency	Defense Information Systems Agency	0.0	0.0	0.0
RDT&E	Defense Agency	Defense Logistics Agency	0.1	0.0	0.0
RDT&E	Defense Agency	Missile Defense Agency	5.9	5.5	6.0
RDT&E	Defense Agency	Washington Headquarters Service	0.0	0.0	0.0
Total RDT&E			15.9	15.3	16.3
Total FMS	Defense Agency	Defense Security Cooperation Agency	21.6	24.6	22.0
a. Total Orders from DoD Components:			1,184.6	1,212.7	1,156.8

**Fiscal Year (FY) 2020 Budget Estimates
Source of New Orders and Revenue
Defense Finance and Accounting Service
February 2019
(\$ in Millions)**

APPN	Client	Customer	FY 2018	FY 2019	FY 2020
b. Orders from Other Fund Activity Groups					
WCF	Air Force	Air Force	10.3	7.8	9.3
WCF	Army	Army	11.4	9.8	12.3
WCF	Marine Corps	Marine Corps	2.7	2.7	2.5
WCF	Navy	Navy	41.3	37.0	38.6
WCF	Defense Agency	Air Mobility Command	4.4	0.0	0.0
WCF	Defense Agency	Defense Commissary Agency	17.3	15.6	16.3
WCF	Defense Agency	Defense Information Systems Agency-DITCO	12.9	10.9	11.4
WCF	Defense Agency	Defense Logistics Agency	59.1	57.7	50.4
WCF	Defense Agency	Military Traffic Management Command	2.2	2.2	2.0
WCF	Defense Agency	TRANSCOM	3.5	8.1	5.5
WCF	Defense Agency	Defense Technical Information Center	0.0	0.1	0.0
WCF	Defense Agency	Defense Technology Security Administration	0.4	0.1	0.0
b. Total Orders from Other Fund Activity Groups			165.6	152.2	148.4
c. Total DoD			1,350.2	1,364.9	1,305.1
d. Other Orders					
		Broadcast Board of Governors	0.1	0.1	0.1
		Commercial (Citi, EDS, etc)	0.0	0.5	0.0
		Director of National Intelligence	0.2	0.7	0.3
		Environmental Protection Agency	0.0	0.0	0.0
		Executive Office of the President	0.2	0.2	0.2
		Federal Emergency Management Agency	0.3	0.0	0.0
		US Coast Guard	0.1	0.0	0.1
		US Corps of Engineers	3.4	3.6	3.2
		US Dept of Energy	1.0	1.1	1.0
		US Dept of Health and Human Services	8.4	9.1	8.3
		US Dept of Treasury	0.0	0.8	0.7
		US Dept of Veteran Affairs	36.7	40.3	37.8
		US Postal Service	0.0	0.0	0.0
d. Total Other Orders			50.2	56.4	51.6
1. Total New Orders			1,400.5	1,421.3	1,356.8
2. Carry-In Orders			0.0	0.0	0.0
3. Total Gross Orders			1,400.5	1,421.3	1,356.8
4. Carry-Out Orders			0.0	0.0	0.0
5. Gross Sales			1,400.5	1,421.3	1,356.8
6. Credit			0.0	0.0	0.0
7. Net Sales			1,400.5	1,421.3	1,356.8

Fiscal Year (FY) 2020 Budget Estimates
Revenue and Expenses
Defense Finance and Accounting Service
February 2019
(\$ in Millions)

	FY 2018	FY 2019	FY 2020
Revenue			
Gross Sales			
Operations	1,381.0	1,396.8	1,334.7
Depreciation except Major Construction	19.4	24.5	22.1
Other Income	0.0	0.0	0.0
Customer Bill Adjustment	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	1,400.5	1,421.3	1,356.8
Costs			
Civilian Personnel Compensation & Benefits	1,047.1	1,055.1	1,006.5
Travel & Transportation of Personnel	6.9	5.8	7.3
Materials & Supplies (Internal Operations)	2.1	2.3	2.0
Other Purchases from Revolving Funds	118.8	120.2	155.5
Transportation of Things	0.6	0.5	0.4
Depreciation - Capital	32.7	37.7	35.1
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	19.1	29.5	29.8
Rent, Communications, Utilities & Misc. Charges	29.8	25.7	29.0
Other Purchased Services	152.4	148.7	118.4
Total Expenses:	1,409.4	1,425.5	1,384.0
Operating Result	(8.9)	(4.2)	(27.2)
Depreciation, Non-DWCF Acquired PP&E	13.3	13.2	13.0
Adjustments to NOR	(0.5)	0.0	0.0
Net Operating Result	3.9	9.0	(14.2)
PY AOR	58.2	5.2	14.2
Non-recoverable/Deferred AOR Adjustment	(57.0)	0.0	0.0
Accumulated Operating Results	5.2	14.2	0.0

**DEFENSE INFORMATION SYSTEMS AGENCY
FISCAL YEAR (FY) 2020
BUDGET ESTIMATES**



**DEFENSE WORKING CAPITAL FUND
INFORMATION SERVICES**

March 2019

Preface:

The Defense Information System Agency's revolving fund operations are financed via the Defense-Wide Working Capital Fund (DWWCF). The DWWCF consists of six activity groups. The Defense Logistics Agency (DLA) operates three of these activity groups, the Defense Finance and Accounting Service (DFAS) operates one activity group, and DISA operates two activity groups. The two DISA activity groups are represented on two separate financial statements: 1) *5F33 Computing Services* and 2) *5F20 Telecommunications Services and Enterprise Acquisition Services*.

As the DISA working capital fund operations have evolved, the two activity groups have become interdependent cost centers with significant intra-fund sales and shared support services. As a result, the legacy division of the *Computing Services* and *Telecommunications Services and Enterprise Acquisition Services* components has created complexities in managing resources across DISA's business areas. DISA has been focused on consolidating related functions across its working capital fund business areas and implementing consistent business processes, but this legacy separation of activity groups continues to create inefficiencies driven by separate reporting requirements. The implementation of a single new accounting system at the beginning of FY 2019 is a significant step to enable full integration of the two activity groups.

This budget eliminates the legacy separation of the two DISA working capital fund activity groups beginning FY 2020. The DISA working capital fund operations will be included in a single activity group: the *Information Services Activity Group*. The FY 2020 budget estimates for the *Information Services Activity Group* are presented in consolidated budget exhibits and justification material as follows.



Information Services Activity Group

Overview

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the warfighters and those who support them.

The DoD Joint Information Environment (JIE) is designed to create an enterprise information environment that optimizes use of the DoD IT assets, converging communications, computing, and enterprise services into a single joint platform that can be leveraged for all Department missions. These efforts improve mission effectiveness, reduce total cost of ownership, reduce the attack surface of our networks, and enable DISA's mission partners to more efficiently access the information resources of the enterprise to perform their missions from any authorized IT device anywhere in the world. The DISA continues its efforts towards realization of an integrated Department-wide implementation of the JIE through development, integration, and synchronization of JIE technical plans, programs and capabilities.

The DISA is uniquely positioned to provide the kind of streamlined, rationalized enterprise solutions the Department is looking for to effect IT transformation. The DISA owns/operates enterprise and cloud-capable DISA data centers, the worldwide Defense Information Systems Network (DISN), and the Defense Information Technology Contracting Organization (DITCO). The DISA data centers routinely see workload increases – this trend will continue as major new initiatives begin to fully impact the Department. As part of the Department's transition to the Joint Information Environment (JIE), DISA data centers have been identified as Continental United States (CONUS) Core Data Centers (CDCs).

The DISA also anticipates continuation of partnerships with other federal agencies. The DoD/VA Integrated Electronic Health Record (iEHR) agreement to host all medical records in DISA data centers and the requirement for DoD to provide Public Key Infrastructure (PKI) services to other federal agencies on a reimbursable basis are examples. The Agency continues to make progress on several new initiatives, including: accelerated implementation of Multiprotocol Label Switching (MPLS) technology; deploying and sustaining Joint Regional Security Stacks (JRSS) to fundamentally change the way the DoD secures and protects its information networks; operating a Joint Enterprise License Agreement (JELA) line of business with a low fee of 0.25 percent; a new management concept in Computing Services that aligns like-functions across a

single computing enterprise to prioritize excellence in service delivery, process efficiency, and standardization; and the establishment of an on-premise cloud hosting capability to enable the Department's migration to cloud computing, a reduced data center footprint, and streamlined cybersecurity infrastructure.

This budget also introduces a major new initiative within the Department of Defense called Fourth Estate Network Optimization (4ENO). Based on direction from the Department's Reform Management Group, the DISA will become the single service provider for all Fourth Estate Agencies' commodity IT functions beginning in FY 2020. All operations, maintenance, and investments in commodity IT systems, as well as personnel associated with the support of those systems and technologies will transfer to DISA in FY 2020. This effort will converge DoD networks, service desks, and operations centers into a consolidated, secure, and effective environment capable of addressing current and future mission objectives.

The DISA operates the Information Services Activity Group within the Defense-Wide Working Capital Fund (DWWCF). Historically, the DISA working capital fund activities consisted of two components, **Computing Services (CS)** and **Telecommunications Services/Enterprise Acquisition Services (TS/EAS)**. These two components were represented on two separate financial statements, but as the DISA working capital fund operations evolved, they became interdependent cost centers of an integrated technical architecture. As a result, with the FY 2020 budget estimates, this legacy division of the Information Services Activity Group has been integrated into a single business entity. DISA's implementation of a single compliant accounting system for the DWCF operations in FY 2019 enabled the consolidation of its business areas into a single financial statement beginning FY 2020. This consolidation into a single accounting system and a single financial statement will lead to a streamlined and more efficient management structure by enabling the consolidation of related functions into common cost pools.

Due to the interdependent nature of DISA's working capital fund operations, services and capabilities are often provided between the two components, which leads to corresponding accounts payable and accounts receivable transactions posted on each component's financial statement. For example, the Computing Services component receives contracting and acquisition services from the Defense Information Technology Contracting Organization within the Telecommunications Services/Enterprise Acquisition Services component. The FY 2020 budget estimates are reduced from FY 2019 estimates due to the consolidation of financial statements and elimination of intra-fund sales transactions between the two components.

For rate setting purposes, the DISA assesses profit/loss factors at the agency level. FY 2020 rates are set below cost to return prior year accumulated operating results. DISA will maintain \$105.1 million in ending accumulated operating results to apply to FY 2021 rates and ensure sufficient reserves are available to address daily cash volatility. In addition, FY 2020 billing rates include a capital asset surcharge of \$22.1 million to support initial investments in commodity IT infrastructure for the Fourth Estate as part of the Department's IT optimization efforts.

Key Budget Data

(\$ in millions)	FY 2018	FY 2019	FY 2020
Revenue	\$7,488.2	\$7,573.4	\$7,667.4
Expense	\$7,297.9	\$7,608.5	\$7,860.9
Net Operating Result	\$190.3	(\$35.1)	(\$193.5)
Capital Surcharge Reservation	-	-	(\$22.1)
Adjusted Net Operating Result	\$190.3	(\$35.1)	(\$215.7)
Prior Year Accumulated Operating Results (AOR)	\$169.5	\$359.4	\$324.3
Ending AOR	\$359.4	\$324.3	\$108.7
Capital Budget	\$42.6	\$75.8	\$249.0
Civilian Workyears	2,797	2,864	4,144
Military End Strength	31	24	28

The table above provides a summary of the financial accounts and personnel levels reflected in this budget request for the Information Services activity group. FY 2018 data are actual results. Data in all tables may not add due to rounding.

Rate Changes for Major Programs

The DISA has achieved across-the-board rate reductions in FY 2020 through a combination of efficiencies and the return of prior year accumulated operating results. These reductions are discussed in more detail in subsequent sections of this narrative.

Business Area	Major Service Offering	FY 2020 Rate/Fee	Percent Change
Computing Services	Composite Rate	-	-10.00%
Telecommunications Services	DISN Infrastructure Services (DISN IS) Price	-	-8.63%*
	Standard Contracting Fee	2.25%	-10.00%
Enterprise Acquisition Services	Joint Enterprise License Agreement (JELA) Contracting Fee	0.25%	0.00%
	JELA Decentralized Ordering Fee	0.10%	0.00%

*Beginning FY 2020, the DITCO fee will no longer be additive to all rates in Telecommunications Services. Due to improved cost accounting capabilities of a new financial system deployed in FY 2019, support costs are now allocated directly to all rates. The DISN IS price change of -8.63% represents a normalized annual price change.



Computing Services

Key Budget Data

This budget reflects conservative estimates of workload growth combined with cost savings measures, which generate a 10.0% percent aggregate rate decrease in FY 2020. The subsequent chart provides a summary of the major financial accounts and personnel levels included in this budget submission. Additional details on operating cost and rates are discussed in later sections.

(\$ in millions)	FY 2018	FY 2019	FY 2020
Revenue	\$1,042.0	\$1,088.5	\$939.5
Expense	\$963.0	\$1,084.2	\$997.1
Net Operating Result	\$79.0	\$4.3	(\$57.6)
Capital Surcharge Reservation	-	-	-
Adjusted Net Operating Result	\$79.0	\$4.3	(\$57.6)
Prior Year Accumulated Operating Results (AOR)	\$4.2	\$83.2	\$87.5
Ending AOR	\$83.2	\$87.5	\$29.9
Capital Budget	\$26.2	\$57.4	\$68.1
Civilian Workyears	1,657	1,667	1,695
Military End Strength	10	6	6

Overview

The Computing Services business area operates the DISA data centers, which provide mainframe and server processing operations, data storage, production support, technical services, and end-user assistance for command and control, combat support, and enterprise services across the Department of Defense (DoD).

The DISA's Computing Services business area currently operates eight data centers: seven in the continental United States (CONUS) and one outside the continental United States (OCONUS). A Theater Enterprise Computing Center (TECC) was also established in 2009 in Southwest Asia. All CONUS data centers have been designated as Core Data Centers as part of the Joint

Information Environment (JIE). DISA will be acquiring two new Core Data Centers – Yokota, Japan and Ford Island, Hawaii – and upgrading the TECC in Bahrain to a Core Data Center by the end of FY 2020. Ford Island’s server room is currently being maintained by the DISA via General Fund Appropriations. Once Computing Services completes the server room expansion, ownership will transfer to the Working Capital Fund where services will be provided on a reimbursable basis beginning in FY 2020. The computing facilities continue to be highly accessible and secure data processing centers with dual, high-capacity connectivity to the Defense Information Systems Network and organic defense in-depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources and to gain economies of scale. Additionally, Computing Services provides “assured computing,” whereby all mission-critical data is continuously available to customers.

The DISA data centers employ highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment to over four million users through:

- 20 mainframes
- Approximately 16,600 servers
- Approximately 62,000 terabytes of storage
- Approximately 267,000 square feet of raised floor
- Survivable connectivity to the Defense Information Systems Network core

The subsequent table displays the locations of data centers currently operated by DISA.

Data Center Locations
Mechanicsburg, PA Montgomery, AL Oklahoma City, OK Ogden, UT Columbus, OH San Antonio, TX St. Louis, MO (<i>Closes in FY 2019</i>)
Europe Bahrain (<i>Upgrade to CDC in FY 2020</i>) Yokota, Japan (<i>New in FY 2019</i>) Ford Island, Hawaii (<i>New in FY 2020</i>)

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the DoD components to:

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets

- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment and supplies
- Manage the information for the medical environment and patient care
- Support DoD business, contracting, financial, payroll and eBusiness applications

The DoD Chief Information Officer (CIO) is leading efforts within the Department to consolidate data centers, continue the adoption of enterprise services (e.g. email and milCloud), and foster adoption of cloud computing—all of which directly affect Computing Services. At the forefront of these initiatives is the Department’s push towards the Joint Information Environment (JIE) and the designation of DISA data centers as Core Data Centers (CDCs). CDCs are the backbone of the JIE and are highly capable, highly resilient data centers providing standardized hosting and storage services to the enterprise within the Single Security Architecture currently being implemented. CDCs also enable a significant reduction in the total number of DoD data centers by serving as consolidation points for computing and storage services currently hosted across hundreds of component facilities.

The Computing Services business area implemented a new management concept in January 2017 called the “Ecosystem”. This model aligned like-functions across a single computing enterprise and established a unified computing structure operating under a single command – one large virtual data center. The Ecosystem has continued to prioritize excellence in service delivery, process efficiency, and standardization for tools and processes. Ultimately, the shift to the Ecosystem model is fulfilling the goal of providing excellence in IT service delivery to our mission partners through the provision of cutting-edge computing solutions and a flexible and adaptable infrastructure. The Ecosystem is in the process of realigning personnel to reside in only eight DISA data centers, three of which will be minimally manned and 100 percent remotely managed. These optimization efforts are projected to yield a 15 percent reduction in Ecosystem personnel (contractor and civilian) and savings of \$695 million over ten years.

Service Descriptions

The Computing Services business area provides a variety of services tailored to the demands of the Department of Defense’s information systems. This includes server and mainframe processing and storage, basic and optional services, cloud services, and enterprise services. Enterprise infrastructure services continue to move the Department’s data processing toward more centralized and standardized solutions. The Enterprise infrastructure enables a collaborative environment and trusted information sharing end-to-end that can adapt to rapidly changing conditions with the goal of protected data on protected networks. DoD Enterprise Email, DoD Enterprise Portal Service, Global Content Delivery Service, ATAAPS, milCloud, milCloud 2.0, Forge.mil, SKIWeb, Storage as a Service, and Secure Cloud Computing Architecture are capabilities that align with this strategic vision and leverage the power of the DISA data centers on the Department of Defense Information Network. Major Computing Services are discussed in further detail subsequently:

Traditional Server Hosting and Virtualization Services provide managed hosting solutions for mission partners that need DISA to provide the labor, hardware, and software required to manage and maintain their server Operating Environments (OEs). This includes mandatory services for

traditionally hosted applications, such as systems administration, cybersecurity administration, and hardware services and optional services such as application support and database administration. Rates are tailored to the attributes of the mission partner's workload (e.g. processing power allocated to the OEs, virtual vs. physical OEs, and type of hardware).

Historically, system administration labor, security administration labor, and communications infrastructure have been bundled together into a "Basic Services" rate for server hosting. Pricing varies by platform type (virtual, converged, cloud, and physical), size (allocated vCPUs / cores for virtuals / cloud and sockets for physicals), and function (production and dedicated COOP). To more clearly identify and categorize cost drivers to mission partners, DISA has implemented a change to the pricing model for these Basic Services. Beginning FY 2020, the Basic Services rate will be separated into three categories: systems administration labor, security administration labor, and infrastructure. These three rates will be charged to mission partners based on the distinct cost drivers for each service offering and remain mandatory services for all traditional managed operating environments.

Server Storage Services include a wide array of storage offerings tailored to each mission partner's level of service required to meet maximum acceptable data loss and minimum acceptable recovery time for each application. Rates charged are based on the usable gigabyte of storage allocated per month and the level of service requested by the mission partner for data recovery.

Mainframe Processing and Storage supports both IBM and Unisys applications. DISA provides mainframe hardware through capacity services contracts, executive software to run mission partner applications, and labor to manage execution.

DoD Enterprise Email (DEE) provides email services to end users at any location globally in a secure manner. DEE is constructed to support the deployment of email capability for 4.5 million users and a global address list (GAL) scaled to support 10 million objects (e.g., DoD common access card (CAC) personas and non-person entities (NPEs)). Using a modular design, DISA has the ability to grow capacity as required.

DISA's design provides redundancy both locally and remotely for all components of the system. The email service features Pods which are the primary core of the service, and Mini-Pods providing coverage to the edge. DEE Pods contain the distributed capacity architecture across DISA Core Data Centers in CONUS and OCONUS, while the Mini-Pods are hosted at customer sites. Mini-Pod infrastructure may be deployed as needed to customer sites to support mission continuity of operations and to alleviate network distance constraints and bandwidth congestion. Each current Pod allows for approximately 50,000–75,000 business class users and 27,000–30,000 remote users. Mini-Pods have the capacity to service approximately 30,000 users and are scalable to suit customer requirements.

The DEE service provides the Basic/Business offering for those users requiring up to 4GBs of storage, the Premium offering for accounts requiring up to 10GBs of storage, the Executive offering for accounts requiring up to 30GBs of storage, and a Senior Executive offering for accounts requiring up to 50GBs of storage.

Additionally, optional capabilities such as journaling and mobile device support are available to customers at an additional charge. Journaling is a service that permanently saves each message that a specified user sends or receives and may be required for some flag officers, high ranking appointees and Senior Executive Service members. Customers are charged based on the number

of gigabytes of storage used. The FY 2020 budget submission assumes 50% of the DEE NIPR workload migrates to the new Defense Enterprise Office Solution (DEOS) service offering in FY 2020. The DEOS service offering will provide a commercial software-as-a-service solution for unified capabilities and is intended to aid the Department of Defense (DOD) in replacing disparate legacy enterprise information technology services for office productivity, messaging, content management, and collaboration. DEOS is included in the Telecommunications Services business area and is described in more detail in a subsequent section of this budget justification material.

DoD Enterprise Portal Service (DEPS) is a Software as a Service (SaaS) offering that provides a flexible, web-based collaboration capability to the DoD enterprise. DEPS administrators create site collections and provide DoD Components the ability to independently create and manage their organization, community and mission-focused sites. DEPS supports multiple authentication mechanisms to include Common Access Cards (CAC), Hard Token, and Personal Identity Verification (PIV).

Subscribing organizations brand their sites and manage their content in order to satisfy mission requirements. Mission partners with Client Access Licenses (CALs) will have the platform to include a suite of MS Office Web applications: the Web browser versions of Word, PowerPoint, Excel and OneNote. DEPS provides location and device-independent access to documents and preserves the user interface across end user devices.

Global Content Delivery Service (GCDS) has been designated as the DoD enterprise solution for distributed content caching by the DoD CIO. GCDS provides the capability to bring web content and applications closer to the end-user, minimizing download times and increasing connection speeds by forward-staging information across the Defense Information Systems Network (DISN). The service currently covers 85 regions and is in 12 countries around the world. In certain cases, GCDS hardware is hosted at DISA data centers, but it is also hosted in bases, camps, and stations around the world.

Customers requiring GCDS capabilities for their web applications can purchase several services, including Web Application Delivery, Net Storage, and/or Web Application Firewalls. Customers requiring customization of their GCDS environment are charged on a reimbursable basis for implementation costs, including consulting and advanced engineering services. In addition to these optional service offerings for content creators (application owners), a portion of the overall cost of the GCDS service is charged to the DISN Infrastructure Services in order to facilitate cost sharing with end user content consumers accessing the Department of Defense Information Network.

DoD Automated Time and Attendance Production System (ATAAPS) is a Human Resource Management System (HRMS) that provides information to downstream payroll processing by the Defense Civilian Payroll System (DCPS), entitlement systems, and in some cases enterprise resource planning (ERP) business systems. ATAAPS provides the ability to accurately record time and attendance while capturing labor hours by job order. ATAAPS creates a common platform for the DoD Agencies, Military Services, and Other Government Agencies (OGA) who use DCPS as their civilian payroll system of record. ATAAPS helps to ensure agencies can easily and effectively enter, validate, certify, audit, and transmit records to DCPS. Beginning in FY 2019, DFAS will transfer software ownership and maintenance functions to DISA, enabling DISA to provide a consolidated bill to customers utilizing ATAAPS. Previously, DISA only provided the hosting services.

The ***milCloud 1.0*** service is a Joint Information Environment (JIE) cloud-services product portfolio featuring an integrated suite of capabilities designed to drive agility in the development, deployment, and maintenance of secure DoD applications. milCloud 1.0 is an Infrastructure as a Service (IaaS) solution that leverages a combination of mature Commercial off the Shelf (COTS) and government developed technology to deliver cloud services tailored to the needs of DoD. This budget submission assumes all workload will transition off the milCloud 1.0 infrastructure by the end of FY 2019 and a majority of that workload will migrate to the milCloud 2.0 infrastructure described in the next section.

The ***milCloud 2.0*** service is a contractor-owned, contractor-operated, secure, cloud infrastructure-as-a-service (IaaS) environment in DISA data centers that is connected to DoD networks. The milCloud 2.0 service is approved to support Impact Level 5 data and includes a central cloud portal, which provides real-time visibility, payment, and workload provisioning. milCloud 2.0 enables efficient use of resources by providing a metered billing model, which allows customers to pay only for what they use rather than incurring monthly or yearly fees.

The Department of Defense is determined to accelerate the optimization of its information technology infrastructure with a focus on cloud adoption and data center consolidation. To that end, all milCloud 1.0 workload and Fourth Estate, traditionally hosted, NIPR workloads in DISA data centers will migrate to milCloud 2.0 by the end of FY 2019. Additionally, all workloads resident in Fourth Estate data centers will migrate to the milCloud 2.0 infrastructure by the end of FY 2020. Migrating all Fourth Estate applications to milCloud 2.0 will reduce the Department's data center footprint while streamlining cybersecurity infrastructure.

Strategic Knowledge Integration Web (SKIWeb) provides a net-centric, asynchronous, collaborative event management capability that includes features and capabilities designed to reduce information overload and improve user effectiveness at the Enterprise level. SKIWeb has evolved into one of the DoD's most widely utilized web-based tools and is used to rapidly gather and disseminate critical information on real world events such as natural disasters and terrorist attacks, as well as day-to-day activities. The user base covers over 200 commands, agencies, and organizations to include coalition partners.

Storage as a Service (STaaS) is a self-service cloud storage capability providing bulk storage for applications, backups, or system images. As a DoD Cloud Service, STaaS is available from anywhere on the NIPRNet. The STaaS infrastructure is based on IBM Object store and is a high-availability cluster. With this design, an entire site can go offline while still providing 100% availability to our Mission Partners.

Secure Cloud Computing Architecture (SCCA) is a suite of enterprise-level services, tailored to meet the unique functional and operational requirements of cloud computing in the DoD. SCCA provides core security capabilities, enabling mission partners to transition applications and data to commercial cloud offerings for impact level four and five data in a consistent and secure manner resulting in scalable, secure, and cost-effective architecture. A modular, decoupled model enables various implementations and scalability.

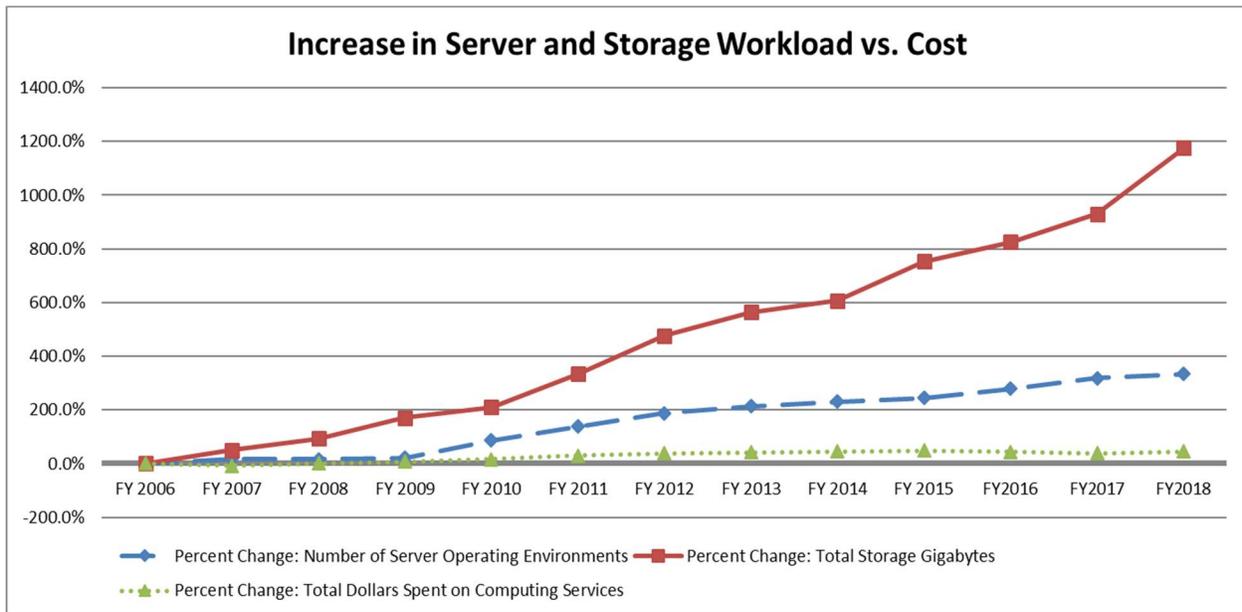
IT Service Intelligence: Application Performance Monitoring Service (APMS) is a service that includes performance monitoring for application suites (OS, Application, Web, and Database). This offering will provide Mission Partners access to read-only dashboards. Data ingested via metrics and logs from the application suite will be reflected on the dashboard. APMS is a single rate that applies to all operating environments (OEs) and billed based on GB/month ingested, regardless of size or platform.

IT Service Intelligence: Application Audit Log Review Service (AALRS) is a suite of ecosystem-level services to ingest and review aggregated log data. The design of this service offering is to detect and respond to suspect behaviors as well as to provide support evidence for IA control compliance. This service is already included in the Application Support and Database Administration service offerings currently available as an optional service for Mission Partners utilizing our standard server offerings. However, this new fee-for-service is now available to Mission Partners a-la-carte, offering greater levels of aggregation than they could achieve on their own, and offer centralized detection and response. AALRS is billed based on GB/month ingested.

Cybersecurity Service Provider for Traditionally Hosted Data Center Program (CSSP THDP) is a service offering that provides DISA data center-hosted mission partners with formal alignment to DISA as a Cybersecurity Service Provider (CSSP). This comprehensive service offering provides monitoring of network traffic directly associated with mission partner programs and associated applications. CSSP THDP also includes vulnerability assessment and analysis activities, incident response support, incident reporting, and other key cybersecurity services that enable DISA to protect and defend from cyberattacks and effectively and expeditiously respond to alerts.

Performance Measures

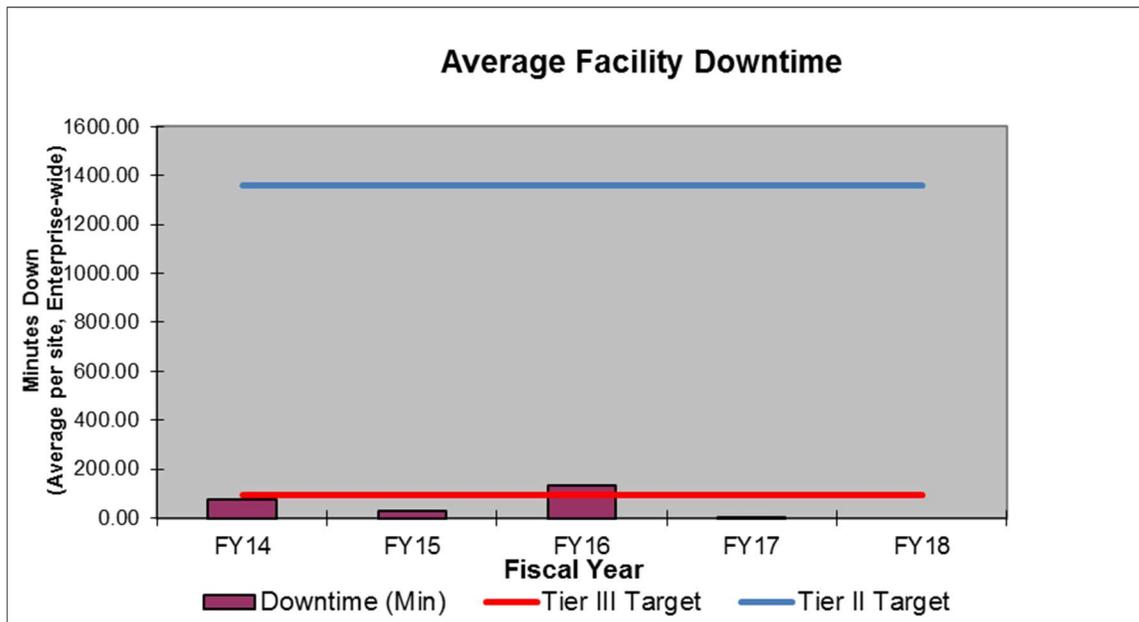
As shown in the subsequent table, demand for DISA’s server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 333 percent, and total storage gigabytes have increased by 1,176 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 46 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA’s unique ability to leverage robust computing capacity at the DISA Datacenters.



DISA’s information services play a key role in supporting the Department’s operating forces. As a result, DISA is held to high performance standards. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general

performance measures. The two metrics depicted in the subsequent tables reflect the availability of critical applications in the Defense Enterprise Computing Centers.

The “*Core Data Center Availability*” metric, expressed in minutes per year, represents application availability from the end user’s perspective and includes all outages or downtime regardless of root cause or problem ownership. Tier II requires achieving 99.75% availability, which limits downtime to approximately 1,361 minutes per year. Tier III, the standard for all DoD-designated Core Data Centers, requires achieving 99.98% availability, which limits downtime to approximately 95 minutes per year.



The “*Capacity Service Contract Equipment Availability*” metric represents DISA’s equipment availability by technology, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as last mile communications issues, base power outages or the like. The Threshold refers to system uptime and capacity availability for intended use; this is the level required by contract. The Objective is the value agreed on by the vendor and the government to be an ideal target, and Actual is reported by the vendor monthly.

	Threshold	Objective	Actual
IBM System z Mainframe	99.95%	99.99%	100%
Unisys Mainframe	99.95%	99.99%	99.999%
P Series Server	99.95%	99.99%	100%
SPARC Server	99.95%	99.99%	100%
X86 Server	99.95%	99.99%	99.999%
Itanium	99.95%	>99.95%	99.994%
Storage	99.95%	>99.95%	99.999%
Communications Devices	99.95%	>99.95%	99.98%

Rates

This submission includes a composite 10% percent rate decrease in FY 2020. DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement of actual cost. The charts on the following pages display the rates by category.

Mainframe	FY 2019	FY 2020
* IBM CPU Usage (Hour/Month)	\$448.6173	\$374.3594
* IBM ZIIP CPU (Hour/Month)	\$412.4302	\$358.4084
* IBM Storage (GB/Day)	\$0.3328	\$0.2968
* IBM Long Term Storage (GB/Day)	\$0.2220	\$0.1978
* Unisys SUPS (Hour/Month)	\$21.2218	\$15.6365
* Unisys Storage (GB/Day)	\$26.1888	\$16.7241
* zLINUX Infrastructure - X Small (OE/Month)		\$3,187.75
* zLINUX Infrastructure - Small (OE/Month)		\$4,132.26
* zLINUX Infrastructure - Medium (OE/Month)		\$8,500.66
* zLINUX Infrastructure - Large (OE/Month)		\$53,129.12
* zLINUX Infrastructure - X Large (OE/Month)		\$135,479.25
* zLINUX Hardware - X Small (vCPU/Month)		\$7,110.88
* zLINUX Hardware - Small (vCPU/Month)		\$9,217.81
* zLINUX Hardware - Medium (vCPU/Month)		\$18,962.36
* zLINUX Hardware - Large (vCPU/Month)		\$118,514.75
* zLINUX Hardware - X Large (vCPU/Month)		\$302,212.60
Infrastructure	FY 2019	FY 2020
Server/Storage Infrastructure - Cloud (OE/Month)		\$217
Server /Storage Infrastructure - Converged (OE/Month)		\$411
Server /Storage Infrastructure - Virtual (OE/Month)		\$798
Server/Storage Infrastructure - Class 1: Physical (OE/Month)		\$1,471
Server/Storage Infrastructure - Class 2: Physical (OE/Month)		\$2,084
Server/Storage Infrastructure - Class 3: Physical (OE/Month)		\$2,101
Server Storage - Enterprise Disk RAID 5 (GB/Month)	\$0.6448	\$0.4821
Server Storage - Tier 2 Disk RAID 5 (GB/Month)	\$0.3527	
Server Storage - Shared COOP (GB/Month)	\$0.5370	\$0.4160
Server Storage - Backup Service (GB/Month)	\$0.3610	\$0.2404
Server Storage - Dedicated COOP SAN Replication (GB/Month)	\$1.2116	\$0.9084
Server Storage - Enterprise Disk RAID 10 (GB/Month)	\$1.0645	\$0.8161
Cyber	FY 2019	FY 2020
Database Administration Security Only (OE/Month)	\$139.00	\$139.00
Cyber/Security Labor (OE/Month)		\$1.14
* Financial Audit Compliance - IBM Mainframe (Hour/Month)	\$1.51	\$1.51
* Financial Audit Compliance - Open Systems (OE/Month)	\$208.83	\$208.83
* Financial Audit Compliance - Unisys Mainframe (SUPS/Month)	\$0.14	\$0.14
* Vulnerability Management - Program (Program/Month)	\$825.01	\$825.01
* Vulnerability Management - Endpoints (Endpoints/Month)	\$28.27	\$28.27
* CSSP Traditionally Hosted Data Center Program (OE/Month)	\$136.31	\$136.31
Data Center	FY 2019	FY 2020
* Admin Space Rental (Sq Ft/Month)	\$7.41	\$7.41
* Floor Space Rental (Sq Ft/Month)	\$16.66	\$16.66
* Floor Space Rental with COMM (Per Server/Month)	\$895.58	\$895.58

Enterprise Services	FY 2019	FY 2020
ATAAPS (Account/Month)	\$1.19	\$1.19
Enterprise Email - Mobile Devices (Device/Month)	\$2.53	\$2.33
Enterprise Email - Journaling (GB/Month)	\$0.37	\$0.34
Enterprise Email - Business (Account/Month)	\$3.02	\$2.78
* Enterprise Email - Premium (Account/Month)	\$10.03	\$9.23
* Enterprise Email - Executive (Account/Month)	\$18.07	\$16.62
* Enterprise Email - Senior Executive (Account/Month)	\$26.76	\$24.62
* Enterprise Email - Negligent Discharge of Classified Information (Per Incident)	\$2,500.00	\$2,500.00
* Enterprise Email - Implementation (Per Account)	\$60.00	\$60.00
* DEPS - Shared SIPR (Per User/Month)	\$11.23	\$10.11
* DEPS - Shared NIPR (Per User/Month)	\$4.40	\$3.96
* DEPS Implementation - Shared SIPR (Per User)	\$49.91	\$49.91
* DEPS Implementation - Shared NIPR (Per User)	\$26.06	\$26.06
* Forge.mil - Project Forge Small (User/Month)	\$3,105.36	\$2,794.82
* Forge.mil - Project Forge Medium (User/Month)	\$7,763.40	\$6,987.06
* Forge.mil - Project Forge Large (User/Month)	\$31,053.56	\$27,948.20
* Forge.mil - Software Forge (Project/Month)	\$1,240.46	\$1,116.41
* GCDS Net Storage (TB/Month)	\$11,749.07	\$11,749.07
* GCDS URL Web Delivery (URL/Month)	\$894.10	\$894.10
* GCDS Web Application Firewall (Unit/Month)	\$119.40	\$119.40
* GCDS Implementation Net Storage (One Time)	\$5,874.54	\$5,874.54
* GCDS Implementation URL Web Delivery (One Time)	\$447.05	\$447.05
* GCDS Implementation Web Application Firewall (One Time)	\$59.70	\$59.70
* Global Service Desk (1/4 FTE/Month)	\$3,163.06	\$3,163.06
* milCloud - Base Unit (Per Unit/Day)	\$3.69	\$3.51
* milCloud - Storage (GB/Day)	\$0.0152	\$0.0144
* milCloud - Backup Storage (GB/Day)	\$0.0097	\$0.0092
* milCloud - Memory (2GB/Day)	\$0.75	\$0.71
* milCloud - Dedicated VPN (User Block/Day)	\$37.60	\$35.72
* milCloud - IaaS Log View (Edge Gateway/Day)	\$24.94	\$23.69
* milCloud Implementation (One Time)	\$195.00	\$195.00
* milCloud Implementation - Premium Engineering: Bronze (One Time)	\$1,680.57	\$1,680.57
* milCloud Implementation - Premium Engineering: Silver (One Time)	\$3,360.11	\$3,360.11
* milCloud Implementation - Premium Engineering: Gold (One Time)	\$8,401.81	\$8,401.81
* milCloud Implementation - Dedicated VPN (One Time)	\$277.22	\$277.22
* milCloud 2.0 (Applied Burdening Percentage)	19.99%	19.99%
* Secure Cloud Computing Architecture	TBD	TBD
* SKIWeb (Per User/Month)	\$76.64	\$76.64
* Storage as a Service (Usable GB/Month)	\$0.30	\$0.30

Server	FY 2019	FY 2020
Server Systems Administration Conventional: Virtual (OE/Month)		\$349
Server Systems Administration Conventional: Physical (OE/Month)		\$349
Server Systems Administration - Converged OSC SPARC (OE/Month)		\$105
Server Systems Administration - Converged x86 (OE/Month)		\$209
Server Systems Administration - Cloud (OE/Month)		\$233
Server Systems Administration - 24x7 (OE/Month)		\$747
milCloud Plus (vCPU or Core/Month)	\$225	
Sever Basic Services Virtual (vCPU or Core/Month)	\$337	
Server Basic Services Non-Standard Virtual (OE/Month)	\$1,104	
Server Basic Services - Converged x86 (vCPU/Month)	\$225	
Server Basic Services - Converged OSC SPARC (OE/Month)	\$502	
Server Basic Services Class 1 Physical (OE/Month)	\$1,912	
Server Basic Services Class 2 Physical (OE/Month)	\$2,556	
Server Basic Services Class 3 Physical (OE/Month)	\$2,820	
Server H/W Services SPARC LDOM Processor (Core/Month)	\$243	\$222
Server H/W Services SPARC Class 1 Physical (OE/Month)	\$1,605	\$1,464
Server H/W Services SPARC Class 2 Physical (OE/Month)	\$3,217	\$2,934
Server H/W Services SPARC Class 3 Physical (OE/Month)	\$8,269	\$7,541
Server H/W Services Itanium Class 1 Physical (OE/Month)	\$2,889	\$2,635
Server H/W Services Itanium Class 2 Physical (OE/Month)	\$3,948	\$3,600
Server H/W Services Itanium Class 3 Physical (OE/Month)	\$9,736	\$8,879
Server H/W Services x86 VOE Processor (vCPU/Month)	\$71	\$65
Server H/W Services x86 Class 1 Physical (OE/Month)	\$351	\$320
Server H/W Services x86 Class 2 Physical (OE/Month)	\$584	\$533
Server H/W Services x86 Class 3 Physical (OE/Month)	\$3,621	\$3,302
Server H/W Services SPARC Virtual Memory (GB/Month)	\$3.95	\$3.61
Server H/W Services x86 Virtual Memory (GB/Month)	\$2.56	\$2.33
Server H/W Services Itanium IVMs (OE/Month)	\$1,250	\$1,250
Server Implementation - Standard (One Time)	\$8,623	\$8,623
Server Implementation Converged - Physicals (One Time)	\$7,759	\$7,759
Server Implementation Converged - OSC SPARC Virtual (One Time)	\$1,241	\$1,241
Server Implementation Converged - x86 Virtual (One Time)	\$4,733	\$4,733
Implementation and Sustainment	FY 2019	FY 2020
Application Support / Web Administration (OE/Month)	\$947	\$947
Database Administration (OE/Month)	\$1,396	\$1,396
Oracle Database Software Itanium Virtual (Core/Month)	\$453	\$408
Oracle Database Software Itanium Class 1 Physical (OE/Month)	\$5,468	\$4,921
Oracle Database Software Itanium Class 2 Physical (OE/Month)	\$10,925	\$9,833
Oracle Database Software Itanium Class 3 Physical (OE/Month)	\$16,386	\$14,747
Oracle Database Software x86 & SPARC Virtual (vCPU or Core/Month)	\$226	\$203
Oracle Database Software x86 & SPARC Class 1 Physical (OE/Month)	\$2,732	\$2,459
Oracle Database Software x86 & SPARC Class 2 Physical (OE/Month)	\$5,457	\$4,911
Oracle Database Software x86 & SPARC Class 3 Physical (OE/Month)	\$8,197	\$7,377
Server 24 x 7 Application Support (OE/Month)	\$2,327	\$2,094
Server 24 x 7 Database Administration (OE/Month)	\$2,048	\$1,843
Server 24 x 7 System Administration (OE/Month)	\$428	

*These services are unstabilized in FY19 and FY20 and may be updated in execution to recover actual costs.



Telecommunications Services

Key Budget Data

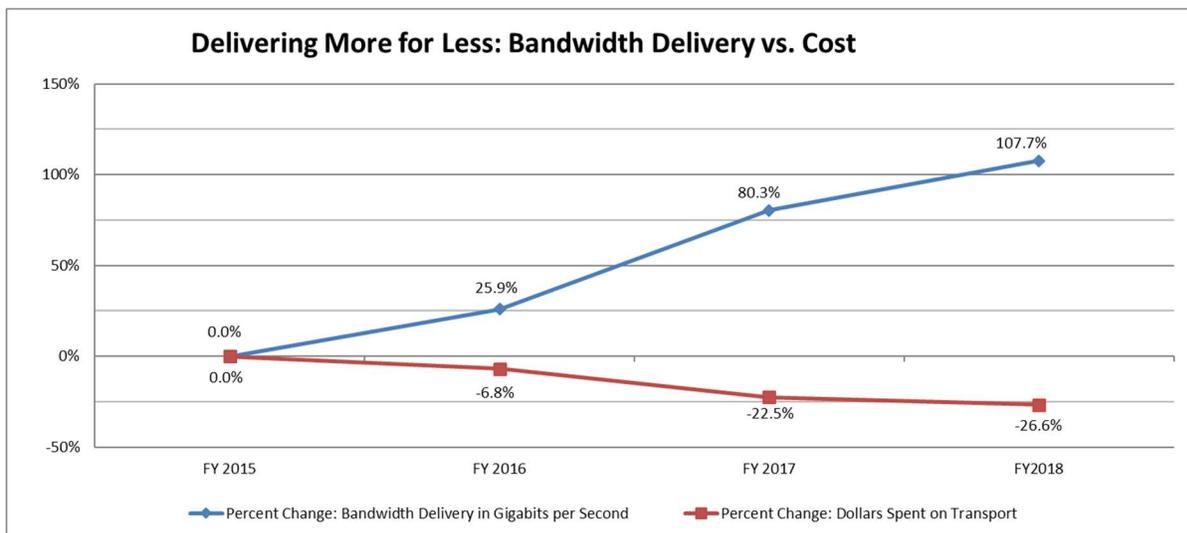
(\$ in millions)	FY 2018	FY 2019	FY 2020
Revenue	\$1,920.2	\$1,977.3	\$2,872.6
Expense	\$1,857.7	\$2,037.9	\$2,948.6
Net Operating Result	\$62.5	(\$60.6)	(\$76.0)
Capital Surcharge Reservation	-	-	(\$22.1)
Adjusted Net Operating Result	\$62.5	(\$60.6)	(\$98.2)
Prior Year Accumulated Operating Results (AOR)	\$97.8	\$159.9	\$99.3
Ending AOR	\$159.9	\$99.3	\$1.1
Capital Budget	\$9.5	\$15.5	\$178.8
Civilian Workyears	597	643	1,880
Military End Strength	20	17	21

FY 2020 rates are set below cost to return prior year accumulated operating results. The FY 2020 budget data incorporates the Department's Fourth Estate Network Optimization initiative that consolidates commodity IT functions to the DISA as a single service provider. A capital asset surcharge in FY 2020 will provide the initial capital required for investments in the Fourth Estate IT infrastructure to meet the operational requirements of Defense Agencies. In addition, authority for making capital investments in the DISN Infrastructure Services (\$136.9 million in FY 2020) has been realigned to the Defense Working Capital Fund from appropriated sources. This realignment is zero-sum at the Department level. Each of these initiatives are discussed in more detail in subsequent sections of this document.

Overview

The Telecommunications Services business area provides a set of high quality, reliable, survivable, and secure telecommunications services to meet the Department's command and control requirements. The major component of Telecommunications Services is the Defense Information Systems Network (DISN), a critical component of the Department of Defense Information Network (DoDIN) that provides the Warfighter with essential access to timely,

secure, and operationally relevant information to ensure the success of military operations. The DISN is a collection of robust, interrelated telecommunications networks that provide assured, secure, and interoperable connectivity for the Department of Defense, coalition partners, national senior leaders, combatant commands, and other federal agencies. Specifically, the DISN provides dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The robustness of this telecommunications infrastructure has been demonstrated by DISA’s repeated ability to meet terrestrial and satellite surge requirements in Southwest Asia while supporting disaster relief and recovery efforts throughout the world. Overall, the DISN provides a lower customer price through bulk quantity purchases, economies of scale and reengineering of current communication services. In spite of this continuing upward trend in demand, DISA has delivered transport services at an overall cost decrease to mission partners, as shown in the subsequent chart:



The previous chart compares the bandwidth delivery, including MPLS connections, to Transport costs. Since FY 2015, DISA has increased transport bandwidth delivery capacity 107.7 percent to meet customer demand. The increase is driven by internet traffic, DoD Enterprise Services, full motion video collaboration, and Intelligence, Surveillance and Reconnaissance (ISR) requirements. Over the same timeframe, transport costs associated with the physical connections between sites such as management, software, maintenance and installation have decreased by 26.6 percent. Additionally, DISA has been able to keep these costs down without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability and latency, two key performance metrics.

The table below illustrates DISA’s telecommunication service offerings and the major cost centers that support those offerings, including the layout of DISN services under the current cost center allocation:

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN INFRASTRUCTURE SERVICES	Transport	Bandwidth Management	Backbone
		Maintenance	
		Core Sustaining Activities	Warehousing
			Minor Equipment
			Installation
			Other Sustaining Activities
	IP Data Systems		
	Global Content Delivery Service (GCDS)		
	Real Time Services	Voice	IP Voice
	Cyber Protection	Cyber Protection Activities	Enterprise Cross Domain Services
			Network Operations of Enterprise Infrastructure
			Network Hardening
			PKI and Directories
			Secure Configuration Management
Joint Regional Security Stacks (JRSS)			
Security and Assurance	Network Security Monitoring		
Centralized Services	Engineering and Logistics Management		
	IT Services Management Support		
	Operational Support Services (OSS)		
	Network Support Services (NSS)		
OTHER TELECOM SERVICES	Video Services	Global Video Services (GVS)	
	Satellite Services	Commercial Satellite Services (COMSAT)	Fix Satellite Services (FSS)
			Mobile Satellite Services (MSS)
	Enhanced Mobile Satellite Services (EMSS)		
	Voice Services	Pacific Enterprise Services - Hawaii (PES-HI)	
		Enterprise Voice over IP/Enterprise Classified Voice over IP (EVoIP/ECVoIP)	
	Other Services	Organizational Messaging	
		DoD Mobility	
		DoD COOP Integrated Network (DCIN)	
		Cross Domain Services (CDS)	
		Circuit Integration Support	
		DoD Automated Call Distributor (ACD) Services	
		Defense Enterprise Office Solutions (DEOS)	
		Customer Edge Router Management Service	
Customer-unique Projects			
Mission Assurance	SIPRNet DMZ		
	Public Key Infrastructure (PKI) (service to other Federal Agencies)		
Security and Assurance	Cybersecurity Service Provider (CSSP) and IA Analysis		

Service Descriptions

The ***Defense Information Systems Network Infrastructure Services (DISN IS)*** represents a collection of core capabilities required to operate, maintain, and sustain the globally available DISN communications backbone infrastructure. The DISN IS cost recovery model is designed to allocate costs to mission partners based on consumption, using access circuit capacity as a proxy for measuring consumption. The circuits and associated capacity are pulled from the World-Wide Online System (WWOLS) database, which is transparent and accessible by all DoD components. Once the data is aggregated, each customer is assigned a share of the DISN IS bill based on their percent of the total capacity across all customers. The DISA analyzes consumption (as measured by access circuit capacity) quarterly and uses the average of the previous four quarters to set future DISN IS allocations. The rate model does not count Multi-Protocol Label Switching (MPLS) connections and associated capacity as part of the allocation methodology. These connections are intentionally omitted to incentivize rapid adoption of the technology across the Department. Once the DISA has fully transitioned the DISN backbone to MPLS technology, this allocation methodology will be reviewed to determine if it is more

appropriate to use the actual customer usage data MPLS provides as the basis for future allocations.

Beginning FY 2020, all investments in the DISN infrastructure and the cyber security capabilities required to harden the network will be completed using DWCF Capital Investment Program authority. This is a realignment from DISA appropriated accounts and is zero-sum at the Department level. These investments will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. These investments will also increase the security posture of the DISN by reducing attack exposure, providing enhanced situational awareness to network defenders, supporting safe information sharing with allies, and increasing cyber compliance. Investing in these capabilities with DWCF resources more directly ties funding to mission partner requirements and increases transparency in the total cost of providing DISN transport and services to the Department, other Federal Agencies, and foreign partners.

DISN Infrastructure Services cost elements are described below:

Transport Services provide a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Defense Agencies. Transport Services provide the information transport for other services described subsequently, as well as for specialized services. Transport Services are also responsible for the sustainment of transport and IP equipment (both Secure Internet Protocol Router Network (SIPR) and Non-classified Internet Protocol Router Network (NIPR)) at the DISN Service Delivery Nodes (SDN), management of communications backbone capacity of the DISN, and repair operations on all DISN equipment to ensure operability.

IP Voice Services provide rapid, reliable, cost-effective, Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP) communications with military-unique features, including multi-level precedence and preemption. There have been a large influx of the DoD users on-boarding onto DISA's EVoIP solutions, which necessitated the current infrastructure to scale up to accommodate this growth in the user base. Costs to perform the network expansion and upgrades (i.e. maintenance, sustainment, engineering, as well as audio conferencing and prime monitoring tool upgrades, etc.) have been included in this budget submission.

Cyber Protection activities support the DISN by designing and deploying proactive protections, deploying attack detection, and performing information assurance operations to ensure that adequate security is provided for information collected, processed, transmitted, stored, or disseminated on the Department of Defense Information Network (DODIN). These efforts include tasks associated with affording protection to telecommunications, information systems, and information technology that process sensitive and classified data as well as efforts to ensure the confidentiality, authenticity, integrity, and availability of the information and the systems. Operating costs also include providing mission partners secure access to the commercial cloud environment via the Boundary Cloud Access Point (BCAP), as well as sustainment of the Zero Day Network Defense (ZND) email capability, which detects and blocks polymorphic malware variants and other zero-day techniques at the DoD's enterprise email gateways.

Joint Regional Security Stacks (JRSS) are a suite of equipment that perform firewall functions, intrusion detection and prevention, enterprise management, virtual routing and forwarding (VRF), and provide a host of network security capabilities. By deploying JRSS,

security of the network is centralized into regional architectures instead of locally distributed architectures at each military base, post, camp, or station. This allows information traversing DoD networks to be continuously monitored to ensure response time as well as throughput and performance standards. This budget includes increased engineering, integration, and maintenance costs to support the full deployment of JRSS stacks.

Security and Assurance Services enhance the security and availability of the DODIN by ensuring adherence to Information Assurance and Network Operations policies. This includes network security monitoring and oversight of sensors installed on the DISN backbone.

Infrastructure Security provides Information Assurance (IA), Information Systems Security and Traditional Security support of the DISN to assure that the DISN systems and technology are secured according to the applicable security requirements, directives, and regulations.

Engineering and Logistics Management provide architecture, systems engineering and end-to-end analytical support for the DISN and its customers, resolving high priority technical issues affecting end-to-end interoperability and performance across the DISN. Additionally, these functions provide customer service request fulfillment, manage DISN and telecommunication systems release activities, and oversee worldwide deployment for all corresponding services. This also includes circuit transition efforts supporting DISN projects.

IT Services Management Support provides analysis of request management and systems capabilities required for mission partners to discover, order, and track telecommunications products and services.

Operational Support Services includes network operations, network management, and centralized provisioning functions. Network Operations provides the trained personnel for tier I and II network support at the DISA NetOps centers located throughout the world. Network Management provides the tools necessary to automate the operations, administration, maintenance, and provisioning/engineering activities for the DISN. These same tools give network managers/monitors the capability to “see” the network in real-time, a critical capability necessary to resolve crises and other network events. Centralized provisioning provides order entry, order preparation, solution design, and service activation support.

Network Services Support provides centralized support services across the DISN programs and organizations. It is a collective group that provides: resource/financial management support, contract acquisition support, mission management and operational metrics support, and manpower and workforce management support.

In addition to the DISN services previously discussed, the DISA offers other reimbursable telecommunications services, as described in the following section.

Commercial Satellite Communications (COMSATCOM) services include global and regional access to commercial satellite communications for voice, data, imagery, broadcast, and teleconferencing networks in secure and non-secure modes. This includes both fixed

satellite services (FSS) and mobile satellite services (MSS). COMSATCOM will be transitioning to the United States Air Force Space Command.

Enhanced Mobile Satellite Service (EMSS) is a global mobile satellite communications system that provides secure voice, data, paging, and messaging communications capabilities to DoD, non-DoD, and foreign subscribers as needed. This program also offers the Distributed Tactical Communications System, comprised of push-to-talk voice and data services that leverage the current constellation to provide a handheld, over the horizon, beyond-line-of-sight, tactical communications solution for U.S. troops in remote locations, enabling a user to communicate with multiple users at the same time. Cost increases in FY 2020 are attributable to EMSS's multi-year Airtime contract, which expires mid-way through FY 2019, as well as the launch of Iridium NEXT constellation which will enable the new broadband IP data service (Certus) and satellite timing and location (STL) service to be added to the EMSS service portfolio. EMSS will be transitioning to the United States Air Force Space Command.

Customer-Unique Projects are initiated when DoD components request special network assistance as their missions change and/or expand. These actions are executed on a 100 percent customer reimbursable basis.

Global Video Services (GVS) provide a full suite of on-demand, high-quality assured video conference capabilities to interact visually within the NIRNet and SIPRNet. The GVS supports DoD subscribers, warfighters in the field and coalition partners worldwide.

Pacific Enterprise Services – Hawaii (PES-HI) is an IP-based converged network providing voice, video, and data services to military bases in the state of Hawaii. The PES-HI reimbursable service reflects the dedicated provisioning and transmission services within and between the military installations in Hawaii. Those costs that are inherent to the expansion of DISN service delivery nodes and backbone are reflected in the DISN Infrastructure Services budget. This submission includes a change to the current customer billing process for the Dedicated Transmission Services (DTS) circuits as it transitions to the new Hawaiian Network Services (HNS) contract. The increase reflects a realignment of cost authority and the customer workload volume from the Enterprise Acquisition Services (EAS) into the Telecommunication Services (TS) portfolio.

Pacific Enterprise Services – Korea (PES-K) is a partnership between the DISA and the Army to modernize the Korean DISN Transport Metropolitan Area Network. The DISA will operate, manage, sustain, accredit, maintain, and secure Army-owned encryptors and routers on a reimbursable basis.

Organizational Messaging provides a range of assured messaging and directory services between DoD and non-DoD organizations, Allies, and the intelligence community (IC).

DoD Mobility supports both unclassified and classified mobile communications using multiple types of devices. The DISA provides the commercial carrier gateway for both 3G and 4G network traffic, hosted at DISA Data Centers, to facilitate moving the commercial carrier traffic through the DISN to access user email, DoD web sites, a DoD application store, and other DoD-specific applications. Sustainment costs recovered through the DWCF are driven by customer-specific requirements, i.e. Mobile Device Management hardware, Mobile Application Store, software licenses, and 24x7 operational support.

Public Key Infrastructure (PKI) as a Service to other Federal Agencies allows Federal entities to utilize DoD's PKI infrastructure for user authentication. The service provides access credentials to support identity authentication, data integrity, and communications privacy on Secret level networks. The DISA is the National Security System (NSS) Common Service Provider (CSP), and provides PKI service to requesting agencies on a reimbursable basis.

Security and Assurance Services enhance the security and availability of the DODIN by ensuring adherence to Information Assurance and Network Operations policies. Certain services are provided as stand-alone offerings, while others are bundled. Examples of services provided include the certification of systems, Cyberspace Defense Service Provider (CDSP) inspections, IA readiness reviews, and malware analysis.

The ***Defense Continuity of Operations Integrated Network (DCIN)*** is a classified Pentagon network utilized by senior DoD leadership.

Cross Domain Services (CDS) are responsible for enhancing security and availability of the Department of Defense Information Network (DODIN) by ensuring adherence to Information Assurance and NetOps policies governing transfer of information between domains. Services offered on a cost reimbursable basis include Enterprise Hosted Structured File Transfer and Enterprise Hosted Web Service functions. Services related to Enterprise Cross Domain Email and Enterprise Cross Domain File Sharing are included as part of the DISN Infrastructure Services.

The ***SECRET Internet Protocol Router Network Federal Demilitarized Zone (SIPRNet FED DMZ)*** capability utilizes a federal DMZ to support capabilities for sharing information with coalition partners and United States government agencies. FED DMZ increases attack detection and decreases the probability of adversarial attack success by providing access control and filtering capabilities. Mission partners are charged based on number of connections into the FED DMZ.

The ***SWA Overseas Contingency Operations*** reflects additional circuits in Southwest Asia supporting Operation Inherent Resolve (OIR). Circuit costs supporting OIR will be reimbursed separately with funding from the Military Departments.

New Reimbursable Telecommunications Services

Defense Enterprise Office Solutions is an enterprise commercial cloud service offering that will support the Department of Defense strategy to acquire and implement enterprise applications and services for joint use across the DoD, standardize cloud adoption, and enable cross-department collaboration. DEOS will provide a commercial cloud service solution for unified capabilities and is intended to aid the DOD in replacing disparate legacy enterprise information technology services for office productivity, messaging, content management, and collaboration. DEOS will be deployed on the Non-secure Internet Protocol Router Network (NIPRNet), the Secret Internet Protocol Router Network (SIPRNet), and in denied, disconnected, intermittent, and limited bandwidth environments worldwide.

The ***DoD Automated Call Distributor (ACD) Services*** provides the help desk agents with an integrated, all-in-one multi-media automated contact distribution system for a unified work queue, providing a single point of contact for customers to reach the contact center via the toll-free number.

The ***Reimbursable Enterprise Voice over IP/Enterprise Classified Voice over IP (EVoIP/ECVoIP)*** provides annual licensing and maintenance of the per-user devices and end-point ports for customers who are onboarding to the DISN EVoIP/ECVoIP services.

The ***Customer Edge Router Management Service*** provides operations and maintenance of the customer edge (CE) routers, leveraging DISA's existing contract vehicles, providing greater cost savings to the Department through economies of scale. Currently, DISA manages 255 CE routers at 150 locations for Army on a reimbursable basis.

Fourth Estate Network Optimization (4ENO) includes the consolidation of NIPR and SIPR commodity IT services previously performed by Fourth Estate Agencies to the DISA as a single service provider. Beginning in FY 2020, all operations, maintenance, sustainment, and investments in commodity IT requirements for Fourth Estate Agencies will be completed by DISA and provided as a managed service on a reimbursable basis. Commodity IT includes network infrastructure and operations, IT management tools, service desks, IT asset management, productivity capabilities, and cybersecurity functions but excludes systems designated as mission critical, non-severable, or those used exclusively for research and development. This effort will streamline DoD networks and support functions, standardize solution sets, remove non-core competencies from Defense Agencies and enable a mission focus, strengthen the Department's security posture, and allow for a reallocation of savings to increase lethality.

Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. Additionally, the Information Technology Enterprise Services Roadmap sets a DISN performance target of 99.997% operational availability at all Joint Staff-validated locations. The DISA is working to meet the intent of this guidance through the evolving Joint Information Environment architecture and by building out the network as necessary to provide a growing number of enterprise services. These categories of metrics have guided the development of the Telecommunication Services budget submission. Shown below are major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2018 Actual	FY 2019 Operational Goal	FY 2020 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.57%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	171.36 milliseconds	Not to exceed 350 milliseconds	Not to exceed 350 milliseconds
Optical Transport network availability	99.76%	99.50%	99.50%

Rates

Below are the billing rates for FY 2019 and FY 2020. Beginning FY 2020, the DITCO fee is no longer additive to all rates in the Telecommunications Services business area. The cost of contracting and acquisition support applicable to the Telecommunications Services is now included as an element of price.

The *DISN Infrastructure Services* cost recovery model uses access circuit capacity as a proxy for measuring consumption. The subsequent table shows the FY 2019 and FY 2020 allocation by customer. Total revenue decreases by -8.63% in FY 2020. Contracting support provided by DISA's Defense Information Technology Contracting Organization (DITCO) is included as an element of price beginning FY 2020.

Agency Type	Customer	FY 2019			FY 2020		
		Mbps	% Allocation	Mission Partner Bill	Mbps	% Allocation	Mission Partner Bill
Defense Agency	Advanced Research Projects Agency	1,414.1600	0.0948%	\$ 935,563	1,421.6600	0.0879%	\$ 793,120
Defense Agency	Defense Acquisition University	-	0.0000%	\$ -	1,904.1043	0.1178%	\$ 1,062,268
Defense Agency	Defense Commissary Agency	137.5600	0.0092%	\$ 91,005	137.5600	0.0085%	\$ 76,742
Defense Agency	Defense Contract Audit Agency	610.0000	0.0409%	\$ 403,557	610.0000	0.0377%	\$ 340,309
Defense Agency	Defense Contract Management Agency	869.4960	0.0583%	\$ 575,231	869.8825	0.0538%	\$ 485,293
Defense Agency	Defense Finance and Accounting Service	3,425.6960	0.2296%	\$ 2,266,332	3,542.3360	0.2191%	\$ 1,976,210
Defense Agency	Defense Information Systems Agency	39,274.8664	2.6318%	\$ 25,983,006	45,119.7519	2.7905%	\$ 25,171,550
Defense Agency	Defense Logistics Agency	22,645.7200	1.5175%	\$ 14,981,690	25,166.9789	1.5565%	\$ 14,040,234
Defense Agency	Defense Manpower Data Center	-	0.0000%	\$ -	5,316.1318	0.3288%	\$ 2,965,780
Defense Agency	Defense Media Activity	2,118.1360	0.1419%	\$ 1,401,292	3,890.2514	0.2406%	\$ 2,170,306
Defense Agency	Defense Microelectronics Activity	-	0.0000%	\$ -	46.4264	0.0029%	\$ 25,900
Defense Agency	Defense Security Cooperation Agency	-	0.0000%	\$ -	1,065.2030	0.0659%	\$ 594,259
Defense Agency	Defense Security Service	319.3280	0.0214%	\$ 211,257	285.7760	0.0177%	\$ 159,430
Defense Agency	Defense Technical Information Center	-	0.0000%	\$ -	514.8465	0.0318%	\$ 287,224
Defense Agency	Defense Telephone Service	58.6640	0.0039%	\$ 38,810	-	0.0000%	\$ -
Defense Agency	Defense Threat Reduction Agency	3,907.7200	0.2619%	\$ 2,585,224	3,981.5620	0.2462%	\$ 2,221,246
Defense Agency	DoD Education Agency	51.5440	0.0035%	\$ 34,100	51.5440	0.0032%	\$ 28,756
Defense Agency	DoD Inspector General	334.7360	0.0224%	\$ 221,451	342.2360	0.0212%	\$ 190,928
Defense Agency	DoD-SACA/NATO	151.9280	0.0102%	\$ 100,511	-	0.0000%	\$ -
Defense Agency	Joint Chiefs of Staff	44,932.1600	3.0109%	\$ 29,725,692	4,901.7769	0.3032%	\$ 2,734,619
Defense Agency	Joint Service Provider	-	0.0000%	\$ -	51,764.1464	3.2014%	\$ 28,878,346
Defense Agency	Defense Health Agency	14,464.8080	0.9693%	\$ 9,569,458	15,384.3360	0.9515%	\$ 8,582,662
Defense Agency	Missile Defense Agency	9,545.0910	0.6396%	\$ 6,314,730	10,518.1535	0.6505%	\$ 5,867,901
Defense Agency	Office of the Secretary of Defense	33,834.2254	2.2673%	\$ 22,383,651	-	0.0000%	\$ -
Defense Agency	Other	319.3280	0.0214%	\$ 211,257	437.2840	0.0270%	\$ 243,953
Defense Agency	OUSD A&S	-	0.0000%	\$ -	2.9023	0.0002%	\$ 1,619
Defense Agency	OUSD R&E	-	0.0000%	\$ -	1.6716	0.0001%	\$ 933
Defense Agency	OUSD (I)	-	0.0000%	\$ -	1,507.2602	0.0932%	\$ 840,875
Defense Agency	White House Communications Agency	1.5000	0.0001%	\$ 992	-	0.0000%	\$ -
MILDEP	Air Force	503,206.4492	33.7202%	\$ 332,905,429	551,441.3127	34.1041%	\$ 307,639,828
MILDEP	Army	477,858.0641	32.0216%	\$ 316,135,741	502,158.1961	31.0562%	\$ 280,145,607
MILDEP	Marine Corps	43,785.4990	2.9341%	\$ 28,967,098	47,429.8078	2.9333%	\$ 26,460,292
MILDEP	Navy	284,373.1760	19.0560%	\$ 188,132,275	330,776.8208	20.4570%	\$ 184,534,822
Non-DoD	Canadian Forces Communication System	19.8682	0.0013%	\$ 13,144	19.8610	0.0012%	\$ 11,080
Non-DoD	Department of Commerce	91.0160	0.0061%	\$ 60,213	91.0160	0.0056%	\$ 50,776
Non-DoD	Department of Energy	318.1040	0.0213%	\$ 210,448	318.1040	0.0197%	\$ 177,465
Non-DoD	Department of Homeland Security	156.4342	0.0105%	\$ 103,492	156.4342	0.0097%	\$ 87,272
Non-DoD	Department of Justice	355.7856	0.0238%	\$ 235,376	355.7856	0.0220%	\$ 198,487
Non-DoD	Department of State	1,859.6480	0.1246%	\$ 1,230,284	1,812.1480	0.1121%	\$ 1,010,967
Non-DoD	Drug Enforcement Agency	1.8000	0.0001%	\$ 1,191	-	0.0000%	\$ -
Non-DoD	Federal Aviation Administration	10.9700	0.0007%	\$ 7,257	10.9610	0.0007%	\$ 6,115
Non-DoD	Federal Bureau of Investigation	48.0880	0.0032%	\$ 31,813	48.0880	0.0030%	\$ 26,827
Non-DoD	General Services Administration	-	0.0000%	\$ -	1.1580	0.0001%	\$ 646
Non-DoD	Government Accountability Office	-	0.0000%	\$ -	44.8775	0.0028%	\$ 25,036
Non-DoD	National Aeronautics & Space Administration	4.6320	0.0003%	\$ 3,064	504.2460	0.0312%	\$ 281,310
Non-DoD	Nuclear Regulatory Commission	1.5440	0.0001%	\$ 1,021	1.5440	0.0001%	\$ 861
Non-DoD	US Coast Guard	1,790.1738	0.1200%	\$ 1,184,322	2,980.3058	0.1843%	\$ 1,662,662
Non-DoD	US Postal Service	1.5440	0.0001%	\$ 1,021	-	0.0000%	\$ -
	Total	1,492,299.4629	100.0000%	\$ 987,258,000	1,616,934.4479	100.0000%	\$ 902,060,517
Overall Price Change:							-8.63%

Pricing for *Global Video Services (GVS)* is set annually and is based upon the proportion of multipoint control units (MCUs) and room systems aligned to each requesting agency. A room system/endpoint is an appliance on a network that can connect GVS Video Teleconferencing (VTC) via Integrated Services Digital Network (ISDN) or Internet Protocol (IP), and are typically used to provide VTC connection from small, medium, and large conference rooms. An MCU is an appliance that manages multiple GVS endpoints at once, coordinates their video data processing functions, and forwards their flow of media streams between them. Annual prices for GVS services in FY 2019 are provided subsequently:

GVS Rates	FY 2018	FY 2019	FY 2020*
Air Force	\$8,937,965	\$8,900,991	TBD
Army	\$12,543,805	\$11,016,921	TBD
DISA	\$1,492,350	\$1,293,275	TBD
Marine Corps	\$270,236	\$366,860	TBD
Navy	\$923,644	\$796,716	TBD
TOTAL	\$24,168,000	\$22,374,763	TBD

*FY 2020 are not stabilized due to workload uncertainty.

Security and Assurance Services are priced using four different methodologies based on the services a customer receives:

1. DISN Infrastructure Services (DISN IS) – costs for services that benefit the entire DISN network and user community are recovered via the DISN Infrastructure Services rate.
2. Rate-based – customers are charged a specific rate for the individual service received.
3. Direct Reimbursement – costs for services performed for a specific customer, such as information assurance analysis, are recovered on a direct-reimbursable basis.
4. Cyberspace Defense Service Provider Subscription – customers can choose to sign-up for a yearly subscription package that includes various types of testing and analysis as well as exercise support and training.

Additional detail is provided in the subsequent table:

Security and Assurance Services continued:

Service	Cost Recovery Mechanism
Network Security Monitoring and Incident Reporting	DISN Infrastructure Services: Costs for sensors that are placed directly on the DISN backbone are recovered through the DISN IS rate. The monitoring of these sensors benefits the entire DISN community.
Computer Network Service Assessments	Rate-based: Customers are charged these assessments on the technical and non-technical services of a cybersecurity service provider.
System & Enclave Certification	Rate-based: Customers are charged based on the size (small, medium, large) of the enclave/system being certified.
Information Assurance (IA) Analysis	Direct Reimbursement: Customers can choose from a number of IA Analysis services offered, and are charged the actual cost of providing the analysis.
Cyberspace Defense Service Provider (CDSP) Subscription Services and Network Security Monitoring	<p>CDSP Subscription and Network Security Monitoring: Each yearly subscription includes recurring year-long support for Malware Notification Protection, Subscriber Support and IA training, Information Operations Condition (INFOCON) Compliance, Information Assurance Vulnerability Management, Attack Sensing and Warning, Indications and Warning, Incident Reporting, Incident Response Analysis, and Incident Handling. CDSP subscriptions are charged per customer.</p> <p>Network Security Monitoring customers are assigned a category (small, medium, large, and extra-large) based on key customer characteristics that drive levels of effort and charged a corresponding rate per sensor.</p>

The subsequent table shows the monthly rate per device for *DoD Mobility* as an enterprise service. The rate recovers costs for enterprise-level mobile communications services which ensure interoperability, increased security, and access to information. The Mobility service is currently offered at the unclassified, secret, and top secret levels.

For unclassified services, mission partners are responsible for purchasing their own approved mobile devices and data/air time plans. Devices for classified use must be purchased through DISA.

DoD Mobility Rates	FY 2018	FY 2019	FY 2020*
Unclassified Device	\$4.20	\$4.20	TBD
SIPR Device	\$57.61	\$57.61	TBD
Top Secret Device	\$57.61	\$57.61	TBD

*FY 2020 are not stabilized due to workload uncertainty.

The table below shows the fee for new filter development, new customer pre/post deployment, and the rate per active filter for *Cross Domain Services*. The fees for new filter development and pre/post deployment are based on the cost to develop, certify and deploy new filters for Structured File Transfer and Web Service functions. Development is a one-time fee per new filter, and pre/post deployment is a one-time fee per each new mission partner. The monthly service fee covers cross domain technology assessment, security policy enforcement, certification, accreditation and revalidation support, configuration management, help desk support, and life cycle replacement. The monthly service fee is applied as soon as a requirement is declared operational.

Cross Domain Rates	FY 2018	FY 2019	FY 2020*
New Filter Implementation	\$179,499	\$183,089	TBD
Monthly Sustainment	\$6,000	\$6,005	TBD

*FY 2020 are not stabilized due to workload uncertainty.

DISA charges a standard rate for all *Commercial Satellite Services* procured on behalf of mission partners. The rate recovers program management costs associated with delivering both Fixed Satellite Services and Mobile Satellite Services.

Commercial Satellite Services Rates	FY 2018	FY 2019	FY 2020*
Standard Rate	2.99%	2.99%	TBD

*FY 2020 are not stabilized due to workload uncertainty.

Fourth Estate Agencies receiving NIPR and SIPR Commodity IT services under the Fourth Estate Network Optimization (4ENO) reform initiative will be billed on a reimbursable basis in FY 2020. The table below displays the estimated reimbursement required from each Fourth Estate Agency, which includes a capital asset surcharge for those Agencies requiring infrastructure upgrades in FY 2020.

4ENO Rates	FY 2018	FY 2019	FY 2020
Advanced Research Projects Agency	-	-	\$10,719,000
Defense Acquisition University	-	-	\$19,924,000
Defense Commissary Agency	-	-	\$135,065,000
Defense Contract Audit Agency	-	-	\$22,961,000
Defense Contract Management Agency	-	-	\$123,992,000
Defense Finance and Accounting Service	-	-	\$62,090,000
Defense Health Agency	-	-	\$182,583,000
Defense Information Systems Agency	-	-	\$59,110,000
Defense Logistics Agency	-	-	\$147,091,000
Defense Manpower Data Center	-	-	\$6,823,000
Defense Media Activity	-	-	\$7,397,000
Defense Microelectronics Activity	-	-	\$2,643,000
Defense POW/MIA Accounting Agency	-	-	\$4,626,000
Defense Technical Information Center	-	-	\$3,235,000
Defense Threat Reduction Agency	-	-	\$24,906,000
Missile Defense Agency	-	-	\$42,085,000
TOTAL	-	-	\$855,250,000



Enterprise Acquisition Services

Key Budget Data

(\$ in millions)	FY 2018	FY 2019	FY 2020
Revenue	\$4,526.0	\$4,507.7	\$3,852.0
Expense	\$4,477.2	\$4,486.4	\$3,915.2
Net Operating Result	\$48.8	\$21.2	(\$63.2)
Capital Surcharge Reservation	-	-	-
Adjusted Net Operating Result	\$48.8	\$21.2	(\$63.2)
Prior Year Accumulated Operating Results (AOR)	\$67.5	\$116.3	\$137.5
Ending AOR	\$116.3	\$137.5	\$74.3
Capital Budget	\$6.9	\$3.0	\$2.1
Civilian Workyears	543	554	569
Military End Strength	1	1	1

Overall expenses in the Enterprise Acquisition Services business area decrease, primarily due to the elimination of sales to the Computing Services business areas. Beginning FY 2020, all sales will be treated as transfers of cost due to the consolidation of financial statements.

Overview

The Enterprise Acquisition Services business area is the Department's ideal source for procurement of best-value and commercially competitive information technology. Enterprise Acquisition Services provides contracting services for information technology and telecommunications acquisitions from the commercial sector and provides contracting support to the DISN programs, as well as to other DISA, DoD, and authorized non-Defense customers. These contracting services are provided through the DISA's Defense Information Technology Contracting Organization (DITCO) and include acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. These services provide end-to-end support for the mission partner.

Service Descriptions

Standard Contracting Services are provided by DISA’s Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services, and a wide range of other DoD programs that require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to the DoD for essential IT services such as cyber security, information assurance, engineering, hardware, equipment, software integration and support, DISN access, and Non-DISN telecommunications circuits. All standard contracting services ordered by mission partners are provided on a 100 percent reimbursable basis, plus a fee-for-service to recover operating costs, which is being reduced in FY 2020 from 2.5% to 2.25%.

Joint Enterprise License Agreements provide economies of scale to the DoD when purchasing software licenses. The DISA has assumed a large business volume with relatively small contracting costs, which allows DISA to offer this service at a rate lower than the standard DITCO fee-for-service. Customers will be charged a 0.25 percent rate for utilizing these agreements. Customers are still slow in adopting this service; however, DISA anticipates a gradual increase in demand.

Performance Measures

The following performance measures apply for Enterprise Acquisition Services (EAS) contracting activities:

SERVICE OBJECTIVE	FY 2018 Actual*	FY 2019 Operational Goal*	FY 2020 Operational Goal*
Percent of total eligible contract dollars competed	69.50%	73.00%	73.00%
Percent of total eligible contract dollars awarded to small businesses	28.40%	28.00%	28.00%

*FY 2018 percent for eligible contract dollars awarded to small businesses is only an estimate; the final percentage will be released in March 2019. FY 2019 and FY 2020 goals for percent of total eligible contract dollars competed are estimates based on the released FY 2018 goal. The goals have not yet been released by the Defense Procurement Acquisition Policy (DPAP).

Rates

The standard fee-for-service contracting rate is reduced to 2.25 percent in FY 2020. The rate for Joint Enterprise License Agreement contracts remains at 0.25 percent in FY 2020. The DISA is able to provide the Department with economies of scale on these large, joint enterprise licensing contracts, one of the goals of the Department's IT efficiencies roadmap. The decentralized ordering fee for non-DoD components placing an order against the JELAs also remains at 0.10 percent in FY 2020.

Contracting Rates	FY 2018	FY 2019	FY 2020
Standard Fee-for-Service	2.50%	2.50%	2.25%
Joint Enterprise License Agreements (JELAs)	0.25%	0.25%	0.25%
JELA Decentralized Ordering Fee	0.10%	0.10%	0.10%

Major Changes between Fiscal Years

Cost of Operations

(\$ in millions)	FY 2018*	FY 2019	FY 2020
FY 2019 President's Budget	\$7,696.0	\$8,564.5	-
FY 2020 Current Estimates	\$7,297.9	\$7,608.5	\$7,860.9
Change FY 2019 President's Budget to Current Estimate	-	(\$956.0)	-
Change FY 2019 Current Estimate to FY 2020 Current Estimate	-	-	\$252.4

*Fiscal Year 2018 data are actual results.

FY 2019 President's Budget Submission to FY 2019 Current Estimates

The total cost of operations for the *Information Services Activity Group* decreases by -\$956.0 million from the FY 2019 President's budget. This is primarily driven by an -\$868.5 million reduction in the projected value of pass-through contracts awarded by the Defense Information Technology Contracting Organization (DITCO) in support of customer IT and telecommunications requirements. Other major reductions include decreases in DISN transport, cybersecurity, and IT management functions (-\$74.8 million) and re-estimation of workload for reimbursable telecommunications services and computing services (-\$76.2 million). Additionally, the cost of delivering computing services is reduced due to an optimization of the management structure for DISA data centers, called the Ecosystem (-\$50.0 million), and decreased support costs, including facilities projects, software development/license requirements, and other support functions (-\$39.9 million). Other decreases total -\$3.1 million.

The reductions are partially offset by increases in the operations and maintenance of Joint Regional Security Stacks and expansion of enterprise IP voice capabilities included in the DISN Infrastructure Services (+\$30.1 million). Additionally, the cost of reimbursable telecommunications services increase due to a new Airtime contract for Enhanced Mobile Satellite Services (EMSS) and introduction of the new Defense Enterprise Office Solution (DEOS) service offering (+\$32.8 million). Finally, increases supporting delivery of computing services include dual operations during tech refresh of capacity services contracts, migration of mission partners to the milCloud 2.0 infrastructure, consolidation of the Global Service Desk, expansion of Secure Cloud Computing Architecture (SCCA) requirements, and a new Cyber Security Service Provider (CSSP) offering (+\$93.7 million).

FY 2019 Current Estimate to FY 2020 Current Estimate

The total cost of operations for the *Information Services Activity Group* increases by +\$252.4 million from the FY 2019 Current Estimate to the FY 2020 Current Estimate. This includes a reduction of -\$779.9 million due to the elimination of intra-fund sales between the *Computing Services* and the *Telecommunications Services and Enterprise Acquisition Services* components, which is a result of the consolidation to a single accounting system and single financial statement. Beginning FY 2020, all sales between business areas within the Information Services Activity Group will be accounted for by transfers of costs.

Of the increase of +\$1,098.3 million, \$125.5 million is attributable to inflation and \$972.8 million is attributable to programmatic changes. Programmatic changes are described in additional detail subsequently.

The new Fourth Estate Network Optimization initiative results in an increase of +\$833.1 million to support DISA becoming the single service provider for all Fourth Estate Agencies' commodity IT functions. Another major driver of the change in the cost of operations is the Department's focus on migrating rapidly to cloud capabilities. Mission partners have been directed to migrate all applications from the milCloud 1.0 environment and Fourth Estate data centers to the new milCloud 2.0 capability, which provides a contractor-owned, contractor-operated, cloud environment in DISA data centers (+\$57.4 million). In addition, mission partners will transition to the new Defense Enterprise Office Solutions (DEOS) service offering, which will provide a cloud-based, commercial software-as-a-service solution for office productivity, messaging, content management, and collaboration (+\$68.4 million). Other increases include various support costs including facilities operations and investments, software requirements, help desk support, and enterprise acquisition and financial support (+\$13.9 million).

These programmatic increases are partially offset by the following reductions: elimination of one-time costs for tech refresh of capacity services contracts (-\$41.5 million); additional phases of the Ecosystem optimization plan for DISA data centers (-\$14.4 million); elimination of low-speed time-division multiplexing (TDM) circuits (-\$7.9 million); and re-estimation of customer workload for computing services, reimbursable telecommunications services, and enterprise acquisition services (-\$2.1 million).

Capital Investment Program

(\$ in millions)	FY 2018*	FY 2019	FY 2020
Equipment	\$12.1	\$45.9	\$60.0
ADPE and Telecom	\$11.7	\$14.6	\$177.8
Software	\$17.6	\$12.5	\$9.1
Minor Construction	\$1.2	\$2.9	\$2.1
Total Program Authority	\$42.6	\$75.8	\$249.0
FY 2019 President's Budget	\$90.3	\$75.2	-
Change FY 2019 President's Budget to Current Estimates	-	\$0.6	-
Change FY 2019 Current Estimate to FY 2020 Current Estimate	-	-	\$173.2

*Fiscal Year 2018 data are actual obligations.

Note: DISN and cyber network investments are funded separately in DISA's Procurement, D-W account for FY 2018 and FY 2019. Beginning in FY 2020, DISN and cyber network investments are included.

FY 2019 President's Budget Submission to FY 2019 Current Estimates

Total capital investment obligation authority remains in line with levels requested in the FY 2019 President's Budget. The DISA capital investment program is primarily required to ensure the DISA data centers remain highly capable with minimal facility downtime in order to meet the DoD's requirements for Core Data Centers. Additionally, the DISA maintains capital investment authority for technology refreshment and enhancements of the Enhanced Mobile Satellite Services gateway in Hawaii.

FY 2019 Current Estimate to FY 2020 Current Estimate

The FY 2020 capital investment program increases by \$173.2 million from FY 2019 primarily due to the introduction of two new initiatives into DISA's working capital fund activities. The first is a transfer of function from DISA's appropriated funding. All end-of-life replacement and upgrades of network and cyber capabilities included in the DISN Infrastructure Services will be funded with DWWCF capital investment authority beginning FY 2020. This change is zero-sum at the Department level. In addition, DISA will begin performing all technology refreshment associated with commodity IT for Fourth Estate Agencies as part of the Fourth Estate Network Optimization (4ENO) service offering.

The FY 2020 capital investment program also increases for equipment purchases at the two new data centers (Yokota, Japan and Ford Island, Hawaii) in order to meet Core Data Center standards. An increase in capital investment authority is also required to refresh and modernize equipment at the Enhanced Mobile Satellite Services gateway in Hawaii.

Civilian Personnel

(\$ in millions)	FY 2018*	FY 2019	FY 2020
Civilian End Strength	2,708	2,956	4,250
Civilian Full Time Equivalents	2,797	2,864	4,144
Civilian Labor Cost	\$392.3	\$389.0	\$567.5

Civilian labor requirements increase by +67 full-time equivalents (FTEs) from FY 2018 to FY 2019. This is driven by increased staffing to support DISA data centers and new/expanded service offerings, partially offset by the elimination of positions due to the Ecosystem optimization initiative (+10 FTEs). Staffing required to deliver DISN and reimbursable telecommunications services increases by +46 FTEs. An additional +11 FTEs are required to support customer requirements for IT and telecommunications contracts purchased from the Defense Information Technology Contracting Organization (DITCO).

Civilian labor requirements increase by +1,280 FTEs from FY 2019 to FY 2020. An increase of +1,229 FTE's are a realignment from Fourth Estate Agencies as a result of consolidating commodity IT to DISA as part of the Fourth Estate Network Optimization initiative. This change is zero-sum at the Department level. Other increases are to support staffing at the Core Data Centers (+28 FTEs) to support mission partner workload. Staffing required to deliver new/expanded telecommunications services and enterprise acquisition services increases by 8 and 15 FTEs, respectively.

Military Personnel

(\$ in millions)	FY 2018	FY 2019	FY 2020
Military End Strength	31	24	28
Military Labor Cost	\$1.6	\$2.8	\$2.5

Changes in military end strength are driven by the three-year average fill rate, which determines reimbursement to the military personnel accounts.

Changes in the Costs of Operations
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

FY 2018	Actual	7,297.886
FY 2019	Estimate in FY 2019 President's Budget	8,564.451
	<i>Program Changes:</i>	
	Reduction in the projected value of pass-through contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	(868.487)
	Reduction in the cost of enterprise acquisition and financial support	(3.148)
	Reduced cost of DISN transport primarily from delays in MPLS implementation and Trans-Atlantic 100G lease upgrades and elimination of low-speed time-division multiplexing (TDM) circuits	(26.795)
	Efficiencies in cyber protection capabilities providing security across the DoD Information Network (DODIN)	(35.789)
	Net decrease in network management and IT management functions supporting DISN Infrastructure Services	(12.238)
	Expansion of IP voice infrastructure to support increased DoD adoption of Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP)	17.371
	Increased training, engineering, integration, and maintenance costs to support the full deployment of Joint Regional Security Stacks (JRSS)	12.699
	Re-estimation of customer workload for reimbursable telecommunications services	(9.189)
	New Defense Enterprise Office Solutions (DEOS) service offering	20.060
	Projected increase in the follow-on Airtime contract for Enhanced Mobile Satellite Services	12.757
	Re-estimation of customer workload for Computing Services	(67.027)
	Decrease in civilian labor and tech support contractors primarily due to optimization of the Ecosystem management structure at the DISA datacenters	(49.988)
	Decrease in overall cost of delivering computing services, primarily due to reductions in facilities projects, software development/licensing requirements, network equipment, and other support capabilities	(39.867)
	Increased cost of capacity services contracts for communications, processor and storage, primarily due to dual operations during a major technology refreshment	43.999
	Migration of customer applications from the milCloud 1.0 environment and Fourth Estate datacenters to the milCloud 2.0 infrastructure	24.862
	Consolidation of the DISA Global Service Desk and additional resources to support a 90 day transition window between contracts	11.857
	Increase in Secure Cloud Computing Architecture (SCCA) to satisfy the growing need of migrating DoD workloads into commercial cloud environments	7.191
	New Service Offering for Cybersecurity Service Provider (CSSP) Traditionally Hosted Datacenter Program (THDP)	5.767
FY 2019	Current Estimate	7,608.484

Changes in the Costs of Operations
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

FY 2019	Current Estimate	7,608.484
	<i>Pricing Adjustments:</i>	
	Non-labor Inflation	125.426
	Civilian/Military Pay Raise	0.064
	Annualization of Civ/Mil Pay Raise	0.020
	<i>One-Fund Impact:</i>	
	Elimination of intra-fund sales due to implementation of a single financial system and consolidation of financial statements	(779.915)
	<i>Program Changes:</i>	
	Consolidation of NIPR and SIPR commodity IT services for Fourth Estate Agencies under Fourth Estate Network Optimization	833.108
	Net increase from the transition of mission partners to the Defense Enterprise Office Solutions service offering	68.384
	Migration of customer applications from the milCloud 1.0 environment and Fourth Estate datacenters to the milCloud 2.0 infrastructure	57.392
	Increase in various support costs including facilities operations and investments, software requirements, help desk support, and enterprise acquisition and financial support	13.891
	Reduction in capacity services contracts primarily due to the completion of one-time technology refreshment	(41.511)
	Decrease in civilian labor and tech support due to Ecosystem Optimization	(14.430)
	Overall programmatic reduction in DISN primarily due to continued elimination of low-speed time-division multiplexing (TDM) circuits	(7.919)
	Re-estimation of customer workload for computing services, reimbursable telecommunications services, and enterprise acquisition services	(2.105)
FY 2020	Current Estimate	7,860.889

**Source of New Orders and Revenue
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)**

	2018	2019	2020
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$6,076.477	\$6,048.806	\$6,667.159
ARMY APPROPRIATED	\$2,019.565	\$1,977.400	\$2,022.295
Army O&M	\$1,825.704	\$1,776.111	\$1,817.080
Army RDT&E	\$72.062	\$100.533	\$106.173
Army Procurement	\$121.478	\$100.696	\$98.999
Army MILCON	\$0.321	\$0.060	\$0.043
Army BRAC	\$0.000	\$0.000	\$0.000
NAVY APPROPRIATED	\$591.473	\$647.574	\$676.786
Navy O&M	\$547.068	\$582.820	\$611.549
Navy RDT&E	\$1.517	\$2.618	\$2.529
Navy Procurement	\$41.192	\$61.158	\$61.822
Navy MILCON	\$1.696	\$0.978	\$0.886
Navy BRAC	\$0.000	\$0.000	\$0.000
MARINE CORPS APPROPRIATED	\$129.609	\$148.029	\$156.544
Marine Corps O&M	\$129.609	\$148.029	\$156.544
Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
Marine Corps Procurement	\$0.000	\$0.000	\$0.000
Marine Corps MILCON	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
AIR FORCE APPROPRIATED	\$1,096.984	\$1,119.007	\$1,157.360
AF O&M	\$1,088.475	\$1,113.310	\$1,151.933
AF RDT&E	\$7.612	\$5.038	\$5.265
AF Procurement	\$0.897	\$0.659	\$0.162
AF MILCON	\$0.000	\$0.000	\$0.000
AF BRAC	\$0.000	\$0.000	\$0.000
DISA APPROPRIATED	\$1,568.457	\$1,544.503	\$1,636.241
DISA O&M	\$1,184.348	\$1,077.365	\$1,171.263
DISA RDT&E	\$80.536	\$177.864	\$187.035
DISA Procurement	\$303.573	\$289.274	\$277.943
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
DEFENSE WIDE APPROPRIATED	\$367.450	\$365.195	\$607.388
Defense Wide Appropriated O&M	\$324.869	\$306.678	\$538.548
Defense Wide Appropriated RDT&E	\$33.218	\$46.550	\$57.307
Defense Wide Appropriated Procurement	\$9.333	\$11.967	\$11.533
Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated BRAC	\$0.030	\$0.000	\$0.000
OTHER DoD APPROPRIATED	\$302.939	\$247.098	\$410.545

**Source of New Orders and Revenue
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)**

	2018	2019	2020
Other DoD Appropriated O&M	\$301.800	\$246.009	\$409.681
Other DoD Appropriated RDT&E	\$1.139	\$1.089	\$0.864
Other DoD Appropriated Procurement	\$0.000	\$0.000	\$0.000
Other DoD Appropriated MILCON	\$0.000	\$0.000	\$0.000
Other DoD Appropriated BRAC	\$0.000	\$0.000	\$0.000
b. ORDERS FROM DWCF/REVOLVING FUNDS	\$1,269.897	\$1,362.062	\$840.058
ARMY - WCF	\$28.464	\$34.967	\$36.221
Army Industrial Operations	\$28.464	\$34.967	\$36.221
NAVY - WCF	\$78.470	\$68.278	\$64.797
Navy Depot Maintenance	\$3.506	\$2.994	\$2.742
Navy Base Support	\$1.411	\$0.010	\$0.010
Navy Supply Management	\$12.264	\$10.012	\$8.764
Marine Corps Supply	\$17.998	\$0.111	\$0.103
Marine Corps Depot Maintenance WCF	\$0.072	\$0.070	\$0.059
Other Navy Activity Groups	\$43.219	\$55.081	\$53.119
AIR FORCE - WCF	\$37.286	\$62.558	\$61.349
Consolidated Sustainment Activity Group (CSAG)	\$13.605	\$14.422	\$12.972
US Transportation Command (TRANSCOM)	\$23.681	\$48.136	\$48.377
DEFENSE WIDE WCF	\$1,066.178	\$1,135.324	\$485.176
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	\$88.211	\$105.363	\$0.000
DISA Computing Services (CSD)	\$648.631	\$707.741	\$0.000
Defense Finance and Accounting Service (DFAS)	\$116.842	\$114.075	\$155.859
DLA Energy Management	\$0.000	\$0.000	\$0.000
DLA Defense Automated Printing Services (DAPS)	\$0.000	\$0.000	\$0.000
DLA Supply Chain Management	\$212.494	\$208.145	\$329.317
DEFENSE COMMISSARY AGENCY (DECA)	\$50.845	\$50.560	\$182.744
DECA Commissary Operations	\$50.845	\$50.560	\$182.744
DECA Commissary Resale	\$0.000	\$0.000	\$0.000
Other - Working Capital	\$0.733	\$0.666	\$0.643
OTHER REVOLVING FUNDS	\$7.921	\$9.709	\$9.128
Corps of Engineers	\$0.000	\$0.000	\$0.000
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$6.721	\$9.709	\$9.128
PRMRF/BMF	\$1.200	\$0.000	\$0.000
c. TOTAL DoD ORDERS	\$7,346.374	\$7,410.868	\$7,507.217
d. OTHER ORDERS	\$141.778	\$162.547	\$160.160

Source of New Orders and Revenue
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

	2018	2019	2020
OTHER FEDERAL AGENCIES	\$108.418	\$88.889	\$90.395
TRUST FUNDS	\$32.041	\$69.587	\$65.426
FOREIGN MILITARY SALES	\$1.188	\$3.996	\$4.225
TOTAL NEW ORDERS	\$7,488.152	\$7,573.415	\$7,667.377
2. Carry In Orders	\$0.000	\$0.000	\$0.000
3. TOTAL GROSS ORDERS	\$7,488.152	\$7,573.415	\$7,667.377

Revenue and Expenses
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

	2018	2019	2020
Revenue			
Gross Sales	\$7,488.152	\$7,573.415	\$7,667.377
Operations	\$7,450.997	\$7,529.248	\$7,594.541
Capital Surcharge	\$0.000	\$0.000	\$22.142
Capital Investment Recovery (CIR)	37.155	44.167	50.694
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$7,488.152	\$7,573.415	\$7,667.377
Costs			
Cost of Material Sold from Inventory	\$0.000	\$0.000	\$0.000
Salaries and Wages:	\$393.862	\$391.730	\$570.021
Military Personnel Compensation & Benefits	\$1.592	\$2.776	\$2.543
Civilian Personnel Compensation & Benefits	\$392.270	\$388.954	\$567.478
Travel & Transportation of Personnel	\$6.854	\$9.606	\$10.003
Materials & Supplies (For internal Operations)	\$30.369	\$8.758	\$8.362
Equipment	\$0.000	\$1.200	\$0.500
Other Purchases from Revolving Funds	\$95.730	\$135.241	\$27.360
Transportation of Things	\$0.157	\$2.128	\$1.158
Capital Investment Recovery	37.155	44.167	50.694
Printing and Reproduction	\$0.038	\$0.020	\$0.021
Advisory and Assistance Services	\$11.822	\$25.747	\$21.069
Rent, Comm, Utilities, & Misc. Charges	1,946.631	1,659.964	1,850.221
Other Purchased Services	\$4,775.268	\$5,329.923	\$5,321.480
Total Costs	\$7,297.886	\$7,608.484	\$7,860.889
Operating Results	190.266	(35.069)	(193.512)
Less Capital Surcharge Reservation	\$0.000	\$0.000	\$22.142
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR			
- Passthrough or Other App. not Affecting NOR			
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
Net Operating Results	\$190.266	(\$35.069)	(\$215.654)
Prior Year AOR	\$169.513	\$359.400	\$324.331
Other Changes Affecting AOR	(\$0.379)	\$0.000	\$0.000
Total AOR	\$359.400	\$324.331	\$108.677
Retained AOR	\$0.000	\$0.000	\$0.000
Cumulative Retained AOR	\$0.000	\$0.000	\$0.000
AOR for Budget Purposes	\$359.400	\$324.331	\$108.677

DEFENSE LOGISTICS AGENCY

FISCAL YEAR (FY) 2020
BUDGET ESTIMATES



MARCH 2020

DEFENSE-WIDE WORKING
CAPITAL FUND

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund (DWWCF)
Supply Chain Management Activity Group
Fiscal Year (FY) 2020 Budget Estimates
February 2019

FUNCTIONAL DESCRIPTION

The Defense Logistics Agency (DLA) Supply Chain Management (SCM) Activity Group provides \$25.4 billion in goods and services from initial purchase of DLA materiel to distribution and storage and then reutilization or disposal. The DLA SCM Activity Group is broken into three business segments: DLA Materiel Supply Chains, DLA Distribution, and DLA Disposition Services. Costs associated with these business segments include operations (salaries and expenses), materiel (items sold), and capital investments (purchase of equipment, software development and minor construction).

- The DLA Materiel Supply Chains manage approximately 5.9 million consumable items and respond to customer orders for the Military Services, Federal Agencies, non-federal Agencies and Partner Nations and Allies, as well as supporting Humanitarian Assistance and Disaster Relief efforts.
 - The **DLA Aviation Supply Chain** is the primary source for over 1.1 million Aviation consumable parts and operating supply items for more than 2,000 weapon systems. Additionally, the DLA Aviation Supply Chain provides engines and airframes, instrumentation and gauges, maps, kitting, and chemical and packaged petroleum, and gases to the Military Services. The DLA Aviation also provides engineering, sustainability, ozone depleting substance reserve, and industrial plant equipment services. Furthermore, the DLA Aviation Supply Chain provides logistical services in support of industrial supply and depot-level reparable.

- o The **DLA Land** and **DLA Maritime Supply Chains** are the primary sources for over 433,000 and 1.6 million repair parts and operating supply items, respectively, for more than 2,000 weapon systems. Additionally, the DLA Land and DLA Maritime Supply Chains provide product testing and engineering, and technical support to the Military Services. The DLA Land and DLA Maritime Supply Chains also support Navy Surface and Subsurface, Army, and Marine Corps customers through dedicated customer relations. The DLA Land and Maritime Supply Chains also work with numerous suppliers to fulfill requirements for assigned stock classes across the Department of Defense (DoD). Furthermore, DLA Land and DLA Maritime Supply Chains provide logistical services directly to Navy shipyards and Depot Level Repairable new item procurements to the Military Services' industrial sites.

- o **DLA Troop Support** manages the supply chains for food, textiles, construction material, industrial hardware and medical supplies and equipment, including pharmaceuticals.
 - The **DLA Troop Support Clothing and Textiles Supply Chain Supply Chain** is the primary source for 54,000 items, providing world-class integrated logistics solutions for clothing, individual equipment and textile items to Warfighters and Emergency Responders in peace and in war; around the clock around the world.

 - The **DLA Troop Support Medical Supply Chain** is the primary source for 1.4 million medical items for Military Service Members, active and retired, and their dependents. Items include pharmaceuticals, medical/surgical supplies, instruments and services, equipment, and other health care items. The Medical Supply Chain's fastest growing segments are in the Electronic Catalog for military medical materiel. The DLA Medical Supply Chain is continuously adding product lines in the orthopedic, cardiovascular and spinal areas, in coordination with DLA customers. In the Pharmaceutical area, beneficiaries are moving away from traditional venues of obtaining medication (commercial outlets) in favor of the Defense Health Agency "Home Delivery" (mail order) Program supported by the Medical Supply Chain. In addition, DLA Medical continues to receive substantially large orders in support of US allies in the United States Central Command (CENTCOM) and European Command Theaters of Operation.

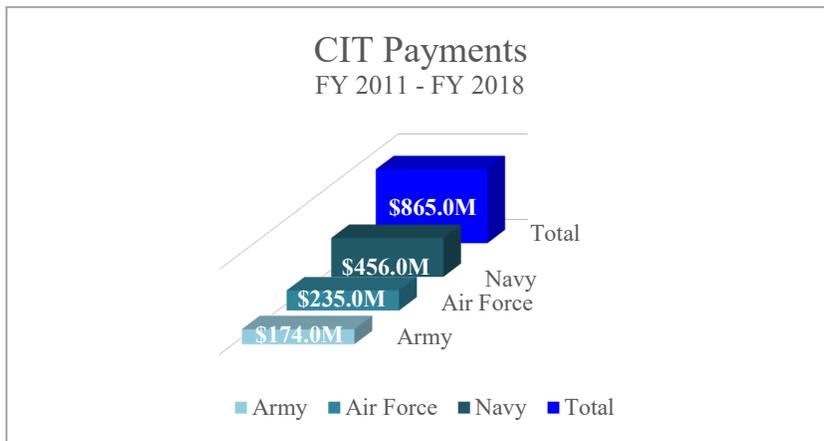
- The **DLA Troop Support Subsistence Supply Chain** is the primary source for over 58,000 subsistence items including fresh fruits and vegetables (frozen, chilled, and dry), field feeding equipment such as modular kitchens and kitchen trailers, food service equipment, and operational ration items, most notably the "Meals Ready-to-Eat."
- The **DLA Troop Support Construction and Equipment (C&E) Supply Chain** gives our Armed Forces and other Federal Agencies a source for 295,000 essential products and associated services. The DLA C&E Supply Chain supplies items for force protection, safety and rescue, fire and emergencies, storage, heating, ventilating and air Conditioning, plumbing, heavy equipment, metals and lumber, as well as imaging and telecommunication devices, targets for training, and automatic data processing (ADP) equipment and supplies.
- The **DLA Troop Support Industrial Hardware (IH) Supply Chain** is the source for 948,000 various consumable hardware items such as nuts, bolts, screws, nails, studs, locks, gaskets, washers, pins, O-rings, and provides retail replenishment services at major overhaul activities. The DLA IH Supply Chain supports its customers through Prime Vendor/Tailored Logistics Support programs that include Industrial Prime Vendor, Long-Term Contracts, and Corporate Contracts.
- **The DLA Distribution Supply Chain** is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network consists of 24 distribution centers strategically located throughout the world and provides logistics planning and contingency operation capabilities to DoD.
- **The DLA Disposition Services** is responsible for the reuse, or reutilization, of excess and surplus property within the DoD. If property is not reutilized, it is made available for transfer to other Federal Agencies. Remaining property becomes surplus and is made available for donations to authorized State Agencies and charitable organizations. Property that cannot be reutilized may be offered for competitive sale to the public, recycled, or disposed. The DLA Disposition Services also performs other vital DoD missions, such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

BUDGET HIGHLIGHTS

ACTIVITY GROUP BUSINESS

DLA Materiel Supply Chains: The DLA continues to establish retail integration, complete Consumable Item Transfers (CIT), and provide logistical support to Depot Level Repairable (DLR) and Supply, Storage, and Distribution (SS&D) sites. The DLA assumed responsibility for procurement of DLR items in FY 2011 from the Military Services as well as managing many of the SS&D functions at the Services' industrial sites.

CIT: The DLA continues to reimburse the Military Services for open undelivered orders upon re-assignment of each item based on a joint validation process with each Military Service. The DLA reimbursed the Military Services \$865.0 million as shown in the following graph.



DLR: The DLR initiative is a rate-based reimbursement method that represents a multiple year effort from a joint service Integrated Product Team. The DLA develops a billable hourly rate-based reimbursement to recover DLA labor and non-labor costs of DLR procurement actions as shown in the following table:

Hourly Rate	FY 2018	FY 2019	FY 2020
Army	\$66.91	\$71.38	\$71.02
Navy	\$62.40	\$65.13	\$64.18
Air Force	\$65.55	\$70.14	\$71.47
Marine Corps	\$57.48	\$64.95	\$65.89

SS&D: The DLA implemented the Local Recovery Rate (LRR) at the Air Force (AF) SS&D sites in FY 2011. The LRR is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to SS&D customers. These costs include operating costs such as payroll. The projected Operating Costs, Gross Sales at Standard, and LRR for the AF SS&D Sites are in the below table:

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Operating Costs	\$74.5	\$78.9	\$90.2
Gross Sales at Standard	\$1,147.6	\$1,214.3	\$1,391.3
Composite Local Recovery Rate	6.5%	6.5%	6.5%

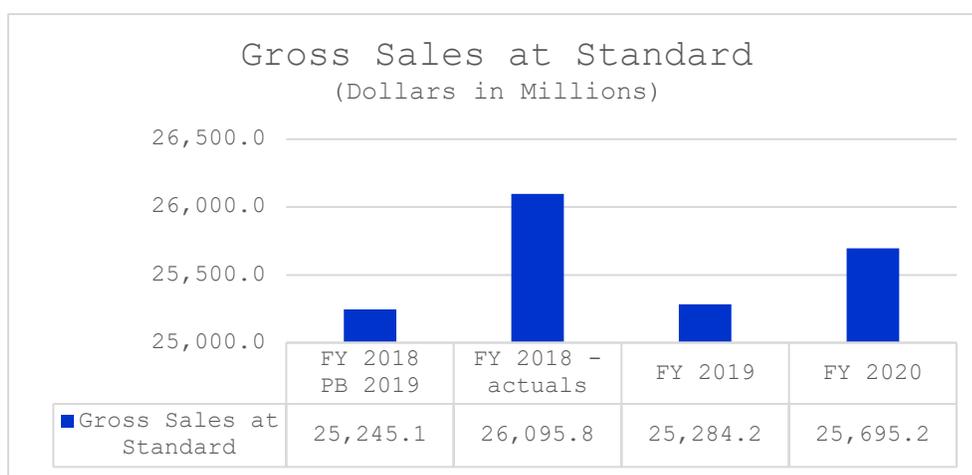
DLA Distribution: Prior to Program Budget Review (PBR) 2017, DLA Distribution's entire overhead burden was allocated to rate driven DLA Distribution business segments while no overhead was applied to reimbursable work, resulting in inequitable rates to customers. The Distribution Price Equitablity (DPE) initiative was designed to correct this situation using a phased approach over the Fiscal Year Defense Plan. The initiative was first implemented in FY 2017 with 40 percent of applicable overhead costs included in the reimbursable rates. Each successive year has included an additional 20 percent of overhead until full implementation in FY 2020.

Beginning in Fiscal Year 2020, DLA will implement DLA Distribution Market Basket pricing methodology for processing workload. Market Basket pricing will replace Net Landed Cost (NLC) Additional information can be found in the Pricing section.

WORKLOAD

DLA Materiel Supply Chains: Projecting workload is the basis for budget development. The DLA Materiel Supply Chains consider a number of factors including enterprise and supply chain specific assumptions. Another key input comes from planning sessions with Comptroller personnel and Logistics Professionals.

In February 2018, DLA hosted a Workload Summit. In addition to DLA's regular meetings with customers to obtain their planning assumptions, the Workload Summit provided another mechanism for including our customers in the development of our workload/sales projections. Teams from each supply chain as well as input from Service counterparts, and customer account/national account managers evaluated previously established PB baselines and made adjustments based on current performance and projected trends. The results of the summit indicated higher demand projections when compared to FY 2018, PB 2019. The finalized workload estimates, as shown in the table below, resulted in the development of gross sales at standard.



DLA Distribution: Materiel receipts, issues and storage space occupied are the major workload measures for DLA Distribution.

Receipts and Issues: Processing workload projections for FY 2019 and FY 2020 are based on the regression analysis of prior and current year actual DLA direct sales and processing workload applied to future sales estimates. Workload is depicted in number of lines processed for all years but will be billed in FY 2020 by item quantity (each) under Market Basket pricing. Workload is projected to be stable from FY 2018 through FY 2020 as listed in the following table:

(Lines in Millions)	FY 2018	FY 2019	FY 2020
Lines Received and Shipped	15.0	15.0	15.1

Storage: Storage workload projections are based on the prior and current year actual data. There are no major changes projected in storage workload for either covered or specialized categories. The projection for open storage is expected to decline primarily due to decreased tactical storage requirements for the Army.

(Cubic Feet in Millions)	FY 2018	FY 2019	FY 2020
Covered Storage Space	40.8	40.5	40.2
Open Storage Space	41.2	38.1	38.0
Specialized Storage Space	3.3	3.3	3.3
Totals	85.3	81.9	81.5

DLA Disposition Services: The number of line items and acquisition value are the two workload measures. Workload line items (which include DLA Disposition Services work performed by DLA Distribution) and corresponding acquisition value are expected to hold relatively steady from FY 2018 through FY 2020 as provided in the following table:

	FY 2018	FY 2019	FY 2020
Line Items in Millions	3.1	3.1	3.2
Acquisition Value (Dollars in Billions)	\$32.0	\$31.9	\$32.5

PRICING

DLA Materiel Supply Chains: The OP-32 Price Change to Customer represents the change in price at the item level affected by both price and program changes in the customer budget. Changes in customer price are driven by factors such as: inflation, basic costs incurred to procure, store, and ship items to the customer, and prior year annual operating results.

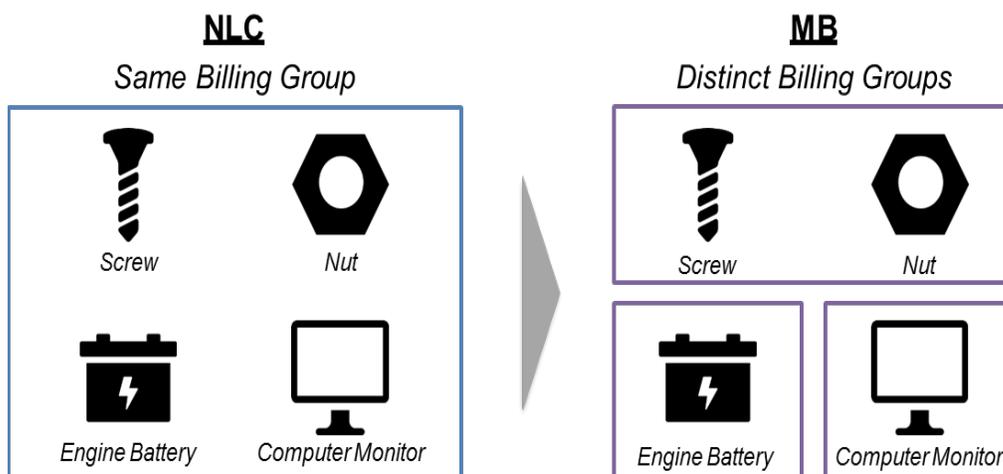
The Cost Recovery Rate (CRR) is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, and cataloging as well as recovery or return of prior year operating results and any necessary capital or cash surcharges.

The table below displays the DoD approved OP-32 Price Change to Customers and CRR's for FY 2018 and FY 2019, and those proposed for FY 2020:

Pricing	PB 18 FY 2018	PB 19 FY 2019	PB 20 FY 2020
OP-32 Price Changes to Customers	(0.7%)	(0.4%)	0.0%
Cost Recovery Rate	11.6%	11.5%	11.4%

DLA Distribution

Processing Rates: Beginning in FY 2020, DLA Distribution will implement *Market Basket (MB) pricing*. This pricing methodology will replace current *Net Landed Cost (NLC) pricing* methodology for receipt and issue workload. The new methodology factors in item characteristics that determine the *level of effort* required for receipt and issue work. This methodology drives the cost to customer requirements and aligns with Working Capital Fund (WCF) principles to recover costs while reducing the likelihood that some customers could subsidize others through DLA Distribution rates. The illustration below depicts a comparison of the two methodologies.



The net revenue impact to DLA Distribution is zero but impacts to DLA Distribution customers will vary. The table below shows the net impacts to customers as a result of the change in pricing methodology.

\$M

Owner Service	Direct Impact to Distribution Bills	Indirect Impact through CRR	Net Customer Impact
Army	\$7.4	(\$9.6)	(\$2.2)
Navy	\$20.1	(\$11.6)	\$8.5
Air Force	\$16.6	(\$8.5)	\$8.1
Marine Corps	(\$0.5)	(\$1.2)	(\$1.7)
Other	(\$5.2)	(\$7.5)	(12.7)
TOTAL	\$38.4	(\$38.4)	0.0

Other customers = Federal Agencies, FMS

Market Basket Pricing implementation has been documented and approved by OUSD(C).

Information on DLA Distribution rates is shown in the tables in the Appendix.

DLA Disposition Services: The DLA Disposition Services recovers costs not covered by sales and reimbursable charges through the Service Level Bill (SLB). Bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. The historically low rates in the prior FY were attributable to the increase in projected sales revenue and the return of positive accumulated operating results. In FY 2019, the rates increase due to lower sales and no accumulated operating results return. In FY 2020, the rates decrease due to increased projected sales and the return of positive accumulated operating results. The customer SLBs using this model are projected in the following table:

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Army	\$108.01	\$135.89	\$99.71
Navy	\$44.71	\$53.97	\$54.23
Air Force	\$26.30	\$33.44	\$44.06
Coast Guard	\$1.05	\$1.32	\$1.13
DLA	\$83.61	\$106.61	\$83.33
Total	\$263.68	\$331.23	\$282.47

ANALYSIS OF BUDGET STATEMENTS

NET OPERATING RESULTS (NOR)/ACCUMULATED OPERATING RESULTS (AOR) :

While DLA's overall sales are increasing in FY 2019, total revenue is decreasing slightly in FY 2020 in comparison to FY 2018. These projections are based on workload demand provided by the Military Services. Expenses are projected to decrease slightly in FY 2019 and stabilize in FY 2020 compared to FY 2018 actuals due to DLA's efforts to minimize its costs..

Over the past two years, DLA has experienced a significant increase in readiness-based requirements from the Military Services. Moreover, the 2018 National Defense Strategy directed urgent and significant changes to rebuild America's military advantage with a specific emphasis on restoring Military Readiness as the DoD builds a more lethal force. As a result, DLA has received requests from the Military Services to target higher performance levels such as reduced backorders and increased materiel availability.

In order to respond to these challenges, DLA requested additional FY 2018 OA to meet forecasted customer requirements. Due to the long acquisition lead time of many DLA items, in particular Class IX (Weapon Systems) items, the Agency needed OA to buy the material. After DLA receives the material, cash is disbursed to the vendor to pay for the material. However, cash is not collected until the sale is made to Military Services and other customers. For many readiness-type items such as the Abrams tank, Apache helicopter, Blackhawk helicopter, Bradley tank, Paladin howitzer, and the Stryker vehicle, this can take from one to two years or longer. In order to meet the higher demand signals received from the military services and the current DLA cash balance, DLA has reviewed various options to mitigate negative impacts to cash. These options include a cash surcharge and price increase in FY 2019 as shown in the below table.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Revenue	\$28,113.4	\$29,208.3	\$27,960.7
Expenses	\$28,105.2	\$27,650.6	\$28,070.6
Operating Results	\$8.2	\$1,557.7	(\$109.9)
Other Changes Affecting NOR	\$0.0	(\$1,312.0)	\$49.1
Cash Surcharge	\$0.0	(\$1,360.1)	\$0.0
Appropriations	\$75.9	\$48.1	\$49.1
Net Operating Results	\$84.1	\$245.7	(\$60.8)
Prior Year AOR	(\$30.7)	\$228.2	\$491.0
Prior Year Ending OCO Impact on AOR	\$189.5	\$154.8	\$137.7
Retained AOR	\$14.7	\$137.7	\$567.9
Accumulated Operating Results	\$228.2	\$491.0	\$0.0

CASH PROJECTIONS: DLA's mission, as a Combat Support Agency, is to have material available to meet readiness needs before orders are placed. The customer requirement for material is formulated two years ahead of execution. DLA generates its requirement by predicting future demand using various forecasting models, collaborating with customers and analyzing historical demand. Customer demand may fluctuate due to changes in optempo which means customers may buy more or less than estimated. In cases where customers buy less than estimated, it means DLA stock on hand increases and DLA cash decreases without a corresponding collection. While collaborative demand forecasting aims to minimize this, it can result in a cash decline and a reduction in anticipated sales.

In FY 2018, cash increased \$106.4 million due to the receipt of \$75.9 million in appropriated funding and \$30.6 million from collections exceeding disbursements (see table below). The appropriated funding received was for Reutilization, Transfer and Disposal (RTD) costs (\$47.0 million) and for Overseas Contingency Operations (\$28.9 million).

The FY 2019 projected cash decrease of \$387.4 million is due to the timing of disbursements for materiel with a long acquisition lead time. Obligations for these items were made in a prior fiscal year; there is no projected sale for some of the materiel received in FY 2019. These materials were ordered in support of the 2018 National Defense Strategy's Readiness and Lethality imperatives. An appropriation of \$48.1 million was received for RTD. This submission also includes a transfer out of \$1.6 million for the Indian Financing Act of 1974.

The FY 2020 projected cash decrease is \$1,084.5 million is due to the timing of disbursements for materiel with long acquisition lead times, ordered in previous fiscal years This submission includes a request for \$49.1 million in appropriated funding for RTD and a transfer out of \$1.6 million for the Indian Financing Act of 1974. Operating at this level will require daily decisions on vendor payments and will result in audit observations, at a minimum.

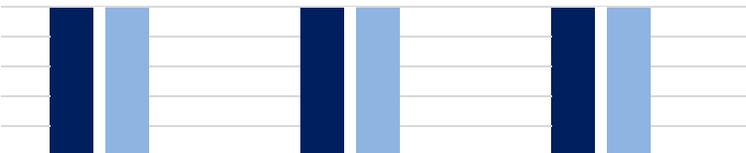
(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Beginning Cash Balance	1,516.2	1,622.6	1,235.2
Disbursements	(-27,947.2)	(-30,252.5)	(-28,917.4)
Collections	27,977.8	29,818.6	27,785.4
Net Outlays	30.6	(-433.9)	(-1,132.0)
Direct Appropriation	47.0	48.1	49.1
OCO Appropriation	28.8	0.0	0.0
Transfer Out	0.0	(-1.6)	(-1.6)
Ending Cash Balance	1,622.6	1,235.2	150.7
Total Change in Cash	106.4	(-387.4)	(-1,084.5)

PERSONNEL PROFILE

The DLA SCM Activity Group manages DLA materiel from initial purchase to distribution and storage, and then reutilization or disposal. The DLA is utilizing workload and workforce re-distribution as well as term employees whenever practical to better respond to workload fluctuations.

The DLA is the single Department's procurement provider for DLRs; performing consumer level (retail) SS&D directly for industrial depot maintenance production line customers; assumption of new distribution functions from the Navy; and workload changes.

The following table shows DLA's projected workforce levels. These projections include FTE increases for audit advancement: FY 2018 - 84; FY 2019 - 466; and FY 2020 - 483.



	FY 2018	FY 2019	FY 2020
Civilian End Strength	23,856	24,974	24,592
Civilian FTEs	23,106	24,630	24,248
Military End Strength/FTEs	501	517	517

***Military End Strength/FTEs include DLA Materiel Supply Chain, DLA Distribution, and DLA Disposition Services.**

CAPITAL BUDGET

The capital budget funds are investments that exceed the \$250,000 expense/investment criteria for the Automated Data Processing Equipment (ADPE), non-ADPE, software development, and minor construction. Overall, the FY 2020 capital budget estimates increased from FY 2019 by \$38.8 million.

The non-ADPE category includes purchases of material warehouse and disposal handling equipment, warehouse-racking systems, and security related equipment such as emergency truck and intrusion system at the DLA sites. Increases in FY 2020 are for the automated warehouse management equipment and robotic systems in support the Distribution Modernization Program at various DLA Distribution locations

The ADPE category includes Telecommunications and network/production hardware systems to include hardware purchase of the ADP system such as Local Area Network and Wide Area Networks. In FY 2020, this increased slightly for telecommunications equipment requirements for the Distribution Modernization Program.

The software development category includes existing programs in DLA to enhance the overall enterprise information technology systems such as the Enterprise Business System, medical software system (Functional Executive Agent Medical Support) and FedMall (catalog system) to name a few. In FY 2020, software programs are streamlined to the DLA initiatives for software development.

The minor construction category includes construction of new, replacement of existing, or modification to current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards and renovating demilitarization facilities.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Equipment (non-ADP)	42.6	31.7	68.1
Equipment (ADP)	27.7	13.0	16.2
Software	13.5	30.2	29.5
Minor Construction	10.6	15.1	15.0
Total	94.4	90.0	128.8

APPROPRIATIONS

Defense-Wide Working Capital Fund (DWWCF) Appropriations for FY 2018 through FY 2020 are detailed in the following table and narrative.

DLA SCM Appropriations: (Dollars in Millions)	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request
Reutilization, Transfer and Disposal Costs	\$47.0	\$48.1	\$49.1

Reutilization, Transfer and Disposals: Part of DLA Disposition Services' mission is to reutilize, transfer, or donate excess DoD personal property to authorized DoD and non-DoD recipients. These actions result in lower sales proceeds and higher SLB, unlike private industry practices. In order to make Materiel Supply Chain costs more comparable to commercial business practices, these costs are funded by a direct appropriation as a Military-unique cost.

Overseas Contingency Operations (OCO) Appropriations: (Dollars in Millions)	FY 2018 Enacted	FY 2019 Request	FY 2020 Request OCO Direct War Costs	FY 2020 Request OCO Enduring Rqmts	FY 2020 Request OCO Base Rqmts
DLA Disposition Services	\$20.0	\$20.0		\$20.0	
DLA Human Resources	--	\$12.9	\$12.9		
Information Technology (IT) Communications	\$3.2	\$3.2		\$3.3	
IT Contractor Support	\$0.5	\$0.5		\$0.6	
IT Defense Enterprise Business Systems (DEBS) Support	\$5.1	\$5.1			\$5.2
Corporate Support	-	-	-	-	-
Total DLA SCM	\$28.8	\$41.7	\$12.9	\$23.9	\$5.2

Overseas Contingency Operations (OCO) Appropriations - The request provided in FY 2018 through FY 2020 supports Operation Freedom's Sentinel (OFS) and Operation New Dawn, as detailed in the following narrative. The DLA will use prior year OCO operating authority to fund FY 2019 and FY 2020 requirements.

DLA Disposition Services: DLA Disposition Services disposes of excess property by reutilization, transfer and demilitarization; and conducts environmental disposal and reuse. Of critical importance is providing support to the Warfighter at forward deployed locations where timely and accurate logistical support can affect the outcome of military operations. The DLA Disposition Services is providing support from six fully operational DLA Disposition Services Offices in Kuwait, Qatar, Bahrain, United Arab Emirates (UAE), and Afghanistan. In addition, support to Hub Based DEMIL Operations sites has been established to support the Warfighter at forward operating locations.

This request includes resources for continuing operations at the six established Disposition Services sites: two in Afghanistan, one in Kuwait and one in Qatar, one in Bahrain, and one in the UAE. The Disposition Services sites in Southwest Asia (SWA) directly support OFS or other overseas contingency operations. Funding is necessary to support Disposition Services enduring sites in Afghanistan as the scheduled drawdown of the OFS mission continues.

The FY 2019 request funds the following by using retained Accumulated Operating Results (AOR) and cash associated with prior fiscal year OCO(dollars in millions):

Continuing Government Labor/Travel:	\$4.569
Contractor (TCN Labor)/Other Contracts:	\$3.011
Equipment/Maintenance:	\$9.964
Supplies/Transportation:	\$1.843
Facilities/Rent/Communications:	<u>\$0.613</u>
Total:	\$20.000

The FY 2020 request funds the following by using retained Accumulated Operating Results (AOR) and cash associated with prior Fiscal Year OCO(dollars in millions):

Continuing Government Labor/Travel:	\$3.022
Contractor (TCN Labor):	\$2.888
Equipment/Maintenance:	\$11.588
Supplies/Transportation:	\$1.877
Facilities/Rent/Communications:	<u>\$0.625</u>
Total:	\$20.000

Impact if not funded with retained AOR: The Defense Working Capital Fund (DWCF) will sustain a loss in the year of execution that DLA will have to recover in future years' SLBs to the Military Services. In addition, the DWCF cash corpus will suffer a loss in FY 2019 through FY 2020 that cannot be recouped until the increased SLB becomes effective.

DLA Human Resources: The Civilian Expeditionary Workforce (CEW) program allows civilians to apply their capability, experience, and knowledge as a crucial part of helping the DOD accomplish its mission abroad. Individuals who deploy volunteer for positions for which they are qualified in locations such as Afghanistan, Iraq, Djibouti, Qatar, and other places across the globe. Civilian volunteers are selected for a tour of duty (usually for twelve months) and normally work alongside deployed US military members.

The DLA's Civilian Expeditionary requirements are a result of a DoD decision to assign sourcing of CENTCOM civilian requirements to DOD Components no later than FY 2019. The DLA is tasked with filling 42 civilian positions to support CENTCOM, beginning in FY 2019. The cost of filling these positions is \$12.9 million per year starting in FY 2019, with a total cost of \$67.1 million for FY 2019 through FY 2023. This request for OCO funding will reimburse the DLA for incremental costs and other support costs related to CEW deployments in order to fully support the Department's requirement.

Impact if not funded: The CEW Program is critical to the successful execution of DLA capabilities in support of the DOD global expeditionary requirements. Without the funding, DLA will have to include these costs in rates charged to customers.

IT Communications: The DLA continues to support operations in Southwest Asia (SWA) through the establishment and extension of telecom and infrastructure capabilities to support operations in OFS of the following areas:

Satellite Communication (SATCOM) Systems: The DLA has organizations operating at forward locations in Europe, Africa and South West and Central Asia that require local network services, telephone, Wide Area Network accelerators, and wide-area connectivity using the Defense Information Systems Agency (DISA) contracted Commercial SATCOM systems. Due to the austere locations where DLA entities are located, there are no DISA land-line network circuits available to establish a land-based network, necessitating the need for satellite-based systems. The DLA will continue to transition to DoD SATCOM from commercial SATCOM and will require support for peripheral hardware, maintenance, and recurring costs of systems, which includes continued and expanded operations in Afghanistan, Central Asia and potentially Africa.

Enterprise Telecommunications Network (ETN): The Enterprise Telecommunications Network (ETN) and SIPRNet over ETN (SoETN) will directly support ten sites that currently exist in Afghanistan. The FY 2018, FY 2019 and FY 2020 costs include labor support, sustainment, and lifecycle upgrades. Lifecycle replacements and maintenance support will be required for the sites and the Bahrain hub site that directly supports these Afghanistan sites. Without lifecycle replacements and maintenance support, existing equipment will no longer be eligible for manufacturer advance replacement in the event of failure. On the SoETN, all SWA remote sites will be connected to the Kleber Kaserne and Bahrain hub sites. These sites require equipment refresh to add redundancy and prevent loss of network connectivity in the event of hardware failure. Maintenance lines for McAfee network sensors, Oracle Sun servers, Dell, Infoblox, and Solarwinds also support SoETN.

Impact if not funded: Hardware and software maintenance will ensure continuity of SoETN Defense Switch Network(DSN) and Network Monitoring to support SWA sites. Successful execution of DLA capabilities in support of the OCO mission is critical to the Warfighter. Without the additional funding described above, DLA will be forced to curtail support to non-OCO missions and satellite links will continue to be saturated, directly impacting European, the Continental United States, and/or Pacific operations. If not funded, critical communications support systems will not be available to support the mission.

IT Contractor Support: The DLA Information Operations Europe and Africa/Central provides local IT and telecommunication support to DLA organizations operating in Afghanistan in the following areas:

Afghanistan IT Contractor Support: This support includes local network services, telephone, individual desktop, wide area ETN, SATCOM, repairs and troubleshooting of wide-area connectivity problems to stabilize the infrastructure, as well as support SATCOM requirements and expanded customer base in SWA supporting surge recovery activities.

Afghanistan Computer Support: This support is required for additional communications equipment and peripherals for personnel assigned to the four additional sites for DLA Disposition Services and two additional sites supporting DLA Troop Support.

Impact if not funded: Information Technology services are critical to the successful execution of DLA capabilities in support of the OCO mission. Without the additional funding described above, personnel assigned would not have the equipment necessary to access critical logistics systems required to execute the mission.

IT DEBS: The Joint Contingency Contracting System (JCCS) is the primary source for Iraq and Afghanistan vendor information. The JCCS provides the CENTCOM-Joint Theater Support Contracting Command (C-JTSCC) professionals a single source of data for HN Vendor Management to include: HN Vendor Registration, Past Performance, Vetting, Invoice and Payment for contracting and financial data to support mission spend analysis, strategic sourcing and staffing requirements. The JCCS produces a myriad of contract and financial reports to support the Warfighter's overall acquisition forecasting. The JCCS is also a platform for web services delivery of expeditionary and contingency business applications to include: Theatre Business Clearance, Government Furnished Life Support Validation, Civilian Army Authorization Management System, 3in1 Next Generation, Contingency Acquisition Support Module and the ACSA-Global Acquisition Tracking Reporting Tool.

Appendix

DLA Distribution Processing Rates

Net Landed Cost Processing Rates per Line Item							MB Processing per Each			
		2018	2018	2019	2019	2020	2020			
		CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS			
Receipt							Market Basket Pricing includes nearly 2,400 separate rates. Detailed Market Basket Rates are available upon request			
Base amount		35.39	75.33	37.45	96.38					
Plus										
	1-40 lbs.	1.39	2.93	1.42	3.52					
	41-150 lbs.	16.37	34.33	16.7	41.25					
	151-2000 lbs.	37.33	78.29	38.08	94.07					
	2000+ lbs. (per lb. over 2000)	0.02	0.04	0.02	0.05					
Return		6.85	14.37	6.99	17.27					
Hazardous		22.99	48.21	23.45	57.93					
Hard-to-Handle		22.99	48.21	23.45	57.93					
Issue										
Onbase base amount		15.98	34.02	16.91	43.53					
Plus										
	1-40 lbs.	1.39	2.93	1.42	3.52					
	41-150 lbs.	16.37	34.33	16.7	41.25					
	151-2000 lbs.	37.33	78.29	38.08	94.07					
	2000+ lbs. (per lb. over 2000)	0.02	0.04	0.02	0.05					
Offbase base amount		23.11	49.2	24.45	62.95					
	1-40 lbs.	2.73	5.72	2.78	6.87					
	41-150 lbs.	37.75	79.19	38.51	95.15					
	151-2000 lbs.	74.75	156.79	76.25	188.39					
	2000+ lbs. (per lb. over 2000)	0.03	0.06	0.03	0.07					
Local Delivery		2.36	4.95	2.41	5.95					
Hazardous		22.99	48.21	23.45	57.93					
Hard-to-Handle		22.99	48.21	23.45	57.93					
Controlled Item		10.86	22.79	11.08	27.38					
	FMS	11.14	23.38	11.36	28.09					
Out-of-Cycle		31.38	65.82	32.01	79.09					
Issue from Receiving										
Base amount		\$2.04	\$4.32	\$2.16	\$5.53					
Plus										
	1-40 lbs.	1.39	2.93	1.42	3.52					
	41-150 lbs.	16.37	34.33	16.7	41.25					
	151-2000 lbs.	37.33	78.29	38.08	94.07					
	2000+ lbs. (per lb. over 2000)	0.02	0.04	0.02	0.05					
Transshipments										
Offbase base amount		\$30.44	\$64.80	\$32.21	\$82.91					
Plus										
	1-40 lbs.	\$2.73	\$5.72	\$2.78	\$6.87					
	41-150 lbs.	\$37.75	\$79.19	\$38.51	\$95.15					
	151-2000 lbs.	\$74.75	\$156.79	\$76.25	\$188.39					
	2000+ lbs. (per lb. over 2000)	\$0.03	\$0.06	\$0.03	\$0.07					
Mark For		\$8.12	\$17.28	\$8.59	\$22.11					
Onbase amount		\$15.98	\$33.02	\$16.41	\$42.25					

DLA Distribution Rates

Other DLA Distribution Rates									
			2018	2018	2019	2019		2020	2020
			CONUS	OCONUS	CONUS	OCONUS		CONUS	OCONUS
Material Processing Center (per Line)			\$18.66		\$19.22			\$19.22	
Major End Items (per Line)			\$64.51		\$72.97			\$72.97	
Estimated Transportation (\$M)			\$162.33	\$4.92	\$164.86	\$5.74		\$173.39	\$8.11
Total Processing Cost (\$M)			\$462.91	\$104.96	\$480.10	\$131.79		\$484.70	\$108.29
Composite Rate (line item)			\$37.43	\$78.51	\$38.18	\$94.34		\$35.53	\$74.12
Workload (Millions of Lines NLC,)			12.7	1.3	12.6	1.4		13.6	1.5
Composite Rate (each, MB only)								\$0.78	\$2.24
Workload (Millions of eaches MB FY20 only)								603.4	46.9
Market Basket Issue Priority Group (IPG) 1 & 2 fee per line item								\$2.64	\$2.64
Market Basket no Prepositioned Materiel Receipt (PMR) fee per line item								\$7.55	\$7.55
Market Basket Supply Discrepancy Report (SDR) fee per line item								\$22.91	\$22.91
Market Basket no PMR & SDR (Combo) fee per line item								\$24.92	\$24.92
Reimbursable Rates:									
DLA Facility			\$134.41		\$139.00			\$139.00	
Non-DLA Facility			\$107.52		\$111.20			\$111.20	
Storage Rates									
Covered Storage			\$7.65		\$8.67			\$8.78	
Open			\$0.79		\$1.21			\$1.22	
Specialized			\$12.18		\$12.42			\$12.50	

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability	
			Operating	Mobilization	Appropriations	Total Operating Obligations	Total Capital Obligations	Target	Target Total
CLOTHING & TEXTILES	1,681.6	1,816.3	1,727.6	0.0	0.0	1,727.6	0.0	394.9	2,122.5
MEDICAL	6,785.8	7,098.9	7,147.9	0.0	0.0	7,147.9	4.6	1,764.3	8,916.7
SUBSISTENCE	2,982.6	3,255.6	3,050.5	0.0	0.0	3,050.5	0.0	748.1	3,798.6
CONSTRUCTION & EQUIPMENT	5,955.8	4,793.5	6,133.1	0.0	0.0	6,133.1	0.0	1,515.0	7,648.1
INDUSTRIAL HARDWARE	479.1	647.1	639.7	0.0	0.0	639.7	0.0	143.0	782.8
AVIATION	3,865.9	4,647.6	5,471.7	0.0	0.0	5,471.7	2.5	1,186.7	6,660.8
LAND	1,649.0	1,865.1	2,115.1	0.0	0.0	2,115.1	0.0	491.1	2,606.2
MARITIME	1,456.2	1,766.3	2,108.1	0.0	0.0	2,108.1	0.6	480.8	2,589.5
SM-1 without Variability (SM-3A)	24,856.1	25,890.5	28,393.6	0.0	0.0	28,393.6	7.8	0.0	28,401.3
LOGISTICS INFORMATION	0.0	0.0	46.2	0.0	0.0	46.2	0.0	0.0	46.2
TRANSACTION SERVICES	(0.1)	0.0	34.6	0.0	0.0	34.6	0.0	0.0	34.6
MANAGEMENT HEADQUARTERS	0.0	0.0	206.3	0.0	0.0	206.3	0.0	0.0	206.3
ENTERPRISE OPERATIONS	0.0	0.0	1,215.5	0.0	0.0	1,215.5	1.5	0.0	1,216.9
ENTERPRISE INFORMATION TECH.	(0.1)	0.0	1,053.4	0.0	0.0	1,053.4	23.4	0.0	1,076.9
CENTRAL FUND	0.0	0.0	42.9	0.0	0.0	42.9	0.0	0.0	42.9
TOTAL MATERIEL SUPPLY CHAIN	24,856.0	25,890.5	30,992.5	0.0	0.0	30,992.5	32.6	6,723.8	37,749.0
DISTRIBUTION	0.0	0.0	1,167.7	0.0	0.0	1,167.7	40.8	0.0	1,208.5
DISPOSITION SERVICES	0.0	0.0	240.6	0.0	59.1	299.7	21.0	0.0	320.6
TOTAL SUPPLY CHAIN MANAGEMENT	24,856.0	25,890.5	32,400.8	0.0	59.1	32,459.9	94.4	6,723.8	39,278.1

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability	
			Operating	Mobilization	Appropriations	Total Operating Obligations	Total Capital Obligations	Target	Target Total
CLOTHING & TEXTILES	1,517.8	1,867.6	1,715.1	0.0	0.0	1,715.1	0.1	423.9	2,139.1
MEDICAL	7,054.1	7,535.5	7,177.2	0.0	0.0	7,177.2	4.7	1,787.7	8,969.6
SUBSISTENCE	2,435.7	2,767.4	2,508.5	0.0	0.0	2,508.5	0.1	626.5	3,135.1
CONSTRUCTION & EQUIPMENT	3,801.3	4,333.4	4,262.7	0.0	0.0	4,262.7	0.0	1,065.6	5,328.3
INDUSTRIAL HARDWARE	476.2	803.9	550.3	0.0	0.0	550.3	0.0	137.6	688.0
AVIATION	3,956.3	5,681.0	5,247.6	0.0	0.0	5,247.6	2.8	1,190.7	6,441.0
LAND	1,426.8	2,031.7	1,602.2	0.0	0.0	1,602.2	0.0	394.0	1,996.2
MARITIME	1,215.9	1,746.3	1,469.4	0.0	0.0	1,469.4	6.2	354.3	1,829.8
SM-1 without Variability (SM-3A)	21,884.0	26,766.9	24,533.1	0.0	0.0	24,533.1	13.7	0.0	24,546.8
LOGISTICS INFORMATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSACTION SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MANAGEMENT HEADQUARTERS	0.0	0.0	184.9	0.0	0.0	184.9	0.0	0.0	184.9
ENTERPRISE OPERATIONS	0.0	0.0	1,306.6	0.0	0.0	1,306.6	0.5	0.0	1,307.1
ENTERPRISE INFORMATION TECH.	0.0	0.0	1,213.2	0.0	0.0	1,213.2	30.3	0.0	1,243.5
CENTRAL FUND	0.0	0.0	162.6	0.0	0.0	162.6	0.0	75.2	237.8
TOTAL MATERIEL SUPPLY CHAIN	21,884.0	26,766.9	27,400.3	0.0	0.0	27,400.3	44.5	6,055.5	33,500.2
DISTRIBUTION	0.0	0.0	1,239.0	0.0	0.0	1,239.0	38.6	227.2	1,504.7
DISPOSITION SERVICES	0.0	0.0	258.8	0.0	48.1	306.9	6.9	49.5	363.3
TOTAL SUPPLY CHAIN MANAGEMENT	21,884.0	26,766.9	28,898.0	0.0	48.1	28,946.1	90.0	6,332.2	35,368.2

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Target Total
			Operating	Mobilization	Appropriations	Total Operating Obligations	Total Capital Obligations		
CLOTHING & TEXTILES	1,617.1	1,862.9	1,819.8	0.0	0.0	1,819.8	0.1	450.0	2,269.8
MEDICAL	7,224.5	7,491.3	7,332.6	0.0	0.0	7,332.6	4.7	1,828.0	9,165.3
SUBSISTENCE	2,479.5	2,679.4	2,552.9	0.0	0.0	2,552.9	0.1	637.7	3,190.6
CONSTRUCTION & EQUIPMENT	3,872.0	4,184.9	3,954.1	0.0	0.0	3,954.1	0.1	988.4	4,942.5
INDUSTRIAL HARDWARE	485.6	705.8	560.1	0.0	0.0	560.1	0.0	140.0	700.2
AVIATION	4,100.2	5,230.8	5,403.3	0.0	0.0	5,403.3	2.8	1,232.0	6,638.1
LAND	1,389.7	1,768.7	1,570.7	0.0	0.0	1,570.7	0.0	386.4	1,957.1
MARITIME	1,217.1	1,559.1	1,474.1	0.0	0.0	1,474.1	4.3	355.8	1,834.2
SM-1 without Variability (SM-3A)	22,385.8	25,482.9	24,667.6	0.0	0.0	24,667.6	12.1	0.0	24,679.7
LOGISTICS INFORMATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSACTION SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MANAGEMENT HEADQUARTERS	0.0	0.0	176.7	0.0	0.0	176.7	0.0	0.0	176.7
ENTERPRISE OPERATIONS	0.0	0.0	1,441.3	0.0	0.0	1,441.3	0.5	0.0	1,441.8
ENTERPRISE INFORMATION TECH.	0.0	0.0	1,095.5	0.0	0.0	1,095.5	35.7	0.0	1,131.3
CENTRAL FUND	0.0	0.0	153.4	0.0	0.0	153.4	0.0	75.1	228.6
TOTAL MATERIEL SUPPLY CHAIN	22,385.8	25,482.9	27,534.4	0.0	0.0	27,534.4	48.3	6,093.4	33,676.1
DISTRIBUTION	0.0	0.0	1,272.7	0.0	0.0	1,272.7	75.5	233.7	1,581.9
DISPOSITION SERVICES	0.0	0.0	267.3	0.0	49.1	316.4	5.0	51.4	372.8
TOTAL SUPPLY CHAIN MANAGEMENT	22,385.8	25,482.9	29,074.5	0.0	49.1	29,123.6	128.8	6,378.5	35,630.9

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Defense-Wide Working Capital Fund
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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets										Variability Target	Target Total
			Material	Operating	Reimbursable	Total Operations	Mobilization	Direct APPN	Supp APPN	Total Operating Obligations	Total Capital Obligations			
CLOTHING & TEXTILES	1,681.6	1,816.3	1,579.5	144.4	3.6	1,727.6	0.0	0.0	0.0	1,727.6	0.0	394.884	2,122.5	
MEDICAL	6,785.8	7,098.9	7,057.1	76.0	14.8	7,147.9	0.0	0.0	0.0	7,147.9	4.6	1,764.273	8,916.7	
SUBSISTENCE	2,982.6	3,255.6	2,992.3	30.4	27.9	3,050.5	0.0	0.0	0.0	3,050.5	0.0	748.069	3,798.6	
CONSTRUCTION & EQUIPMENT	5,955.8	4,793.5	6,060.2	72.6	0.3	6,133.1	0.0	0.0	0.0	6,133.1	0.0	1,515.041	7,648.1	
INDUSTRIAL HARDWARE	479.1	647.1	572.0	67.8	0.0	639.7	0.0	0.0	0.0	639.7	0.0	142.988	782.8	
AVIATION	3,865.9	4,647.6	4,746.6	332.7	392.3	5,471.7	0.0	0.0	0.0	5,471.7	2.5	1,186.662	6,660.8	
LAND	1,649.0	1,865.1	1,964.6	131.2	19.3	2,115.1	0.0	0.0	0.0	2,115.1	0.0	491.138	2,606.2	
MARITIME	1,456.2	1,766.3	1,923.1	142.2	42.7	2,108.1	0.0	0.0	0.0	2,108.1	0.6	480.787	2,589.5	
SM-1 without Variability (SM-3A)	24,856.1	25,890.5	26,895.4	997.3	500.9	28,393.6	0.0	0.0	0.0	28,393.6	7.8	0.0	28,401.3	
LOGISTICS INFORMATION	0.0	0.0	0.0	44.4	1.8	46.2	0.0	0.0	0.0	46.2	0.0	0.0	46.2	
TRANSACTION SERVICES	(0.1)	0.0	0.0	29.4	5.1	34.6	0.0	0.0	0.0	34.6	0.0	0.0	34.6	
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	206.3	0.0	206.3	0.0	0.0	0.0	206.3	0.0	0.0	206.3	
ENTERPRISE OPERATIONS	0.0	0.0	0.0	958.4	257.1	1,215.5	0.0	0.0	0.0	1,215.5	1.5	0.0	1,216.9	
ENTERPRISE INFORMATION TECH.	(0.1)	0.0	0.0	823.9	229.6	1,053.4	0.0	0.0	0.0	1,053.4	23.4	0.0	1,076.9	
CENTRAL FUND	0.0	0.0	0.0	42.9	0.0	42.9	0.0	0.0	0.0	42.9	0.0	0.0	42.9	
TOTAL MATERIEL SUPPLY CHAIN	24,856.0	25,890.5	26,895.4	3,102.7	994.5	30,992.5	0.0	0.0	0.0	30,992.5	32.6	6,723.8	37,749.0	
DISTRIBUTION	0.0	0.0	0.0	841.6	326.1	1,167.7	0.0	0.0	0.0	1,167.7	40.8	0.0	1,208.5	
DISPOSITION SERVICES	0.0	0.0	0.0	161.9	78.7	240.6	0.0	39.1	20.0	299.7	21.0	0.0	320.6	
TOTAL SUPPLY CHAIN MANAGEMENT	24,856.0	25,890.5	26,895.4	4,106.2	1,399.3	32,400.8	0.0	39.1	20.0	32,459.9	94.4	6,723.8	39,278.1	

DEFENSE LOGISTICS AGENCY
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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets										Variability Target	Target Total
			Materiel	Operating	Reimbursable	Total Operations	Mobilization	Direct APPN	Supp APPN	Total Operating Obligations	Total Capital Obligations			
CLOTHING & TEXTILES	1,517.8	1,867.6	1,517.819	177.839	19.465	1,715.123	0.000	0.000	0.000	1,715.123	0.051	423.914	2,139.088	
MEDICAL	7,054.1	7,535.5	7,054.386	96.566	26.255	7,177.207	0.000	0.000	0.000	7,177.207	4.682	1,787.738	8,969.627	
SUBSISTENCE	2,435.7	2,767.4	2,435.854	70.313	2.320	2,508.487	0.000	0.000	0.000	2,508.487	0.053	626.542	3,135.082	
CONSTRUCTION & EQUIPMENT	3,801.3	4,333.4	4,181.658	80.612	0.427	4,262.697	0.000	0.000	0.000	4,262.697	0.000	1,065.567	5,328.264	
INDUSTRIAL HARDWARE	476.2	803.9	480.231	70.025	0.093	550.349	0.000	0.000	0.000	550.349	0.048	137.564	687.961	
AVIATION	3,956.3	5,681.0	4,413.170	349.431	485.023	5,247.624	0.000	0.000	0.000	5,247.624	2.759	1,190.650	6,441.033	
LAND	1,426.8	2,031.7	1,455.433	120.496	26.303	1,602.232	0.000	0.000	0.000	1,602.232	0.000	393.982	1,996.214	
MARITIME	1,215.9	1,746.3	1,250.507	166.823	52.027	1,469.357	0.000	0.000	0.000	1,469.357	6.150	354.333	1,829.840	
SM-1 without Variability (SM-3A)	21,884.0	26,766.9	22,789.058	1,132.105	611.913	24,533.076	0.000	0.000	0.000	24,533.076	13.743	0.000	24,546.819	
LOGISTICS INFORMATION	0.0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
TRANSACTION SERVICES	0.0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
MANAGEMENT HEADQUARTERS	0.0	0.0	0.000	184.859	0.000	184.859	0.000	0.000	0.000	184.859	0.000	0.000	184.859	
ENTERPRISE OPERATIONS	0.0	0.0	0.000	1,060.559	245.998	1,306.557	0.000	0.000	0.000	1,306.557	0.500	0.000	1,307.057	
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.000	936.664	276.504	1,213.168	0.000	0.000	0.000	1,213.168	30.284	0.000	1,243.452	
CENTRAL FUND	0.0	0.0	111.938	50.667	0.000	162.605	0.000	0.000	0.000	162.605	0.000	75.166	237.771	
TOTAL MATERIEL SUPPLY CHAIN	21,884.0	26,766.9	22,900.996	3,364.854	1,134.415	27,400.265	0.000	0.000	0.000	27,400.265	44.527	6,055.455	33,500.246	
DISTRIBUTION	0.0	0.0	0.000	908.636	330.335	1,238.971	0.000	0.000	0.000	1,238.971	38.581	227.159	1,504.711	
DISPOSITION SERVICES	0.0	0.0	0.000	198.190	60.590	258.780	0.000	48.096	0.000	306.876	6.859	49.548	363.283	
TOTAL SUPPLY CHAIN MANAGEMENT	21,884.0	26,766.9	22,900.996	4,471.680	1,525.340	28,898.016	0.000	48.096	0.000	28,946.112	89.967	6,332.161	35,368.240	

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DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets							Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
			Materiel	Operating	Reimbursable	Total Operations	Mobilization	Direct APPN	Supp APPN				
CLOTHING & TEXTILES	1,617.1	1,862.9	1,617.1	182.9	19.8	1,819.8	0.0	0.0	0.0	1,819.8	0.1	450.0	2,269.8
MEDICAL	7,224.5	7,491.3	7,224.8	87.4	20.4	7,332.6	0.0	0.0	0.0	7,332.6	4.7	1,828.0	9,165.3
SUBSISTENCE	2,479.5	2,679.4	2,479.7	71.0	2.2	2,552.9	0.0	0.0	0.0	2,552.9	0.1	637.7	3,190.6
CONSTRUCTION & EQUIPMENT	3,872.0	4,184.9	3,872.3	81.2	0.7	3,954.1	0.0	0.0	0.0	3,954.1	0.1	988.4	4,942.5
INDUSTRIAL HARDWARE	485.6	705.8	489.6	70.5	0.1	560.1	0.0	0.0	0.0	560.1	0.0	140.0	700.2
AVIATION	4,100.2	5,230.8	4,565.0	362.8	475.5	5,403.3	0.0	0.0	0.0	5,403.3	2.8	1,232.0	6,638.1
LAND	1,389.7	1,768.7	1,418.3	127.2	25.2	1,570.7	0.0	0.0	0.0	1,570.7	0.0	386.4	1,957.1
MARITIME	1,217.1	1,559.1	1,251.8	171.5	50.8	1,474.1	0.0	0.0	0.0	1,474.1	4.3	355.8	1,834.2
SM-1 without Variability (SM-3A)	22,385.8	25,482.9	22,918.5	1,154.5	594.6	24,667.6	0.0	0.0	0.0	24,667.6	12.1	0.0	24,679.7
LOGISTICS INFORMATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSACTION SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	176.7	0.0	176.7	0.0	0.0	0.0	176.7	0.0	0.0	176.7
ENTERPRISE OPERATIONS	0.0	0.0	0.0	1,192.9	248.3	1,441.3	0.0	0.0	0.0	1,441.3	0.5	0.0	1,441.8
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	814.2	281.3	1,095.5	0.0	0.0	0.0	1,095.5	35.7	0.0	1,131.3
CENTRAL FUND	0.0	0.0	102.8	50.6	0.0	153.4	0.0	0.0	0.0	153.4	0.0	75.1	228.6
TOTAL MATERIEL SUPPLY CHAIN	22,385.8	25,482.9	23,021.3	3,388.9	1,124.3	27,534.4	0.0	0.0	0.0	27,534.4	48.3	6,093.4	33,676.1
DISTRIBUTION	0.0	0.0	0.0	934.7	338.0	1,272.7	0.0	0.0	0.0	1,272.7	75.5	233.7	1,581.9
DISPOSITION SERVICES	0.0	0.0	0.0	205.7	61.6	267.3	0.0	49.1	0.0	316.4	5.0	51.4	372.8
TOTAL SUPPLY CHAIN MANAGEMENT	22,385.8	25,482.9	23,021.3	4,529.3	1,523.9	29,074.5	0.0	49.1	0.0	29,123.6	128.8	6,378.5	35,630.9

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Materiel Supply Chain Activity Group
Fiscal Year (FY) 2020 Budget Estimate
February 2019
FY 2018 Inventory Status
(\$ in millions)

DLA Materiel Supply Chains	Total	Demand Based	Moblization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	14,991.0	9,542.8	425.3	5,022.9
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	4.9	-10.9	6.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	14,991.0	9,547.7	414.4	5,028.9
3. PURCHASES	23,163.5	22,629.1	534.4	0.0
4. GROSS SALES AT COSTS	-23,049.0	-22,516.9	-532.1	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	492.4	136.5	44.7	311.2
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	396.2	40.4	44.7	311.2
Transfers from Military Services	96.1	96.1	0.0	0.0
b. Returns from Customers for Credit (+)	186.7	186.7	0.0	0.0
c. Returns for Customers without Credit	334.2	0.0	0.3	333.9
d. Returns to Suppliers (-)	31.6	0.0	0.0	31.6
e. Transfers to Property Disposal (-)	-556.4	0.0	-1.8	-554.6
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	-134.0	-119.5	-0.5	-14.0
h. Total Adjustments	354.3	203.6	42.7	108.1
6. INVENTORY - End of Period (EOP)	15,459.8	9,863.5	459.3	5,136.9
7. INVENTORY ON ORDER EOP	12,819.5	12,707.8	111.7	0.0
8. Narrative (Explanation of unusual changes): BOP to EOP increase of 468.841M is due primarily to Deemed Cost Valuation Change.				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Materiel Supply Chain Activity Group
Fiscal Year (FY) 2020 Budget Estimate
February 2019
FY 2019 Inventory Status
(\$ in millions)

DLA Materiel Supply Chains	Total	Demand Based	Moblization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	15,459.8	9,863.5	459.3	5,136.9
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	51.1	0.9	-52.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	15,459.8	9,914.6	460.3	5,084.9
3. PURCHASES	23,989.5	23,592.1	397.4	0.0
4. GROSS SALES AT COSTS	-23,368.4	-23,057.5	-310.8	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	271.8	171.8	0.0	100.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	208.3	108.3	0.0	100.0
Transfers from Military Services	63.5	63.5	0.0	0.0
b. Returns from Customers for Credit (+)	172.3	172.3	0.0	0.0
c. Returns for Customers without Credit	389.8	0.0	0.0	389.8
d. Returns to Suppliers (-)	100.0	0.0	0.0	100.0
e. Transfers to Property Disposal (-)	-600.7	0.0	0.0	-600.7
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	24.7	35.2	0.0	-10.4
h. Total Adjustments	357.8	379.2	0.0	-21.3
6. INVENTORY - End of Period (EOP)	16,438.7	10,828.3	546.8	5,063.6
7. INVENTORY ON ORDER EOP	10,382.5	10,251.9	130.7	0.0
8. Narrative (Explanation of unusual changes): BOP to EOP increase of 978.930M is due primarily to Weapons Supply Chains.				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Materiel Supply Chain Activity Group
Fiscal Year (FY) 2020 Budget Estimate
February 2019
FY 2020 Inventory Status
(\$ in millions)

DLA Materiel Supply Chains	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	16,438.7	10,828.3	546.8	5,063.6
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	16,438.7	10,828.3	546.8	5,063.6
3. PURCHASES	22,505.9	22,177.3	328.6	0.0
4. GROSS SALES AT COSTS	-22,559.5	-22,242.8	-316.8	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	230.5	145.5	0.0	85.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	167.0	82.0	0.0	85.0
Transfers from Military Services	63.5	63.5	0.0	0.0
b. Returns from Customers for Credit (+)	173.8	173.8	0.0	0.0
c. Returns for Customers without Credit	433.5	0.0	0.0	433.5
d. Returns to Suppliers (-)	50.0	0.0	0.0	50.0
e. Transfers to Property Disposal (-)	-555.7	0.0	0.0	-555.7
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	26.6	19.9	0.0	6.7
h. Total Adjustments	358.7	339.2	0.0	19.5
6. INVENTORY - End of Period (EOP)	16,743.8	11,102.1	558.6	5,083.1
7. INVENTORY ON ORDER EOP	10,307.0	10,179.7	127.3	0.0
8. Narrative (Explanation of unusual changes): BOP to EOP increase of 305.082M is due primarily to Weapons Supply Chains.				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2020 Budget Estimate
February 2019
DLA Material Supply Chain
FY 2018
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	425.283	385.101	40.182
2. Price Change	0.000	0.000	0.000
3. Reclassification	-12.345	0.000	-12.345
4. Inventory Changes			
a. Receipts @ cost	534.388	534.388	0.000
(1). Purchases	534.388	534.388	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-532.093	-532.093	0.000
(1). Sales	-530.261	-530.261	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	-1.832	-1.832	0.000
c. Adjustments @ cost	44.100	44.430	-0.330
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	44.100	44.430	-0.330
5. Inventory EOP	459.333	431.826	27.507
WRM STOCKPILE COSTS			
1. Storage	2.681	2.681	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	2.681	2.681	0.000
WRM BUDGET REQUEST			
1. Obligations @ Cost	534.388	534.388	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	534.388	534.388	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	534.388	534.388	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2020 Budget Estimate
February 2019
DLA Material Supply Chain
FY 2019
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	459.333	431.826	27.507
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.941	0.000	0.941
4. Inventory Changes			
a. Receipts @ cost	397.384	397.384	0.000
(1). Purchases	397.384	397.384	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-310.840	-310.840	0.000
(1). Sales	-310.840	-310.840	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	0.000	0.000	0.000
c. Adjustments @ cost	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	0.000	0.000	0.000
5. Inventory EOP	546.818	518.370	28.448
WRM STOCKPILE COSTS			
1. Storage	3.702	3.702	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	3.702	3.702	0.000
WRM BUDGET REQUEST			
1. Obligations @ Cost	397.384	397.384	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	397.384	397.384	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	397.384	397.384	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2020 Budget Estimate
February 2019
DLA Material Supply Chain
FY 2020
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	546.818	518.370	28.448
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts @ cost	328.572	328.572	0.000
(1). Purchases	328.572	328.572	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-316.753	-316.753	0.000
(1). Sales	-316.753	-316.753	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	0.000	0.000	0.000
c. Adjustments @ cost	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	0.000	0.000	0.000
5. Inventory EOP	558.637	530.189	28.448
WRM STOCKPILE COSTS			
1. Storage	3.702	3.702	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	3.702	3.702	0.000
WRM BUDGET REQUEST			
1. Obligations @ Cost	328.572	328.572	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	328.572	328.572	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	328.572	328.572	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2020 Budget Estimates
February 2019
SUPPLY CHAIN MANAGEMENT
(Dollars in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
1. New Orders			
a. Orders from DoD Components	15,513.0	15,332.7	14,635.8
Army	6,004.8	5,948.6	5,676.5
O&M, Army	2,480.6	2,475.9	2,365.2
O&M - Recovery Act, Army	0.0	0.0	0.0
O&M, Army Reserve	200.3	197.4	188.0
O&M - Recovery Act, Army Reserve	0.0	0.0	0.0
O&M, Army National Guard	689.3	679.1	646.8
Army National Guard	0.0	0.0	0.0
RDT&E, Army	32.8	32.3	30.8
RDT&E, Army, Recovery Act			
Aircraft Procurement, Army	24.1	23.9	22.9
Missile Procurement, Army	2.4	2.4	2.3
Procurement of Weapons & Tracked Vehicles, Army	8.2	8.2	7.8
Procurement of Ammunition, Army	0.7	0.7	0.6
Other Procurement, Army	96.5	95.7	91.7
Military Construction, Army	1.6	1.6	1.5
Military Construction, Army Reserve	0.5	0.5	0.4
Military Construction, Army National Guard	0.1	0.1	0.1
Family Housing Construction, Army	(0.0)	0.0	0.0
Family Housing, O&M, Army	0.6	0.6	0.5
Family Housing Construction, - Recovery Act, Army	0.0	0.1	0.1
Military Personnel, Army	2,148.0	2,116.2	2,015.6
National Guard Personnel, Army	182.4	179.7	171.1
Reserve Personnel, Army	95.9	94.5	90.0
Salaries and Expenses, Cementerial Expenses, Army	0.1	0.1	0.1
Wildlife Conservation, etc., Military Reservations, Army	(0.0)	0.0	0.0
Restoration, Rocky Mountain Arsenal	0.1	0.1	0.1
Chemical Agents and Munitions Destruction, Army	0.0	0.0	0.0
National Science Center, Army	(0.0)	0.0	0.0
Afghanistan Infrastructure Fund	0.2	0.2	0.2
Iraq Security Forces Fund	0.0	0.0	0.0
Iraq Train and Equip Fund, Army	0.2	0.2	0.2
Counter Islamic ISIS Train & Equip Fund	4.7	4.6	4.4
Foreign Military Financing, Funds Appropriated to the President	0.3	0.3	0.3
Army Other	35.5	34.3	35.5
Navy	4,051.5	3,993.7	3,808.8
O&M, Navy	2,893.8	2,853.1	2,722.4
O&M, Navy Reserve	67.4	66.4	63.2
Aircraft Procurement, Navy	220.3	217.0	206.7
Weapons Procurement, Navy	1.0	0.9	0.9
Procurement of Ammunition, Navy & MC	1.0	1.0	1.0
Other Procurement, Navy	100.5	99.1	94.3
Shipbuilding & Conversion, Navy	62.3	61.4	58.4
RDT&E, Navy	9.4	9.3	8.8
Military Construction, Navy & MC	0.0	0.0	0.0
Military Construction- Shipbuilding and Conversion	0.2	0.2	0.2
Family Housing, O&M, Navy & MC	4.3	4.2	4.0
Other Navy Appropriations	0.6	0.6	0.6
National Defense Sealift Fund, Navy	0.0	0.0	0.0
Military Personnel, Navy	689.0	678.8	646.5
Reserve Personnel, Navy	1.9	1.9	1.8
General Gift Fund, Navy	0.0	0.0	0.0
Wildlife Conservation, etc. Military Reservations, Navy	0.0	0.0	0.0
Air Force	378.7	370.9	356.2
O&M, Air Force	225.1	222.0	211.5
O&M, Air Force Reserve	1.2	1.2	1.2
O&M, Air National Guard	3.3	3.3	3.1
RDT&E, Air Force	1.1	1.1	1.0
Air Force Procurement Accounts	0.0	0.0	0.0
Aircraft Procurement, Air Force	9.6	9.5	9.1
Missile Procurement, Air Force	0.1	0.1	0.1
Other Procurement, Air Force	(0.0)	(0.0)	(0.0)
Military Construction, Air Force	0.0	0.0	0.0
Family Housing, O&M, Air Force	8.5	8.4	8.0
Military Personnel, Air Force	63.4	62.5	59.5
Reserve Personnel, Air Force	8.8	8.7	8.3
National Guard Personnel, Air Force	16.5	16.3	15.5
International Military Education and Training	0.0	0.0	0.0
Air Force Other	41.0	37.9	38.9
Marine Corps	898.6	888.0	848.0
O&M, MC	481.1	476.6	456.2
O&M, MC Reserve	42.6	42.0	40.0
Procurement, MC	18.2	18.0	17.1
Military Personnel, MC	320.0	315.3	300.3
Reserve Personnel, MC	36.7	36.1	34.4

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
 Source of New Orders and Revenue
 Fiscal Year (FY) 2020 Budget Estimates
 February 2019
 SUPPLY CHAIN MANAGEMENT
 (Dollars in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
DoD Appropriated Accounts	4,179.4	4,131.5	3,946.3
O&M, Defense Wide, Defense	130.8	136.6	136.2
RDT&E, Defense-Wide	0.4	0.4	0.5
Procurement, Defense-Wide	2.0	1.9	1.8
National Guard & Reserve Equipment, Defense	0.2	0.2	0.2
Military Construction, Defense-Wide	0.3	0.3	0.3
Family Housing, Defense-Wide	0.0	0.0	0.0
Defense Health Program, Defense	3,996.1	3,937.2	3,750.0
DoD, Base Closure Account 1990	0.0	0.0	0.0
DoD, Base Closure Account 2005	0.0	0.0	0.0
DoD, Base Closure Account	1.9	1.8	1.8
Defense Emergency Response Fund, Defense	0.0	0.0	0.0
Humanitarian Assistance, Defense	0.0	0.0	0.0
Support for International Sporting Competitions, Defense	0.0	0.0	0.0
Employee & Employer Contributions, Foreign Govt Social Security & Related Programs, OSD	0.0	0.0	0.0
Chemical Agent & Munitions Destruction, Defense	0.8	0.8	0.7
OSD Appropriated	46.8	52.2	54.7
DoD, Acquisition Workforce Development Fund	0.1	0.1	0.1
b. Orders from Other Activity Groups	11,360.8	11,036.8	10,434.7
Civil Corps of Engineers, Revolving Fund	0.0	0.0	0.0
OSD, Defense Working Capital Fund	0.0	0.0	0.0
Defense Agencies, Defense Working Capital Fund	0.0	0.0	0.0
Army Working Capital Funds	3,054.6	2,960.6	2,783.5
Navy Working Capital Funds	2,410.8	2,366.5	2,251.3
Air Force Working Capital Funds	5,861.1	5,675.9	5,365.5
DLA, Defense Working Capital Fund	1.5	2.0	2.1
DFAS, Defense Working Capital Fund	0.0	0.1	0.1
DECA, Defense Working Capital Fund	8.5	3.1	2.5
Other Working Capital Funds	24.3	28.5	29.6
National Defense Stockpile Transaction Fund	0.0	0.0	0.0
Pentagon Reservation Maintenance Revolving Fund	0.0	0.0	0.0
Global HIV/AIDS Initiative	0.0	0.0	0.0
Global Health Programs, State	0.0	0.0	0.0
DoD-VA Health Care Sharing Incentive Fund	0.1	0.1	0.1
Lease of DoD Real Property	0.0	0.0	0.0
Other DoD (no system report)	0.0	0.0	0.0
c. Total DoD	26,873.8	26,369.5	25,070.5
d. Other Orders:	2,541.1	1,965.5	2,010.3
Other Federal Agencies	618.6	548.2	554.2
Non-Federal Agencies	751.7	206.8	209.7
Foreign Military Sales	1,170.7	1,210.6	1,246.4
Credit Card Purchases	0.0	0.0	0.0
e. Total New Orders	29,414.9	28,335.0	27,080.8
2. Carry-In Orders	4,272.7	6,386.4	6,386.4
3. Total Gross Orders	33,687.6	34,721.4	33,467.3
4. Carry-Out Orders (-)	(6,386.4)	(6,386.4)	(6,386.4)
5. Sales Proceeds (Disposition Only)	87.7	95.9	98.6
6. Gross Sales (-)	27,388.8	28,430.9	27,179.5
7. Credits & Allowances (-)	(205.3)	(210.7)	(212.3)
8. Net Sales	27,183.5	28,220.1	26,967.1
9. Reimbursable Sales	929.9	988.1	993.6
10. Total Revenue	28,113.4	29,208.3	27,960.7

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Revenue and Costs
Fiscal Year (FY) 2020 Budget Estimates
February 2019
Total Supply Chain Management
(Dollars in Millions)

	FY 2018	FY 2019	FY 2020
Revenue			
Gross Sales	26,095.8	26,977.6	25,695.2
Operations	26,042.1	26,870.8	25,593.2
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery excluding Major Construction	53.7	106.8	102.1
Other Income	2,222.9	2,441.4	2,477.9
Reimbursable Income	1,329.8	1,457.9	1,454.8
Other Income	893.2	983.5	1,023.0
Refunds/Discounts (-)	-205.3	-210.7	-212.3
Total Revenue	28,113.4	29,208.3	27,960.7
Expenses			
Cost of Materiel Sold from Inventory	22,862.2	21,884.0	22,385.8
Salaries and Wages:			
Military Personnel Compensation & Benefits	37.3	44.2	44.0
Civilian Personnel Compensation & Benefits	2,279.3	2,455.0	2,446.9
Travel & Transportation	31.4	41.3	40.9
Materials & Supplies (For internal operations)	45.8	63.0	67.3
Equipment	47.8	92.1	105.5
Other Purchases from Revolving Funds	260.6	294.4	301.1
Transportation of Things	408.1	400.6	409.5
Capital Investment Recovery - Capital	53.7	106.8	102.1
Printing and Reproduction	21.4	25.8	26.3
Advisory and Assistance Service	65.2	55.2	58.6
Rent, Communications, Utilities & Misc. Charges	91.9	169.9	188.8
Other Purchased Services	1,900.5	2,018.3	1,893.9
Total Expenses	28,105.2	27,650.6	28,070.7
Operating Results	8.3	1,557.7	-110.0
Plus Passthroughs or Other	75.9	48.1	49.1
Other Changes Affecting NOR	0.0	-1,360.1	0.0
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	-1,360.1	0.0
Transfers	0.0	0.0	0.0
Net Operating Results	84.1	245.7	-60.9
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	189.5	154.8	137.7
Prior Year Accumulated Operating Results	-30.7	228.2	491.0
Retained Accumulated Operating Results	14.7	137.7	567.9
Accumulated Operating Result	228.2	491.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund (DWWCF)
Energy Management Activity Group
Fiscal Year (FY) 2020 Budget Estimates
MARCH 2019

FUNCTIONAL DESCRIPTION

The Defense Logistics Agency (DLA) Energy provides comprehensive worldwide energy solutions to the Department of Defense (DoD) and other authorized customers. DLA Energy serves as the Department's executive agent for the bulk petroleum supply chain. The Energy business area includes sales of petroleum and aerospace products; arranging for petroleum support services; providing maintenance on fuel infrastructure; performing energy-related environmental assessments and cleanup; coordinating bulk petroleum transportation; and performing petroleum quality surveillance functions worldwide. DLA Energy also performs procurement functions for electricity, natural gas, and renewable energy for the Military Services as well as for the privatization of their utility systems. The Energy business also issues Energy Savings Performance Contracts for the DoD, helping the department meet specified energy reduction goals.

BUDGET HIGHLIGHTS

Fiscal Year 2019 and Fiscal Year 2020 reflect adjustments in fuel cost assumptions and are in line with future market projections included in the Office of Management and Budget's (OMB's) economic assumptions.

Operations

DLA Energy Operations include labor, corporate overhead, Information Technology (IT), military personnel and other non-labor costs. Fiscal Year 2019 and 2020 reflect an increase to support a technical refresh of two IT systems, Fuels Manager Defense and Electronic Point Of Sale.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Total Operations	\$512.8	\$660.0	\$669.6

Sustainment, Restoration, and Modernization (SRM)

DLA Energy has established SRM funding levels based on the results of recent planning studies and projects identified by the Military Services. The SRM program includes Maintenance and Repair, Demolition, Minor Construction (operating), Facility operations, and Non-ADP Equipment (operating). The Fiscal Year 2020 Budget request includes funding to support and sustain essential mission requirements as previously directed by the Under Secretary of Defense for Acquisition and Sustainment via a memorandum to the Directors of the Defense Agencies, implementing the Facility Sustainment Model. The FY 2020 Budget funds 80 percent of the total potential FSM requirement.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
SRM Program	\$511.0	\$530.5	\$654.7

Transportation

DLA Energy budgets for worldwide transportation of fuel via various modes of transportation to include tanker, truck, pipeline, and rail car. The transportation budget is primarily comprised of commercial transportation (pipeline and rail) and payments to Military Sealift Command.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Transportation	\$520.4	\$484.4	\$494.3

Terminal Operations (TOPS)

DLA Energy funds contractor and government operated storage and distribution operations worldwide. Storage requirements are funded via multi-year recurring service contracts; annual funding requirements change depending on contract award patterns. Fiscal Year 2020 funding includes an increase to establish additional Defense Fuel Support Points (DFSPs) at Darwin, Australia and Eielson Air Force Base, Alaska. Adding additional DFSPs in Darwin and Eielson will provide strategic fuel locations that are critical to supporting the warfighter.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
TOPS	\$392.0	\$493.1	\$604.9

Environmental

DLA Energy provides funding for environmental compliance and restoration at military service locations that store and manage DLA owned fuel. The DFSPs that store capitalized fuel rely on DLA Energy funding for their environmental program costs to comply with federal, state, and local laws and regulations. Environmental costs include permit fees, oil spill response and other related expenses, organization fees, waste disposal fees, costs associated with updating spill response plans, sampling and analyzing fees, and remediation costs.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Environmental	\$83.1	\$152.1	\$84.7

Aerospace Energy (AE)

In addition to petroleum-based products, DLA Energy provides product in the form of missile propellants and cryogenics to customers worldwide. Costs for AE include product, transportation, operations, and storage costs.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
AE Sales	\$53.2	\$64.0	\$51.9
AE Obligations	\$36.4	\$51.6	\$41.3

PERFORMANCE INDICATORS

Net Sales

DLA Energy measures its workload in terms of net petroleum barrels sold. Net sales estimates are provided to DLA Energy by the Military Services and the U.S. Coast Guard and DLA uses historical sales volumes to estimate requirements for other authorized customers.

(Barrels in Millions)	FY 2018	FY 2019	FY 2020
Net Sales	96.1	98.6	98.2

Net Operating Results (NOR)

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable,

other income, such as federal and state excise taxes collected on sales. Other changes affecting NOR include transfers. The negative prior year AOR is due to transfers out of DLA Energy in Fiscal Year 2016 that totaled \$3,038.0 million.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Revenue	\$10,622.5	\$12,449.5	\$12,301.5
Expenses	\$10,920.7	\$12,574.0	\$12,277.9
Operating Results	(\$298.2)	(\$124.5)	\$23.6
Other Changes Affecting NOR	\$759.9	(\$1.0)	(\$1.0)
Transfers	\$759.9	(\$1.0)	(\$1.0)
Capital Surcharge	\$0.0	\$0.0	\$0.0
Appropriations	\$0.0	\$0.0	\$0.0
Net Operating Results	\$461.7	(\$125.5)	\$22.6
Prior Year Accumulated Operating Results (AOR)	(\$2,141.4)	(\$1,844.1)	(\$1,969.6)
Other Changes Affecting AOR	(\$164.3)	\$0.0	\$1,947.0
AOR	(\$1,844.1)	(\$1,969.6)	\$0.0

Cash

Pricing decisions, projected market conditions, and workload estimates provides the inputs for estimated cash collections, disbursements, and net outlays.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Disbursements	\$11,369.5	\$12,444.3	\$12,193.6
Collections	\$10,227.6	\$12,449.5	\$12,301.5
Net Outlays	\$1,141.9	(\$5.2)	(\$107.9)
Direct Appropriation	\$0.0	\$0.0	\$0.0
OCO Appropriation	\$70.0	\$0.0	\$0.0
Transfers	\$689.9	(\$1.0)	(\$1.0)
Total Change in Cash	\$382.0	(\$4.2)	(\$106.9)

ENERGY PRICING (PETROLEUM)

The DoD petroleum pricing is based on refined product forecasts provided by the OMB. The OMB establishes petroleum projections based on market futures data from the New York Mercantile Exchange.

The following table provides the petroleum cost assumptions, non-product costs, and the standard price for Fiscal Year 2018 through Fiscal Year 2020.

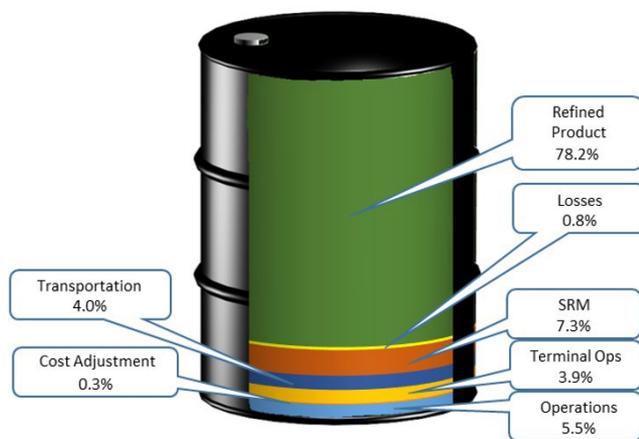
The market volatility factor captures the delta between product-related costs and the product portion of the standard price such as market volatility and losses.

The effective standard price per barrel in Fiscal Year 2018 was \$107.23 per barrel. The standard price per barrel charged to customers was \$90.30 per barrel from October through April, and \$115.92 per barrel for the remainder of the year. Due to increased fuel product costs, the standard price in Fiscal Year 2019 is \$125.16, which is an increase from the President's budgeted price of \$104.16 per barrel. The projected standard price is \$124.32 in Fiscal Year 2020.

The non-product cost increase in Fiscal Year 2020 is primarily due to increased transportation, Terminal Operations (TOPS), and Sustainment, Restoration, and Modernization (SRM) requirements.

(Dollar per Barrel)	FY 2018	FY 2019	FY 2020
Petroleum Refined Cost	\$97.32	\$100.62	\$97.16
Petroleum Non-Product Cost	\$22.15	\$23.69	\$25.75
Market Volatility Factor	(\$12.24)	\$0.85	\$1.41
Standard Price	\$107.23	\$125.16	\$124.32

Standard Price Expense Allocation



*Reflects percentages based on PB 20 Fiscal Year 2020 standard fuel price

INVENTORY

DLA Energy's Fiscal Year 2020 inventory objective is 54.1 million barrels, of which 34.5 million barrels are War Reserve Materiel (WRM).

In the following table, normal losses refer to spills, evaporation, shrinkage, and contamination. Combat losses include losses from insurgent attacks, theft, and spillage.

(Barrels in Millions)	FY 2018	FY 2019	FY 2020
<u>Beginning Inventory</u>	<u>53.0</u>	<u>55.5</u>	<u>54.1</u>
Peacetime Operating	18.5	21.0	21.0
WRM	34.5	34.5	34.5
Receipts	99.8	98.2	99.2
Net Sales	(96.1)	(98.6)	(98.2)
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (normal)	(1.1)	(1.0)	(1.0)
Combat Losses	<u>(0.0)</u>	0.0	0.0
<u>Ending Inventory</u>	<u>55.5</u>	<u>54.1</u>	<u>54.1</u>
Peacetime Operating	21.0	19.6	19.6
WRM	34.5	34.5	34.5

MANPOWER

The following table reflects the personnel numbers included in this submission. These projections include the following increases for audit readiness (advancement) civilian FTEs: Fiscal Year 2018 13, Fiscal Year 2019 35, and Fiscal Year 2020 35.

(Manpower)	FY 2018	FY 2019	FY 2020
End Strength			
Military	16	22	22
Civilian	1,331	1,354	1,354
Total	1,347	1,376	1,376
FTEs			
Military	16	22	22
Civilian	1,269	1,325	1,325
Total	1,285	1,347	1,347

CAPITAL

The capital budget investments exceed the \$250,000 investment criteria for the Automated Data Processing Equipment (ADPE), non-ADPE, software development, and minor construction categories. Minor construction is limited to projects valued less than \$750,000.

The Non-ADP Equipment requirement includes Automated Fuel Handling Equipment installations and lifecycle upgrades that are planned in Rota and Ramstein in Fiscal Year 2019 and NAS Patuxent River and Naval Base Guam in Fiscal Year 2020.

The minor construction capital is for the requirements of aging petroleum infrastructure. These requirements include upgrades to fuel storage facilities and systems to ensure compliance with environmental and efficiency standards.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Equipment (non-ADP)	\$9.0	\$14.1	\$17.3
Software Development	\$0.0	\$0.0	\$0.0
Minor Construction	\$31.9	\$36.3	\$45.3
Total	\$40.9	\$50.4	\$62.6

OVERSEAS CONTINGENCY OPERATIONS (OCO) REQUEST

DLA Energy will use prior year OCO operating authority to fund Fiscal Year 2019 and Fiscal Year 2020 requirements. These requirements are in support of operations in Afghanistan, primarily NATO Support and Procurement Agency (NSPA), which provides fuel-related services in theater. Fiscal Year 2019 and Fiscal Year 2020 reflect DLA Energy's share of support from NSPA.

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Combat Fuel Losses	\$0.0	\$0.0	\$0.0
Fuel Transportation, TOPS & AE (Operations)	\$70.0	\$40.0	\$35.8
Total OCO	\$70.0	\$40.0	\$35.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2018
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	10,533.301	10,533.301	17,718.539	0.000	69.770	17,788.310	40.852	0.000	17,829.161
AEROSPACE	52.138	52.138	36.417	0.000	(1.838)	34.579	0.000	0.000	34.579
REIMBURSABLE	1.886	1.886	25.917	0.000	0.000	25.917	0.000	0.000	25.917
TOTAL	10,587.326	10,587.326	17,780.874	0.000	67.932	17,848.805	40.852	0.000	17,889.657

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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Supply Management Summary by Division
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2019
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	12,345.782	12,345.782	13,190.355	0.000	0.000	13,190.355	50.443	2,500.000	15,740.798
AEROSPACE	64.001	64.001	51.583	0.000	0.000	51.583	0.000	0.000	51.583
REIMBURSABLE	0.000	0.000	30.238	0.000	0.000	30.238	0.000	0.000	30.238
TOTAL	12,409.783	12,409.783	13,272.176	0.000	0.000	13,272.176	50.443	2,500.000	15,822.619

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Supply Management Summary by Division
 Fiscal Year (FY) 2020-2024 Budget Estimates
 March 2019
 FY 2020
 (Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	12,208.970	12,208.970	12,048.649	0.000	0.000	12,048.649	62.569	4,745.444	16,856.662
AEROSPACE	51.919	51.919	41.280	0.000	0.000	41.280	0.000	0.000	41.280
REIMBURSABLE	0.000	0.000	30.798	0.000	0.000	30.798	0.000	0.000	30.798
TOTAL	12,260.889	12,260.889	12,120.727	0.000	0.000	12,120.727	62.569	4,745.444	16,928.740

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2018
(Dollars in Millions)

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	4,106.0	1,494.0	2,612.0	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	1,140.9	550.4	590.5	0.0
c. Inventory Reclassified and Repriced	5,246.9	2,044.4	3,202.5	0.0
3. PURCHASES	9,736.9	9,736.9	0.0	0.0
4. GROSS SALES AT COST	-9,622.8	-9,622.8	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	239.2	239.2	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(111.8)	(111.8)	0.0	0.0
Retail/Wholesale Losses	-111.8	-111.8	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	127.4	127.4	0.0	0.0
6. INVENTORY - End of Period (EOP)	5,488.5	2,286.0	3,202.5	0.0
7. INVENTORY ON ORDER EOP	5,488.5	2,286.0	3,202.5	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2019
(Dollars in Millions)

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	5,488.5	2,286.0	3,202.5	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-45.3	-314.2	268.9	0.0
c. Inventory Reclassified and Repriced	5,443.2	1,971.8	3,471.4	0.0
3. PURCHASES	10,054.3	10,054.3	0.0	0.0
4. GROSS SALES AT COST	-10,557.4	-10,557.4	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	603.7	603.7	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(100.6)	(100.6)	0.0	0.0
Retail/Wholesale Losses	-100.6	-100.6	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	503.1	503.1	0.0	0.0
6. INVENTORY - End of Period (EOP)	5,443.2	1,971.8	3,471.4	0.0
7. INVENTORY ON ORDER EOP	5,443.2	1,971.8	3,471.4	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2020
(Dollars in Millions)

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	5,443.2	1,971.8	3,471.4	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-187.2	-67.8	-119.4	0.0
c. Inventory Reclassified and Repriced	5,256.0	1,904.0	3,352.0	0.0
3. PURCHASES	9,667.4	9,667.4	0.0	0.0
4. GROSS SALES AT COST	-10,153.2	-10,153.2	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	583.0	583.0	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(97.2)	(97.2)	0.0	0.0
Retail/Wholesale Losses	-97.2	-97.2	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	485.8	485.8	0.0	0.0
6. INVENTORY - End of Period (EOP)	5,256.0	1,904.0	3,352.0	0.0
7. INVENTORY ON ORDER EOP	5,256.0	1,904.0	3,352.0	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM) Stockpile
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2018
(Dollars in Millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	2,612.0	2,612.0	0.0
2. Price Change (Memo)	590.5	590.5	0.0
3. Reclassification	3,202.5	3,202.5	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	3,202.5	3,202.5	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM) Stockpile
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2019
(Dollars in Millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,202.5	3,202.5	0.0
2. Price Change (Memo)	268.9	268.9	0.0
3. Reclassification	3,471.4	3,471.4	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	3,471.4	3,471.4	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM) Stockpile
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
FY 2020
(Dollars in Millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,471.4	3,471.4	0.0
2. Price Change (Memo)	(119.4)	(119.4)	0.0
3. Reclassification	3,352.0	3,352.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	3,352.0	3,352.0	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2019
(Dollars in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
1. New Orders			
a. Orders from DoD Components	6,762.2	9,773.4	9,657.3
Army	1,135.8	1,134.9	1,126.6
O&M, Army	950.3	930.6	923.8
O&M, Army Reserve	18.2	21.6	21.4
O&M - Recovery Act, Army Reserve		0.0	0.0
O&M, Army National Guard	80.6	116.1	115.3
RDT&E, Army	25.3	35.1	34.9
Aircraft Procurement, Army	4.1	2.4	2.4
Missile Procurement, Army	0.3	0.8	0.8
Procurement of Weapons & Tracked Vehicles, Army	0.6	0.1	0.1
Procurement of Ammunition, Army	0.0	0.1	0.1
Other Procurement, Army	0.3	0.1	0.1
Military Construction, Army	1.0	5.0	5.0
Military Construction, Army Reserve	0.0	0.5	0.5
Military Construction, Army National Guard	0.4	2.7	2.6
Family Housing Construction, Army	0.2	1.1	1.1
Family Housing, O&M, Army	0.0	0.2	0.2
Military Personnel, Army	1.0	17.0	16.9
National Guard Personnel, Army	2.0	0.4	0.4
Reserve Personnel, Army	0.8	1.0	1.0
Army Other	50.8	0.1	0.1
Navy	1,123.2	2,785.4	2,766.4
O&M, Navy	939.1	2,643.1	2,625.1
O&M, Navy Reserve	72.1	136.2	135.2
Aircraft Procurement, Navy	0.4	1.7	1.7
Weapons Procurement, Navy	0.2	0.6	0.6
Other Procurement, Navy	109.8	0.9	0.9
Shipbuilding & Conversion, Navy	1.0	2.2	2.2
RDT&E, Navy	0.6	0.7	0.7
Military Construction, Navy & MC	0.0	0.0	0.0
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Military Personnel, Navy	0.0	0.0	0.0
Air Force	4,177.3	5,651.9	5,564.6
O&M, Air Force	2,625.3	3,958.3	3,897.2
O&M, Air Force Reserve	346.9	508.9	501.1
O&M, Air National Guard	947.3	1,092.3	1,075.5
RDT&E, Air Force	69.5	88.8	87.4
Aircraft Procurement, Air Force	0.2	0.1	0.1
Missile Procurement, Air Force	0.9	1.2	1.2
Military Construction, Air Force	0.0	0.0	0.0
Family Housing, O&M, Air Force	0.5	2.1	2.1
Reserve Personnel, Air Force	0.0	0.0	0.0
National Guard Personnel, Air Force	0.0	0.0	0.0
Other Procurement, Air Force	186.7	0.0	0.0
Marine Corps	17.7	75.1	74.6
O&M, MC	17.3	70.0	69.6
O&M, MC Reserve	0.6	2.3	2.3
Procurement, MC	-0.1	2.8	2.8
DoD Appropriated Accounts	308.2	126.1	125.1
O&M, Defense Wide, Defense	132.8	107.5	106.6
RDT&E, Defense-Wide	1.9	1.5	1.5
Procurement, Defense-Wide	163.9	0.6	0.6
Defense Health Program, Defense	5.5	3.4	3.4
DoD, Base Closure Account 1990	1.7	9.8	9.7
Defense Emergency Response Fund, Defense	1.4	2.2	2.2
Support for International Sporting Competitions, Defense	0.9	1.2	1.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2019
(Dollars in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
b. Orders from Other Activity Groups	2,715.3	1,958.8	1,935.4
Army Working Capital Funds	22.3	68.4	67.9
Navy Working Capital Funds	1,289.2	652.9	648.6
Air Force Working Capital Funds	648.3	1,237.5	1,218.9
DLA, Defense Working Capital Fund	108.2	0.0	0.0
DECA, Defense Working Capital Fund	0.1	0.0	0.0
Other Working Capital Funds	646.0	0.0	0.0
Other DoD (no system report)	0.0	0.0	0.0
Global Health Programs, State	0.2	0.0	0.0
Chemical Agent and Munitions Destruction, Defense	0.1	0.0	0.0
Humanitarian Assistance, Defense	0.8	0.0	0.0
c. Total DoD	9,477.6	11,732.2	11,592.7
d. Other Orders:	1,364.6	1,428.6	1,414.1
Other Federal Agencies	620.3	493.6	491.6
Non-Federal Agencies	695.8	846.7	835.0
Foreign Military Sales	48.6	88.3	87.5
e. Total New Orders	10,842.2	13,160.8	13,006.8
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	10,842.2	13,160.8	13,006.8
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Sales Proceeds	0.0	0.0	0.0
6. Gross Sales (-)	10,842.2	13,160.8	13,006.8
7. Credits & Allowances (-)	-254.9	-751.0	-745.9
8. Net Sales	10,587.3	12,409.8	12,260.9
9. Reimbursable Sales/Other Income	35.2	39.9	40.6
10. Total Revenue	10,622.5	12,449.7	12,301.5

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2020-2024 Budget Estimates
March 2019
(Dollars in Millions)

Revenue:	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Gross Sales @ Standard	10,862.8	13,160.8	13,007.0
Operations	10,802.7	13,103.8	12,954.1
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	60.1	57.0	52.9
Other Income	10.6	39.7	40.4
Refunds/Discounts (-)	-253.8	-751.0	-745.9
Total Income	10,619.6	12,449.5	12,301.5
Adjusted Income	2.9		
Total Income (allocated)	10,622.5	12,449.5	12,301.5
Expenses:			
Cost of Materiel Sold from Inventory	8,814.5	9,953.7	9,570.2
Inventory Gains/Losses	111.8	100.6	97.2
Salaries and Wages:	192.8	206.2	209.6
Military Personnel Costs	14.3	14.3	14.6
Civilian Personnel Compensation	178.5	191.9	195.0
Travel & Transportation of Personnel	7.6	9.5	9.6
Materials & Supplies (For internal use)	0.4	0.6	0.6
Equipment	0.7	1.8	1.8
Other Purchases from Revolving Funds	277.9	369.2	373.3
Transportation of Things	479.5	489.6	500.1
Capital Investment Recovery	60.1	57.0	52.9
Printing and Reproduction	0.1	0.5	0.5
Advisory and Assistance Services	5.2	22.4	22.8
Rent, Communication, and Utility	2.2	13.8	14.0
Other Purchased Services	967.8	1,349.3	1,425.1
Total Expenses (System)	10,920.7	12,574.1	12,277.9
Allocated Expenses			
Total Expenses (Allocated)	10,920.7	12,574.1	12,277.9
Operating Results	-298.2	-124.5	23.6
Plus Passthroughs or Other	0.0	0.0	0.0
Other Changes Affecting NOR	759.9	-1.0	-1.0
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Transfers	759.9	-1.0	-1.0
Net Operating Results	461.7	-125.5	22.6
Prior Year AOR	-2,141.4	-1,844.1	-1,969.6
Other Changes Affecting AOR (Retained AOR)	-164.3	0.0	1,947.0
Accumulated Operating Results (AOR)	-1,844.1	-1,969.6	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2019 Budget Estimates
March 2019
(Dollars in Millions)
FY 2018

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
Hydrazine Products				
Non-HPH	4,720	\$146.54		\$0.7
HPH Only	6,389	\$148.30		\$0.9
N2O (Tetroxide) Products				
	7,860	\$121.43		\$1.0
Bulk Helium Products				
	3,628	\$277.23		\$1.0
Nitrogen Products				
Non-Vandenberg	1,533	\$8.01		\$0.0
Vandenberg	-	\$0.00		\$0.0
Helium Products				
	72,852	\$32.47		\$2.4
Other Products				
Aviator's Breathing Oxygen	3,326,007	\$1.62		\$5.4
Liquid Nitrogen (4769)	1,340,729	\$1.40		\$1.9
JP-10	21,497	\$27.50		\$0.6
Other	See Complete Price List			\$5.6
Total DoD				\$19.4
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
Hydrazine Products				
Non-HPH	21,451	\$134.36	\$0.00	\$2.9
HPH Only	27,533	\$131.91	\$30.90	\$4.5
N2O (Tetroxide) Products				
	33,115	\$154.45	\$2.49	\$5.2
Bulk Helium Products				
	5,970	\$138.36	\$151.51	\$1.7
Nitrogen Products				
Non-Vandenberg	132,375	\$2.61	\$5.28	\$1.0
Vandenberg	283,745	\$9.13	\$6.94	\$4.6
Other Products				
	See Complete Price List			\$11.7
Total Non-DoD				\$31.6
Total				\$51.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2019 Budget Estimates
(Dollars in Millions)
FY 2019

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
Hydrazine Products				
Non-HPH	1,729	\$310.46		\$0.5
HPH Only	1,347	\$340.56		\$0.5
N2O (Tetroxide) Products				
	11,250	\$295.78		\$3.3
Bulk Helium Products				
	6,553	\$318.82		\$2.1
Nitrogen Products				
Non-Vandenberg	6,228	\$8.96		\$0.1
Vandenberg	3,000	\$18.56		\$0.1
				\$0.0
Helium Products				
	120,000	\$30.93		\$3.7
Other Products				
Aviator's Breathing Oxygen	1,295,555	\$1.64		\$2.1
Liquid Nitrogen (4769)	3,119,025	\$1.42		\$4.4
JP-10				
Other	See Complete Price List			\$5.0
Total DoD				\$21.8
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
Hydrazine Products				
Non-HPH	12,511	\$311.26	0.00	\$3.9
HPH Only	27,588	\$310.29	30.00	\$9.4
N2O (Tetroxide) Products				
	25,550	\$287.47	8.17	\$7.6
Bulk Helium Products				
	3,557	\$141.23	177.55	\$1.1
Nitrogen Products				
Non-Vandenberg	249,362	\$2.38	6.58	\$2.2
Vandenberg	297,000	\$10.51	8.05	\$5.5
Other Products				
	See Complete Price List			\$12.5
Total Non-DoD				\$42.2
Total				\$64.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2019 Budget Estimates
(Dollars in Millions)
FY 2020

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
Hydrazine Products				
Non-HPH	632	\$89.00		\$0.1
HPH Only	3,562	\$110.15		\$0.4
N2O (Tetroxide) Products				
	11,427	\$100.63		\$1.1
Bulk Helium Products				
	8,739	\$318.30		\$2.8
Nitrogen Products				
Non-Vandenberg	3,550	\$8.63		\$0.0
Vandenberg	2,980	\$18.65		\$0.1
Helium Products				
	108,571	\$25.43		\$2.8
Other Products				
Aviator's Breathing Oxygen	2,916,817	\$1.68		\$4.9
Liquid Nitrogen (4769)	1,219,381	\$1.45		\$1.8
Other	See Complete Price List			\$5.6
Total DoD				\$19.5
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
Hydrazine Products				
Non-HPH	11,260	\$80.15	8.85	\$1.0
HPH Only	71,585	\$80.15	24.00	\$7.5
N2O (Tetroxide) Products				
	51,362	\$99.00	1.63	\$5.2
Bulk Helium Products				
	5,132	\$142.25	176.05	\$1.6
Nitrogen Products				
Non-Vandenberg	121,403	\$2.44	6.18	\$1.0
Vandenberg	295,143	\$10.57	8.07	\$5.5
Other Products				
	See Complete Price List			\$10.6
Total Non-DoD				\$32.4
Total				\$51.9

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2020-2024 Program and Budget Submission
March 2019
(Dollars in Millions)
FY 2018

Budget Petroleum Data	PROCURED FROM DLA ENERGY			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
AVGAS (CONUS) - 130	0.0	\$144.93	\$0.7				
AVGAS (OCONUS) - 100(LL)	0.0	\$428.24	\$2.1				
Diesel Fuel:							
Distillates - F76	12.6	\$103.86	\$1,310.4				
High Sulfur - DF1	0.0	\$90.30	\$0.1				
Generic (High Sulfur) - DF2	1.5	\$96.44	\$145.1				
Ultra Low Sulfur - DS1	0.3	\$111.18	\$31.0				
Ultra Low Sulfur - DS2	1.0	\$103.41	\$103.4				
Burner Grade - FS1	0.1	\$99.75	\$5.7				
Burner Grade - FS2	0.2	\$87.45	\$17.3				
Biodiesel - BDI	0.1	\$101.25	\$6.7				
Jet Fuel:							
JP8 & JA1	23.1	\$102.57	\$2,370.7				
JAA	31.7	\$102.55	\$3,251.5				
JP5	9.5	\$104.50	\$987.9				
JTS	0.1	\$159.54	\$14.7				
Kerosene - KS1	0.0	\$93.10	\$0.1				
Motor Gasoline:							
Regular, Unleaded - MUR	0.4	\$94.57	\$38.5				
Midgrade, Unleaded - MUM	0.3	\$103.55	\$33.0				
Premium, Unleaded - MUP	0.0	\$116.51	\$0.7				
Gasohol - GUM	0.0	\$106.29	\$1.2				
Ethanol - E85	0.1	\$89.79	\$12.8				
Residual:							
Burner Grade - FS4	0.0	\$57.12	\$0.5				
Residual (Burner Grade) - FS6	0.0	\$50.01	\$1.0				
FOR	0.1	\$41.71	\$3.9				
Bunkers - Marine - MGO	1.4	\$106.91	\$148.8				
Bunkers - Intermediate Grade - 180, 380	0.0	\$75.04	\$3.7				
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.1	\$118.37	\$487.7				
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$141.85	\$168.5				
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$110.80	\$41.7				
Afghanistan - NNJ	1.6	\$268.33	\$428.6				
Afghanistan - NNF	0.2	\$298.27	\$63.7				
Rounding Factor & Other Products	6.1	N/A	\$851.4				
TOTAL	96.1	\$102.57	\$10,533.3				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2020-2024 Program and Budget Submission
March 2019
(Dollars in Millions)
FY 2019

Budget Petroleum Data	PROCURED FROM DLA ENERGY			PROCURED BY SERVICE			Stabilized Price
	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	
Petroleum Products							
AVGAS (CONUS) - 130	0.0	\$176.85	\$0.9				
AVGAS (OCONUS) - 100(LL)	0.0	\$522.53	\$2.7				
Diesel Fuel:							
Distillates - F76	12.9	\$126.73	\$1,640.6				
High Sulfur - DF1	0.0	\$110.18	\$0.1				
Generic (High Sulfur) - DF2	1.5	\$117.68	\$181.6				
Ultra Low Sulfur - DS1	0.3	\$135.67	\$38.8				
Ultra Low Sulfur - DS2	1.0	\$126.17	\$129.5				
Burner Grade - FS1	0.1	\$121.71	\$7.1				
Burner Grade - FS2	0.2	\$106.71	\$21.6				
Biodiesel - BDI	0.1	\$123.55	\$8.4				
Jet Fuel:							
JP8 & JA1	23.7	\$125.16	\$2,968.0				
JAA	32.5	\$125.13	\$4,070.7				
JP5	9.7	\$127.51	\$1,236.8				
JTS	0.1	\$194.67	\$18.4				
Kerosene - KS1	0.0	\$113.59	\$0.1				
Motor Gasoline:							
Regular, Unleaded - MUR	0.4	\$115.40	\$48.2				
Midgrade, Unleaded - MUM	0.3	\$126.36	\$41.3				
Premium, Unleaded - MUP	0.0	\$142.17	\$0.9				
Gasohol - GUM	0.0	\$129.69	\$1.5				
Ethanol - E85	0.1	\$109.56	\$16.1				
Residual:							
Burner Grade - FS4	0.0	\$69.70	\$0.7				
Residual (Burner Grade) - FS6	0.0	\$61.02	\$1.3				
FOR	0.1	\$50.89	\$4.9				
Bunkers - Marine - MGO	1.4	\$130.45	\$186.3				
Bunkers - Intermediate Grade - 180, 380	0.1	\$91.56	\$4.7				
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.2	\$144.43	\$610.5				
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$173.09	\$211.0				
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$135.20	\$52.2				
Afghanistan - NNJ	1.6	\$327.41	\$536.6				
Afghanistan - NNF	0.2	\$363.94	\$79.8				
Rounding Factor & Other Products	6.3	N/A	\$224.5				
TOTAL	98.6	\$125.16	\$12,345.8				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2020-2024 Program and Budget Submission
March 2019
(Dollars in Millions)
FY 2020

Budget Petroleum Data	PROCURED FROM DLA ENERGY			PROCURED BY SERVICE			
	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
Petroleum Products							
AVGAS (CONUS) - 130	0.0	\$175.66	\$0.9				
AVGAS (OCONUS) - 100(LL)	0.0	\$519.02	\$2.7				
Diesel Fuel:							
Distillates - F76	12.9	\$125.88	\$1,622.5				
High Sulfur - DF1	0.0	\$109.44	\$0.1				
Generic (High Sulfur) - DF2	1.5	\$116.89	\$179.6				
Ultra Low Sulfur - DS1	0.3	\$134.76	\$38.3				
Ultra Low Sulfur - DS2	1.0	\$125.32	\$128.0				
Burner Grade - FS1	0.1	\$120.89	\$7.0				
Burner Grade - FS2	0.2	\$105.99	\$21.4				
Biodiesel - BDI	0.1	\$122.72	\$8.3				
Jet Fuel:							
JP8 & JA1	23.6	\$124.32	\$2,935.1				
JAA	32.4	\$124.29	\$4,025.6				
JP5	9.7	\$126.65	\$1,223.1				
JTS	0.1	\$193.36	\$18.2				
Kerosene - KS1	0.0	\$112.83	\$0.1				
Motor Gasoline:							
Regular, Unleaded - MUR	0.4	\$114.63	\$47.7				
Midgrade, Unleaded - MUM	0.3	\$125.51	\$40.8				
Premium, Unleaded - MUP	0.0	\$141.22	\$0.9				
Gasohol - GUM	0.0	\$128.82	\$1.5				
Ethanol - E85	0.1	\$108.82	\$15.9				
Residual:							
Burner Grade - FS4	0.0	\$69.23	\$0.7				
Residual (Burner Grade) - FS6	0.0	\$60.61	\$1.3				
FOR	0.1	\$50.55	\$4.9				
Bunkers - Marine - MGO	1.4	\$129.57	\$184.3				
Bunkers - Intermediate Grade - 180, 380	0.1	\$90.95	\$4.6				
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.2	\$143.46	\$603.8				
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$171.93	\$208.7				
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$134.29	\$51.6				
Afghanistan - NNJ	1.6	\$325.21	\$530.6				
Afghanistan - NNF	0.2	\$361.50	\$78.9				
Rounding Factor & Other Products	6.2	N/A	\$222.0				
TOTAL	98.2	\$124.32	\$12,209.0				

**Defense Logistics Agency
 Defense Wide Working Capital Fund (DWWCF)
 DLA Document Services
 Fiscal Year (FY) 2020 Budget Estimates
 March 2019**

FUNCTIONAL DESCRIPTION: DLA Document Services is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include conversion, electronic storage and output, and distribution of hard copy and digital documents. DLA Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office (GPO).

DLA Document Services' value to DoD is characterized by two elements. First, DLA Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document management services. Second, DLA Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to digital formats.

The Document Services lines of business have evolved over the years. DLA is modernizing the Document Services mission structure, transitioning from traditional on-site print production to an agile on-line ordering capability supported by fewer but more capable CONUS production facilities. This transition to a new service delivery model is scheduled to be complete by 31 March 2019, reducing from 132 to 58 facilities.

CUSTOMERS:

DLA Document Services' primary customers by revenue are Army, Navy, Air Force, Defense Agencies, and non-DoD customers. Both appropriated and DWCF-funded activities are included in each Service's new orders.

(In millions)

	FY18 Actual	FY19	FY20
Army	39,873	59,997	56,480
Navy	76,459	110,743	107,029
USMC	24,434	46,561	43,140
USAF	29,197	47,227	41,899
DoD	116,294	108,539	120,735
Other Federal	14,082	29,991	28,912
Non-Federal	60	211	215
Total New Orders	300,999	403,269	398,410

BUDGET HIGHLIGHTS

The submission reflects growth in the Equipment Management Solutions (EMS) program through a strategic focus on providing comprehensive Managed Print Services. Managed Print Services involves the management of office print devices through a device assessments process and a leveraged acquisition approach. The program driver is the Department of Navy (DoN) DLA Mandatory Print Device Initiative. The DoN established DLA Document Services as the single manager for Navy and United States Marine Corps (USMC) office document devices. DLA will manage up to 70,000 printing-related devices throughout the DoN and the USMC when full implementation of the initiative is completed. The submission also includes an accelerated growth in US Coast Guard requirements due to the finalization of their Support Agreement and the successful assessment results implementation at several pilot sites. Additionally, the submission accounts for the launch of a new service offering for device fleet monitoring software and service.

DLA is modernizing the Document Services mission structure, transitioning from traditional on-site print production to an agile on-line ordering capability supported by fewer but more capable CONUS production facilities. This new service delivery model provides improved services while decreasing costs and increases DLA's emphasis on consultative services to DoD in the move from print to an ever greater demand for electronic data services. DLA's strategy includes the creation of a new Customer Relations Specialist (CRS) role embedded with customers at key strategic locations. Customer Relations Specialists will be the face to customers and provide the full range of document services capabilities to include office print devices, scanning and conversion, traditional and unique printed products and other automation services. This transition to a new service delivery model is scheduled to be complete by March 31, 2019, reducing from 132 to 58 facilities, and resulting in \$37.5 million cost savings to customers over 5 years while maintaining high levels of service and responsiveness. Savings will be realized starting in FY20. Transitioning from onsite production facilities to consultative/online services, reduces operational costs to include reduced staffing, facilities, equipment and maintenance while increasing the use of Government Publishing Office for printing services.

UNIT COST AND PRICING

	<u>FY 2018 Goal</u>	<u>FY 2018 Actual</u>
Unit Cost per In-house Production Unit	0.2236	0.1833

DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. During FY 2018, DLA Document Services exceeded its unit cost goal due to a reduction of Document Services physical locations and downsizing of workforce. Actual in-house costs were 26% lower than planned (\$92.8 million actual versus \$126.1 million planned).

	<u>FY 2018 Goal</u>	<u>FY 2018 Actual</u>
Composite Customer Rate Change	-1.29%	-1.30%

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. Commercial program revenue is cost-plus. The non-labor inflation rate is used as the price change for the cost plus fixed fee commercial program. The primary driver for the lower than planned composite customer rate change in FY 2018 is the decrease in pricing for products/services as well as the reduction of Document Services physical locations.

	FY 2018 Actual	FY 2019	FY 2020
Unit Cost			
In-House Production	0.1833	0.1803	0.2137
Customer Rate	0.1546	0.1899	0.1338
Composite Customer Rate Change	-1.30%	1.87%	0.50%

ANALYSIS OF BUDGET STATEMENTS

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

The NOR measures a single fiscal year impact of revenue and expenses incurred by the business. A positive NOR demonstrates that revenues exceeded expenses for the business activity.

AOR reflects multi-year results of annual NORs. It measures the accumulated effects of NORs from the inception of the business unit and demonstrates fiscal strength over a longer time. The recoverable AOR reflects AOR based on Accounting NOR.

DLA Document Services ended FY 2018 with a NOR loss of (\$13.7M) against a PB19 goal of (\$2.1M). The FY 2018 result is higher than the goal of (\$2.1M), primarily due to transformation of Document Services, and higher than projected expenses of facilities closures, as well as a lower than anticipated revenue in EMS, and GPO.

	FY 2018 Actual	FY 2019	FY 2020
Revenue	301.244	403.429	398.410
Cost of Goods Sold	314.973	401.442	400.157
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR	0	0	0
Net Operating Results	(13.730)	1.987	(1.747)
Prior Year Accumulated Operating Results	12.757	(0.240)	1.747
Non-Recoverable Adjustment Impacting AOR			
Ending Accumulated Operating Result	(0.240)	1.747	0.000
Workload			
In-House Production (Units)	506.1	491.7	468.9

OUTLAYS: Net outlays measure the difference between collections and disbursements. Negative net outlays reflect collections in excess of disbursements. Positive net outlays reflect disbursements in excess of collections. Disbursements are driven by expense and the change in accounts payable. Collections are driven by revenue and the change in accounts receivable. Positive numbers in accounts payable and receivable indicate an increase while negative numbers represents a decrease.

	FY 2018	FY 2019	FY 2020
Expense (less CIR)	314.687	401.372	400.091
Capital Disbursements	0.286	0.070	0.066
Accounts Payable Change	5.390	3.750	3.200
Disbursements	303,327	390.396	392.949
Revenue	301.244	403.429	398.410
Accounts Receivable Change	6.300	(7.470)	(2.481)
Collections	300.874	388.565	394.209
Net Outlays	2.453	1.831	(1.260)

The overall net outlays reflect negative NOR for fiscal year 2018. Accounts receivable is projected to decrease in fiscal years 2019 and 2020, due to a decrease in print production requirements.

PERSONNEL: This submission reflects full-time equivalents required to produce the projected workload. Due to Document Services transformation, the total amount of FTEs anticipated to decrease to 400 FTEs, by FY 2020.

	FY 2018	FY 2019	FY 2020
Civilian End Strength	516	400	400
Civilian Full-Time Equivalents	568	421	400

CAPITAL BUDGET: The capital budget is the account used to fund investments exceeding the \$250,000 expense/investment criteria for: (1) Automated Data Processing Equipment (ADPE); (2) Non-ADPE; and (3) software developed for operational and management information systems. The equipment (ADPE) and software development capital support DLA Document Services function as a transformation agent moving DoD toward the use of online documents and services. Capital for minor construction projects are used to fund investments exceeding \$250,000. A capital budget item is assumed to have zero salvage value and is depreciated on a straight-line basis over its useful life. Depreciation is expensed and recovered as business related cost in DLA Document Services prices.

(\$M)	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Capital Budget Program			
Equipment (Non-ADPE)	0.000	0.000	0.000
Equipment (ADPE)	0.000	0.000	0.000
Software Development (SWD)	0.000	2.572	0.000
<u>Minor Construction</u>	<u>0.000</u>	<u>0.336</u>	<u>0.000</u>
Total	0.000	2.908	0.000

For FY 2018, requirements were below the \$250,000 capital threshold and did not require capital funds. DLA Document Services will restore requirements for software development and minor construction in 2019 only. FY 2020 requirements were below the \$250,000 capital threshold and did not require capital funds. Minor construction will support renovations and alterations to administrative and operational facilities.

SERVICE LEVEL BILLING TO SERVICES

DLA Document Services performs service level billing for both the Electronic Document Access (EDA), and Wide Area Workflow (WAWF). EDA total expense is allocated at 25% for each Service plus DLA. WAWF billing allocation is based on contract payment transactions used by each Service. To gain efficiencies, DLA consolidated the capabilities formerly provided through Electronic Document Access (EDA) with the Wide Area Workflow (WAWF) program for both development and sustainment. The following table provides the amounts to be paid by each Service, the DCMA, and the DLA are now reflected entirely under (WAWF), in FY 2020.

Wide Area Workflow (WAWF)*

(\$M)	FY 18	FY 19	FY 20
Army	5.025	5.243	7.758
Navy	3.929	4.051	5.962
Air Force	2.924	0.715	1.322
Marine Corps	0.732	3.098	5.628
DLA	6.222	6.434	8.941
DCMA	4.112	4.289	4.258
Total	22.944	23.830	33.868

Electronic Document Access (EDA)*

(\$M)	FY 18	FY 19	FY 20
Army	2.668	2.571	
Navy	2.000	1.954	
Air Force	0.666	0.617	
Marine Corps	2.668	2.571	
DLA	2.668	2.571	
Total	10.670	10.284	

* Totals may not match due to rounding

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 DLA Document Services
 Changes in the Cost of Operation
 Fiscal Year (FY) 2020 Budget Estimates
 March 2019

	<u>Cost</u>
FY 18 Actual:	315.0
FY 19 Estimate in President's Budget	382.4
Estimated Impact in FY 18 of Actual	
FY 18 Experience	
Civilian Personnel	(1.2)
Travel of Persons	(0.8)
Material & Supplies	1.1
Commercial Equipment Purchases	(0.1)
Other Purchased Services from Revolving Fund	(4.0)
Transportation of things	(0.4)
Printing and Reproduction	(0.3)
Advisory and Assistance Services	(15.7)
Rent, Communications, Utilities, and Misc	0.5
Other Purchased Services	(34.8)
Capital Investment Recovery	(11.6)
Pricing Adjustments:	
Annualization of FY 18 Pay Raise	0.2
FY 19 Pay Raise	0.8
General Purpose Inflation	5.9
Program Changes:	
Civilian Personnel	(15.6)
Travel of Persons	0.6
Material & Supplies	0.7
Commercial Equipment Purchases	1.0
Other Purchased Services from Revolving Fund	(0.9)
Transportation of things	(0.3)
Printing and Reproduction	(0.2)
Advisory and Assistance Services	26.0
Rent, Communications, Utilities, and Misc	(0.2)
Other Purchased Services	(15.9)
Capital Investment Recovery	(1.2)
FY 19 Current Estimate	401.4
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.2
FY 20 Pay Raise	0.0
General Purpose Inflation	7.3
Program Changes:	
Civilian Personnel	(19.6)
Travel of Persons	0.6
Material & Supplies	0.5
Commercial Equipment Purchases	1.5
Other Purchased Services from Revolving Fund	(0.9)
Transportation of things	(0.3)
Printing and Reproduction	(0.2)
Advisory and Assistance Services	22.2
Rent, Communications, Utilities, and Misc	(0.2)
Other Purchased Services	(3.3)
Capital Investment Recovery	(3.3)
FY 20 Current Estimate	400.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2020 Budget Estimates
March 2019
Source of New Orders and Revenue
(\$ in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
1. New Orders			
a. Orders from DoD Components	198.190	282.506	277.553
Department of the Navy	93.648	145.677	142.898
Operations and Maintenance, Navy	59.397	82.674	83.971
Operations and Maintenance, Marine Corps	23.647	44.887	41.628
O&M, Navy Reserve	2.262	4.629	4.339
O&M, Marine Corps Reserve	0.787	1.674	1.512
Aircraft Procurement, Navy	0.235	1.167	0.874
Shipbuilding & Conversion, Navy	0.982	1.085	1.365
Research, Development, Test & Eval, Navy	0.480	1.052	1.027
Military Construction, Navy	0.000	0.001	0.001
Other Navy Appropriations	0.914	1.406	1.472
Credit Card Purchases, Navy	4.944	7.102	6.709
Department of the Army	38.660	54.853	52.977
Army Operation and Maintenance	30.257	42.480	39.639
O&M, Army Reserve	0.449	0.510	0.641
Army National Guard	1.182	1.891	1.785
Army Res, Dev, Test & Eval Accounts	1.462	1.609	2.024
Army Procurement Accounts	0.632	0.775	0.975
Army Other	0.016	0.262	0.329
Credit Card Purchases, Army	4.662	7.326	7.584
Department of the Air Force	28.832	39.201	39.222
Air Force Operation & Maintenance	22.470	29.849	31.614
O&M, Air Force Reserve	0.316	0.471	0.592
Air Force National Guard	1.335	0.519	0.651
Air Force Res, Dev, Test & Eval Accounts	0.447	0.388	0.488
Air Force Procurement Accounts	1.222	0.763	0.960
Air Force Other	0.095	1.533	0.445
Credit Card Purchases, Air Force	2.947	5.678	4.472
DoD Appropriated Accounts	37.050	42.775	42.456
Operation & Maintenance Accounts	13.510	19.812	17.504
Res, Dev, Test & Eval Accounts	0.449	0.002	0.519
Procurement Accounts	0.005	0.104	0.131
Military Construction, Defense	0.000	0.000	0.000
Defense Health Program	19.852	17.160	18.620
DoD Other	0.093	0.582	0.732
Credit Card Purchases, Defense	3.141	5.115	4.950
b. Orders from other Fund Activity Groups	88.067	90.561	91.730
Navy	7.245	11.627	7.271
Army	1.213	5.144	3.503
Air Force	0.365	8.026	2.677
Other DoD	79.244	65.764	78.279
c. Total DoD	286.257	373.067	369.283
d. Other Orders	14.142	30.202	29.127
Other Federal Agencies	13.860	29.034	27.918
Credit Card Purchases	0.222	0.957	0.994
Non-Federal Agencies and Other	0.060	0.211	0.215
Total New Orders	300.399	403.269	398.410
2. Carry-In Orders	24.373	23.528	23.368
3. Total Gross Orders	324.772	426.797	421.778
4. Funded Carry-Over	23.528	23.368	23.368
5. Total Gross Sales	301.244	403.429	398.410

DLA Document Services
Revenue and Cost
Fiscal Year (FY) 2020 Budget Estimates
March 2019

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Revenue			
Gross Sales	301.244	403.429	398.410
Operations	0.000	0.000	0.000
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income:	301.244	403.429	398.410
Cost			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	45.675	38.459	35.364
Travel & Transportation of Personnel	0.254	1.075	1.094
Materials & Supplies (For Internal Operations)	15.226	15.377	15.452
Equipment Purchases	9.202	9.135	9.779
Other Purchases from Revolving Funds	12.862	18.793	19.249
Transportation of Things	1.385	1.668	1.692
Capital Investment Recovery	0.286	0.070	0.066
Printing and Reproduction	59.659	100.136	96.631
Advisory and Assistance Services	1.016	0.539	0.549
Rent, Communications, Utilities, & Misc. Charges	72.103	115.696	120.549
Other Purchased Services	97.305	100.494	99.732
Total Expenses:	314.973	401.442	400.157
Operating Result	(13.730)	1.987	(1.747)
Net Operating Result	(13.730)	1.987	(1.747)
Prior Year Adjustments			
Prior Year AOR	12.757	(0.240)	1.747
Accumulated Operating Result	(0.973)	1.747	(0.000)
Non-Recoverable Adjustment Impacting AOR:			
Deferred Operating Results and Depreciation	0.733		
Accumulated Operating Results for Budget Purposes	(0.240)	1.747	(0.000)

**Fiscal Year (FY) 2020 Budget Estimates
Defense Finance and Accounting Service
Activity Capital Purchase Justification
February 2019
(Dollars in Millions)**

		FY 2018		FY 2019		FY 2020	
Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE Equipment		\$ -		\$ -		\$ -
2	ADPE & Telecom Equip						
2a	- Computer Hardware (Production)		\$ -		\$ 0.8		\$ -
2b	- Computer Hardware (Network)		\$ 8.6		\$ 14.5		\$ 8.9
2c	- Computer Software (Operating System)		\$ -		\$ -		\$ -
2d	- Telecommunications		\$ -		\$ 0.6		\$ 2.0
2e	- Other Support Equipment		\$ -		\$ -		\$ -
3	Software Development						
3a	- Internally Developed		\$ 10.7		\$ 0.5		\$ 9.9
3b	- Externally Developed		\$ 0.7		\$ 13.8		\$ -
4	Minor Construction Capabilities						
4a	- Replacement		\$ -		\$ -		\$ -
4b	- New Construction		\$ 4.4		\$ 1.1		\$ 2.9
4c	- Environmental		\$ -		\$ -		\$ -
	TOTAL OBLIGATIONS		\$ 24.4		\$ 31.2		\$ 23.7
	Total Capital Outlays		\$ 19.9		\$ 25.2		\$ 25.4
	Total Depreciation Expense		\$ 32.7		\$ 37.7		\$ 35.1

**Fiscal Year (FY) 2020 Budget Estimates
 Defense Finance and Accounting Service
 Capital Purchase Justification
 ADPE Telecom
 February 2019**

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 2 - ADPE and Telecom Equipment 2a - Computer Hardware (Production)			D. Activity Identification A. ERM					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Enterprise Risk Management Toolset (ERM)						\$ -			\$ 810			\$ -
Narrative Justification: A. FY19 funding will be used for an Enterprise Risk Management Toolset (ERM). Current environment consists of eight applications that are independent of each other: AART, AMT, FISCAM, FFMA, ICONTROL, IDASHBOARD, METRICS, and REMEDY (Audit module). These tools do not provide a long-term, centralized platform to support the maturity of the Agency's risk management activities. This new system will allow for standardization in the risk control space for more efficient Audit Steadiness operations.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)			D. Activity Identification A. ELAN					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Enterprise Local Area Network (ELAN)						\$ 4,883			\$ 10,527			\$ 4,881
Narrative Justification: A. ELAN is the primary backbone computing infrastructure for the Agency. Major services include network connectivity, messaging and fax services, collaboration capabilities, remote connectivity, network storage, and application hosting environments to enable DFAS Lines of Business to accomplish their respective missions. FY20 funds will allow for sustainment efforts to ensure that the various services offered by the infrastructure are kept in compliance. This includes equipment replacement scheduled for vendor end-of-service life, upgrades for compatibility, addressing security requirements and satisfying DoD mandates. FY19 funds will focus on hardware refresh of several security infrastructure components that could potentially reach vendor end of life. Key subprojects include Premise Router and Network Backbone Sustainment, Network Storage Sustainment, FAX Sustainment, Big-IP Refresh, Network Analyzer Sustainment, Virtual Desktop Initiative, Enterprise Backup, and DoD JFHQ DODIN Directed out-of-cycle mandates and refreshes.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)			D. Activity Identification B. Security					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Security						\$ 3,707			\$ 3,925			\$ 3,969
Narrative Justification: B. The Security program consists of the Vulnerability Assessment Team (VAT) and Computer Network Defense Service Provider (CNDSP) team. The VAT assesses all DFAS networks, identifying any security weaknesses and recommending actions to minimize or eliminate them to ensure DFAS is kept safe. The CNDSP team performs services such as vulnerability scanning, incident analysis and reporting, external intrusion attempt monitoring and response, secure configuration compliance and implementation of DoD US Cyber Command initiatives. The security program replaces equipment on a 5 year life cycle. FY20 sustainment efforts will ensure the various services offered by the security infrastructure remain in compliance. This means replacing equipment scheduled for vendor end of service life, upgrades for compatibility, addressing security requirements, and satisfying DoD mandates. Efforts for FY19 include Bluecoat sustainment, Continuous Monitoring, Intrusion Detection / Prevention System refresh, CND Security Toolset, and DoD JTF-GNO Directives Sustainment.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 2 - ADPE and Telecom Equipment 2d - Telecommunications			D. Activity Identification A. Unified Communications (UNCOMM)					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Unified Communications (UNCOMM)						\$ -			\$ 600			\$ 2,000
Narrative Justification: A. Teleservices provides the underlying infrastructure for communication services for the agency. It consists of many individual parts which must work in harmony and be kept current to ensure all DFAS Lines of Business continue to meet their respective missions. Teleservices cost is mainly driven by Government and DoD mandates required to fulfill law and technical sustainment due to vendor end of life. FY20 funding will be used to replace infrastructure components that are approaching end of life and support and to enhance Video Conferencing (VTC) capability by adding additional end points. Hardware and Software will be updated so that RMF requirements continue to be met. For FY19, funding is requested to add some additional redundancy to the Care Center infrastructure and replace and expand VTC capabilities.												

**Fiscal Year (FY) 2020 Budget Estimates
Defense Finance and Accounting Service
Capital Purchase Justification
Software
February 2019**

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification A. RLS Cash Accountability - DCAS					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Reduced Legacy System (RLS) Cash Accountability - Defense Cash Accountability System (DCAS) (HQARS/DDARS/DCMS-IBOP)						\$ -			\$ -		\$ 4,742	
Narrative Justification: A. RLS is an agency initiative to continue providing world class service to our customers, while reducing the number of DFAS-owned systems. DCAS is an automated tool that yields increased processing efficiency and improved reporting/analysis of Department of Defense (DoD) cash transactions. It is designed to support both daily reporting in support of Government Wide Accounting (GWA) for those disbursements made by Department of Defense (DoD) as well as direct to treasury disbursing activities on behalf of the Enterprise Resource Planning (ERPs). FY20 funding will support the agency's RLS initiative by subsuming a portion of the functionality for Headquarters Accounting and Reporting System (HQARS), Defense Disbursing Analysis Reporting System (DDARS), and Departmental Cash Management System-International Balance of Payments (DCMS-IBOP) into DCAS.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification B. DIFMS					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Defense Industrial Financial Management System (DIFMS)						\$ 334			\$ -		\$ 2,900	
Narrative Justification: B. The Defense Industrial Financial Management System (DIFMS) is the accounting system of record for three Navy Fleet Readiness Centers, two Marine Corps Logistics Bases and three Air Logistics Centers. As such, the system is composed of accounting and reporting subsystems which deal with appropriation account information and general ledger accounting structures. FY20 funding will be used to develop the remaining 21 Standard Financial Information Structure (SFIS) data elements to become SFIS/SLOA compliant.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification C. MOCAS					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Mechanization of Contract Administration Services (MOCAS) (Prompt Pay for MOCAS Mid-Tier)						\$ -			\$ -		\$ 870	
Narrative Justification: C. MOCAS currently relies on a micro-application called Prompt Pay, which is an application under the MOCAS MidTier system, to make interest payments due on MOCAS paid contracts. MOCAS MidTier was selected for retirement through the Reduce Legacy Systems (RLS) agency initiative. FY20 funding will be used to complete an end to end change process within MOCAS to add functionality to process interest payments, which will allow the retirement of the Prompt Payment application.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification D. CDS					
Element of Cost				FY 2018			FY 2019			FY 2020		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Centralized Disbursing System (CDS)						\$ -			\$ -		\$ 750	
Narrative Justification: D. The Centralized Disbursing System (CDS) is a payment and collection system generating check issue and Electronic Fund Transfer (EFT) files and required accountability data to the General Accounting and Finance System - Base Level (GAFS-BL). CDS performs general activities common for disbursing collecting, payment processing, Electronic Funds Transfer (EFT), check issue, printing for legal retention of records and accountability reporting processes. FY20 funding will be used to develop the mandated Standard Line of Accounting (SLOA) capability.												

**Fiscal Year (FY) 2020 Budget Estimates
 Defense Finance and Accounting Service
 Capital Purchase Justification
 Software
 February 2019**

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification E. SCRT					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
E. Standard Contract Reconciliation Tool (SCRT)						\$ -			\$ -			\$ 375
Narrative Justification: E. The Standard Contract Reconciliation Tool (SCRT) automates and streamlines the contract reconciliation process. SCRT interfaces with six accounting systems and Mechanization of Contract Administrative Services (MOCAS). Document Tracking Log (DTL) is an application under the MOCAS MidTier system that tracks audit requests for MOCAS. MOCAS MidTier was selected for retirement through the Reduce Legacy Systems (RLS) agency initiative. FY20 funding will be used to add the DTL data and functionality into SCRT.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification F. RLS - DDRS					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
F. Reduced Legacy System (RLS) - Defense Departmental Reporting System (DDRS) (HQARS)						\$ -			\$ -			\$ 259
Narrative Justification: F. RLS is an agency initiative to continue providing world class service to our customers, while reducing the number of DFAS-owned systems. The Defense Departmental Reporting System (DDRS) is the official Department of Defense (DoD) departmental financial reporting system. The system produces all required financial reports based on data submitted by field accounting systems. FY20 funding will support the agency's RLS initiative by subsuming a portion of the functionality for Headquarters Accounting and Reporting System (HQARS) into DDRS.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification G. DCPS					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
G. Defense Civilian Payroll System (DCPS)						\$ 3,013			\$ 400			\$ -
Narrative Justification: G. The Defense Civilian Payroll System (DCPS) is used to process payroll for federal civilian employees according to existing regulatory, statutory, and financial information requirements relating to civilian pay entitlements and applicable policies and procedures. DCPS does not currently calculate and charge interest, penalties, or administrative fees on salary debts that become delinquent. Based upon the findings of a 2012 Internal Review audit, DCPS debt processing is not in compliance with the Debt Collection Act of 1982 (DCA). FY19 funding will be used to add functionality to charge and collect interest, penalties, and administrative fees on salary debts that become delinquent. An estimated 90% of DCPS debts created today are not paid in full within the allowed 30 days (45 days for some OCONUS debts) and would incur some interest, penalty, or fees.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification H. ERM					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
H. Enterprise Risk Management Toolset (ERM)						\$ -			\$ 92			\$ -
Narrative Justification: H. FY19 funding will be used for an Enterprise Risk Management Toolset. Current environment consists of eight applications that are independent of each other: AART, AMT, FISCAM, FFMIA, ICONTROL, IDASHBOARD, METRICS, and REMEDY (Audit module). These tools do not provide a long-term, centralized platform to support the maturity of the Agency's risk management activities. This new system will allow for standardization in the risk control space for more efficient Audit Steadiness operations.												

**Fiscal Year (FY) 2020 Budget Estimates
Defense Finance and Accounting Service
Capital Purchase Justification
Software
February 2019**

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification A. SMAS		
Element of Cost				FY 2018		FY 2019		FY 2020	
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Standard Material Accounting System (SMAS)						\$ -			\$ 3,913
Narrative Justification: A. The Standard Material Accounting System (SMAS) utilizes different structures to represent the Line of Accounting (LOA). The LOA is used to identify the funding source associated with an organization's budget and to ensure accurate accounting transactions. SMAS SFIS Implementation will establish a common business language and interoperability between each interfacing system for transactional data exchange. FY19 funding will be used to upgrade SMAS to be compliant with Standard Financial Information Structure (SFIS) and the Standard Line of Accounting (SLOA) mandates. This project will make the system SFIS compliant for the remaining 73 data elements. Additionally, FY19 funding will be used to transfer from IAPS to SMAS the local purchase functionality. Reusing this portion of SMAS to building a single capability for the AF Medical Squadrons across all AF Commands is in the best long term interest for capital planning.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification B. CEDMS		
Element of Cost				FY 2018		FY 2019		FY 2020	
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Corporate Electronic Document Management System (CEDMS)						\$ -			\$ 3,000
Narrative Justification: B. Corporate Electronic Document Management System (CEDMS) system is the focal point for document storage at DFAS. CEDMS is an automated, standardize and centralize repository for all document storage. The system supports document management, record keeping, record retrieval, record staging, and document security for management of various types of electronic source documents. FY19 funding will be used to provide a more robust enterprise solution, CEDMS requires additional customization to include full PII redaction; development of ad hoc reporting capabilities; development of user generated reports; and integration with MS SharePoint.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification C. One Pay		
Element of Cost				FY 2018		FY 2019		FY 2020	
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. One Pay						\$ -			\$ 2,966
Narrative Justification: C. One Pay utilizes different structures to represent the Line of Accounting (LOA). One Pay SFIS Implementation will establish a common business language and interoperability between each interfacing system for transactional data exchange. One Pay must be interoperable with all interface (trading) partners - successfully sending and receiving SFIS data and information therefore eliminate non-standard LOAs and reduce errors, rejections, reconciliation issues, unmatched disbursements, unsupported eliminations, and higher costs to develop and maintain disparate interfaces. FY19 funding will be used to upgrade One Pay to be compliant with Standard Financial Information Structure (SFIS) and the Standard Line of Accounting (SLOA) mandates. This project will make the system SFIS compliant for the remaining 73 data elements.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification D. ERM		
Element of Cost				FY 2018		FY 2019		FY 2020	
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Enterprise Risk Management Toolset (ERM)						\$ -			\$ 1,659
Narrative Justification: D. FY19 funding will be used for an Enterprise Risk Management Toolset (ERM). Current environment consists of eight applications that are independent of each other: AART, AMT, FISCAM, FFMIA, ICONTROL, IDASHBOARD, METRICS, and REMEDY (Audit module). These tools do not provide a long-term, centralized platform to support the maturity of the Agency's risk management activities. This new system will allow for standardization in the risk control space for more efficient Audit Steadiness operations.									

Fiscal Year (FY) 2020 Budget Estimates
 Defense Finance and Accounting Service
 Capital Purchase Justification
 Software
 February 2019

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification E. REMEDY					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
E. Remedy Action Request System (REMEDY)						\$ -			\$ 1,400			\$ -
Narrative Justification:												
E. Use of Remedy Information Technology Service Management (ITSM) will allow for streamlining of help desk customers and includes capabilities not available with the current Remedy application. This will include broader access to Remedy and allow more self-service capabilities. FY19 efforts will allow for current individual help desks to be consolidated and additional help desks to utilize Remedy via the ITSM environment. ITSM will provide a simpler approach which in turn allows for a shorter turnaround time from requirements to configuration to implementation. Additional ITSM capabilities will also be available such as tools identifying an application's health using help desk metrics.												

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification F. CMIS					
Element of Cost				FY 2018		FY 2019			FY 2020			
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
F. Configuration Management Information System (CMIS)						\$ -			\$ 841			\$ -
Narrative Justification:												
F. Configuration Management Information System (CMIS) acts as the DFAS repository for Configuration Management. It is a Powerbuilder GUI and Oracle Database that warehouses, and maintains DFAS Systems Configuration Management functions. Currently there are shortcomings inherent to the system significant enough that a replacement of CMIS is requested. FY19 efforts will allow for the CMIS application to be CAC-enabled and available to users via the web via a Commercial Off-the-Shelf (COTS) replacement of the current application. Delivery of releases will be quicker and easier and will no longer need to be delivered to the user's workstation.												

**Fiscal Year (FY) 2020 Budget Estimates
 Defense Finance and Accounting Service
 Capital Purchase Justification
 Minor Construction
 February 2019**

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2019	C. Line No and Item Description 4 - Minor Construction Capabilities						D. Activity Identification		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
4b - New Construction									
A. Limestone			\$ 1,412			\$ -			\$ 1,800
B. Columbus			\$ 2,295			\$ 700			\$ 550
C. Cleveland			\$ 309			\$ 368			\$ 315
D. Indianapolis			\$ 389			\$ -			\$ 280
Total New Construction			\$ 4,405			\$ 1,068			\$ 2,945

Narrative Justification:

A. FY20 funds (\$850K) will cover the purchase and installation of security turnstile and metal detector units to increase security measures at the facility. These units will be placed at the front, rear, west, and east entrances of the building. These units are important precautionary measures for the safety and security of all DFAS Limestone personnel. FY20 funds (\$950K) will also be used for procurement and installation of a single Automatic Transfer Switch and associated ancillary equipment which would allow full use of the generators capabilities and provide sufficient electrical power to operate the DFAS-LI facility at full capacity with no mission degradation or restrictions, in addition to fully automating the switching process. Additionally, this would allow them to operate all of the infrastructure systems during extreme winter weather. This would preclude severe facility damage due to a freeze-up in the event of an extended power outage.

B. FY20 funds (\$550K) will cover the installation of overhangs on all of the entrances to DFAS CO Building 21. This will prevent employees slip falls when it rains or snows. Extends outside overhang coverings on eight exposed entry doors leading into Bldg.21, DFAS-CO. Extensions will provide additional weather covering to current entry doors, protecting security entry card readers, door thresholds, hinges and locking mechanisms. FY19 funds (\$700K) will cover the redesign of the layout of the kitchen and cafeteria areas: improve flooring, improve electrical service to the kitchen, move and/or construct new walls, relocate kitchen cooling units to improve serviceability, reconfigure dining area to make it a multipurpose room for conference center overflow, and provide for a more efficient traffic flow to meet the needs of the vendor.

C. FY20 funds (\$315K) will be used to convert a vault currently used to process treasury check payments into a secure operations center. The room does not have a vault door, is not equipped with proper raceways, has not been soundproof tested, lacks an intrusion detection system, and lacks all SIPRNet infrastructure. FY19 funds (\$368K) is for the relocation of the DFAS Cleveland mailroom. The mailroom operations will be moved from the 9th floor to the 26th floor. DFAS is being relocated off of the 9th floor because the VA is moving in. In this build out, a sound proof equipment room and a small meeting room will be built. This new space will house 24 employees.

D. FY20 funds (\$280K) will be used to expand collateral work space within the DFAS Site Operations Center (DSOC) to include an additional 50 work stations, mechanical systems relocation and upgrades, Security bars/Ducts/dielectric breaks for all ductwork, new electrical systems upgrades for systems furniture, back up emergency power for critical mission systems. This project also includes the construction of a conference room with an additional secure/non secure VTC room, DATA lines supporting both NIPR/SIPR communications. The installation of security door exit door (STC 50 rated doors with High Security hinges/exit only panic hardware) and additional security system to include Intrusion Detection System and Secure window film for all exterior windows.

**Fiscal Year (FY) 2020 Budget Estimates
Defense Finance and Accounting Service
Capital Budget Execution
February 2019
(Dollars in Millions)**

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
FY 2018				
ADPE and Telecom	\$ 17.820	\$ 8.590	\$ (9.230)	Decrease due to cancellation of the Desktop Management Initiative (DMI) Virtual Desktop Initiative (VDI), DFAS Portal high availability system, and Telecommunications PBX project .
Software Development	\$ 5.944	\$ 11.427	\$ 5.483	Increase due to emerging requirements for Defense Civilian Payroll Systems (DCPS) development project for a self-service reporting tool and for the Reduced Legacy Systems (RLS) initiative to subsume two additional systems into the Defense Cash Accountability System (DCAS). Another emerging requirement contributing to the increase is for additional labor costs to support the DCAS Enterprise Strategy initiative.
Minor Construction	\$ 7.518	\$ 4.405	\$ (3.113)	Decrease due to cancellation of the Rome sensitive activities build out project, Indianapolis sensitive activities renovation project, and Limestone weather protective security gate project.
Total FY 2018	\$ 31.282	\$ 24.423	\$ (6.859)	
FY 2019				
ADPE and Telecom	\$ 16.111	\$ 15.862	\$ (0.249)	
Software Development	\$ 8.736	\$ 14.271	\$ 5.535	Increase due to emerging requirements for Standard Material Accounting System (SMAS) and One Pay to develop remaining SFIS functionality to become compliant with DoD mandate to standardize financial reporting. Another emerging requirement contributing to the increase is to transfer the local purchase functionality from IAPS to SMAS.
Minor Construction	\$ 0.700	\$ 1.068	\$ 0.368	Increase due to emerging requirement for Cleveland to move the mailroom operations from the 9th floor to the 26th floor.
Total FY 2019	\$ 25.547	\$ 31.201	\$ 5.654	
FY 2020				
ADPE and Telecom	\$ 12.931	\$ 10.850	\$ (2.081)	Decrease due to lower than planned estimated costs for ELAN requirements.
Software Development	\$ 9.360	\$ 9.896	\$ 0.536	Increase due to emerging requirement for the Reduced Legacy Systems (RLS) initiative to subsume DCMS IBOP into the Defense Cash Accountability System (DCAS).
Minor Construction	\$ 1.400	\$ 2.945	\$ 1.545	Increase due to emerging requirements for Limestone to install a single automatic transfer switch to allow full use of generator capabilities, for Cleveland to convert a vault currently used to process treasury check payments into a secure operations center, and for Indianapolis to expand collateral work space within their Site Operations Center.
Total FY 2020	\$ 23.691	\$ 23.691	\$ 0.000	

Activity Group Capital Investment Summary
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

	FY 2018 Quantity	FY 2018 Total Cost	FY 2019 Quantity	FY 2019 Total Cost	FY 2020 Quantity	FY 2020 Total Cost
Non-ADPE Equipment	25.000	\$12.151	17.000	\$45.900	9.000	\$60.000
Replacement Equipment	25.000	\$12.151	17.000	\$45.900	9.000	\$60.000
EMSS Gateway HVAC Replacement	0.000	\$0.000	1.000	\$0.900	0.000	\$0.000
Facilities Equipment	25.000	\$12.151	16.000	\$45.000	9.000	\$60.000
ADPE & Telecom Equipment Capabilities	6.000	\$11.668	5.000	\$14.600	12.000	\$177.797
Telecom-	2.000	\$2.257	0.000	\$0.000	1.000	\$23.602
Virtual Desktop Infrastructure - Hardware and Devices	1.000	\$1.581	0.000	\$0.000	0.000	\$0.000
Netscout	1.000	\$0.676	0.000	\$0.000	0.000	\$0.000
Fourth Estate Network Optimazation	0.000	\$0.000	0.000	\$0.000	1.000	\$23.602
Other Support Equipment	4.000	\$9.411	5.000	\$14.600	11.000	\$154.195
CERTUS Lawful Intercept	0.000	\$0.000	1.000	\$1.000	0.000	\$0.000
EMSS Gateway Evolution	1.000	\$2.634	3.000	\$6.020	4.000	\$12.478
EMSS STL	1.000	\$2.924	0.000	\$0.000	0.000	\$0.000
GVS Equipment	0.000	\$0.000	1.000	\$7.580	1.000	\$4.780
EMSS Gateway Transformation	1.000	\$0.004	0.000	\$0.000	0.000	\$0.000
EMSS Secure Voice Upgrade	1.000	\$3.849	0.000	\$0.000	0.000	\$0.000
Perimeter Defense	0.000	\$0.000	0.000	\$0.000	1.000	\$1.451
Cross Domain Enterprise Services	0.000	\$0.000	0.000	\$0.000	1.000	\$2.824
Public Key Infrastructure	0.000	\$0.000	0.000	\$0.000	1.000	\$1.934
DISN Critical Infrastructure	0.000	\$0.000	0.000	\$0.000	1.000	\$13.000
DISN Survivable Networking	0.000	\$0.000	0.000	\$0.000	1.000	\$61.175
DISN Internet Protocol (IP) Optimization	0.000	\$0.000	0.000	\$0.000	1.000	\$56.553
Software Development	9.000	\$17.593	7.000	\$12.464	6.000	\$9.100
Externally Developed	9.000	\$17.593	7.000	\$12.464	6.000	\$9.100
AppDynamics	0.000	\$0.000	1.000	\$4.000	0.000	\$0.000
CMM Expansion Phase I	0.000	\$0.000	0.000	\$0.000	1.000	\$1.538
Enterprise Email (EE) Software Phase I SIPR	1.000	\$1.768	0.000	\$0.000	0.000	\$0.000

Activity Group Capital Investment Summary
Defense Information Systems Agency
INFORMATION SERVICES ACTIVITY GROUP
March 2019
(Dollars in Millions)

	FY 2018 Quantity	FY 2018 Total Cost	FY 2019 Quantity	FY 2019 Total Cost	FY 2020 Quantity	FY 2020 Total Cost
Enterprise Email (EE) Software Phase II	1.000	\$2.756	0.000	\$0.000	0.000	\$0.000
Mainframe SMS Messaging as a Service - Phase I	0.000	\$0.000	1.000	\$0.607	0.000	\$0.000
Mainframe SMS Messaging as a Service - Phase II	0.000	\$0.000	0.000	\$0.000	1.000	\$2.414
New Financial System	1.000	\$2.807	1.000	\$0.500	1.000	\$0.500
Server Automation - Phase I	0.000	\$0.000	1.000	\$2.459	0.000	\$0.000
Server Automation - Phase II	0.000	\$0.000	0.000	\$0.000	1.000	\$2.049
Splunk Expansion	1.000	\$2.655	1.000	\$2.434	0.000	\$0.000
IDEAS	1.000	\$4.138	1.000	\$1.600	1.000	\$1.600
Virtual Desktop Infrastructure - Software	1.000	\$0.586	0.000	\$0.000	0.000	\$0.000
Z/Secure	1.000	\$1.926	0.000	\$0.000	0.000	\$0.000
HATS (Host Access Transformation Services)	1.000	\$1.030	0.000	\$0.000	0.000	\$0.000
EDMS Upgrade	0.000	\$0.000	1.000	\$0.864	0.000	\$0.000
Application Discovery Software	1.000	(\$0.072)	0.000	\$0.000	0.000	\$0.000
Fourth Estate Network Optimization (SW)	0.000	\$0.000	0.000	\$0.000	1.000	\$1.000
Minor Construction Capabilities	4.000	\$1.221	3.000	\$2.850	4.000	\$2.100
New Construction	4.000	\$1.221	3.000	\$2.850	4.000	\$2.100
EMSS RET Construction	1.000	\$0.054	0.000	\$0.000	0.000	\$0.000
Minor Construction - Facilities	3.000	\$1.167	3.000	\$2.850	4.000	\$2.100
Total	44.000	\$42.632	32.000	\$75.814	31.000	\$248.997
Total Capital Investment Recovery		\$37.155		\$44.166		\$50.696
Total Capital Outlays		\$74.270		\$77.578		\$134.713

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. Non-ADPE Equipment				D. EMSS Gateway HVAC Replacement			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Gateway HVAC Replacement	0	0.000	0.000	1	900.000	900.000	0	0.000	0.000
Narrative Justification:									
The Heating, Ventillation, Air Conditioning and Cooling (HVAC) systems provide essential climate control to ensure the viability of critical communications equipment within two nearby Enhanced Mobile Satellite Services (EMSS) facilities in Wahiawa, Hawaii. The HVAC system is a critical component in maintaining proper operating temperatures for communications equipment that emit significant amounts of heat during normal operation. Failure to implement these replacements will result in equipment being destroyed by irregular conditions.									
Description and Purpose:									
The purpose and objective of the Gateway HVAC Project is to facilitate the core mission of EMSS (i.e., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service.									
Current Deficiency and/or Problem:									
The EMSS Gateway HVAC system is reaching end-of-life and needs to be replaced to ensure proper climate control of the EMSS facilities and equipment. The completion of the Gateway HVAC project is expected to result in a properly controlled facility that promotes an efficient operational environment for communication equipment, reduces downtime of equipment due to overheating failure, and increases the life expectancy of equipment. This investment will reduce the need to replace equipment prematurely.									
Impact:									
Failure to provide the capital dollars requested above will result in the daily increased potential for a catastrophic HVAC failure that will range from premature failure of equipment to an entire shutdown of the facility due to overheating.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. ADPE and Telecom - Equipment					D. EMSS Gateway Evolution		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Gateway Evolution	1	2,634.216	2,634.216	3	2,006.667	6,020.000	4	3,119.500	12,478.000
Narrative Justification:									
The Gateway Evolution project is a series of activities that refreshes various components of the Enhanced Mobile Satellite Services (EMSS) Gateway to ensure security compliance and alignment with the Iridium Commercial Baseline (ICB). Maintaining alignment of the ICB is critical to continued operation of the network over the Iridium Satellite Constellation.									
Description and Purpose:									
The purpose and objective of the Gateway Evolution Project is to facilitate the core mission of EMSS (i.e., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service. In FY 2019, the project has three components: 1) The Out-of-Band Management SyncServer provides network timing protocol, domain name, and management services for the Gateway. 2) The Gateway Infrastructure Equipment (GIE)/Operations Maintenance Center (OMC) provides various routers/switches, patch panels and servers that provide operations and maintenance support and monitoring of the Iridium-provided gateway equipment. 3) The Customer Account Portal (CAP) establishes a single portal for customers and managers to review account and usage information on demand. The FY 2020 project has four components, which includes: 1) Continued funding of the GIE/OMC. 2) The Feeder-link Terminal (FLT) & Teleport Controller (TPC) enclave provides the FLT resources that connect the Iridium constellation with the EMSS Gateway. The TPC manages the FLT resources to provide a continuous connection between the EMSS gateway and the Iridium Constellation. 3) The Access Network Controller (ANC)/Gateway Location Server (GWLS) provides the call processing (cellular base station) functionality for the Gateway. The GWLS provides a location server to perform the calculations related to position determination of the subscriber equipment. 4) The Lucent 5ESS Replacement is a replacement for a class 5 telephone electronic switching system that provides switching and signaling functions between networks.									
Current Deficiency and/or Problem:									
Various EMSS Gateway components or capabilities are reaching end of life or otherwise need to be replaced. The components that are being addressed by this effort will cumulatively ensure availability of all current and planned capabilities of EMSS services and ensure that the security posture of all facilities are modernized.									
Impact:									
Failure to provide the capital dollars requested above will result in significantly increased operational risk.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)				A. Fiscal Year 2020						
B. Telecommunications Services / March 2019		C. ADPE and Telecom - Equipment			D. Certus Lawful Intercept					
Element of Cost	FY 2018			FY 2019			FY 2020			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Certus Lawful Intercept	0	0.000	0.000	1	1,000.000	1,000.000	0	0.000	0.000	
Narrative Justification:										
<p>The Certus Lawful Intercept provides the ability of Federal Law Enforcement agencies to perform warrants for monitoring and intercepting of data and voice transmissions. This ability is a Federal requirement that needs to be enacted in order to bring the Certus system online and allow the flow of commercial transmissions through the Enhanced Mobile Satellite Services (EMSS) Gateway.</p>										
Description and Purpose:										
<p>The purpose and objective of the EMSS Certus Lawful Intercept Project is to facilitate the core mission of EMSS (i.e., deliver Iridium-based satellite communications capabilities) by complying allowing the Certus traffic to start transmissions. This project is to purchase networking hardware and associated software, along with the labor to install, configure and test it.</p>										
Current Deficiency and/or Problem:										
<p>The EMSS Gateway is currently undergoing installation of the Certus Baseband equipment. The completion will result in the ability for the DoD to leverage the latest high data rates of the NEXT constellation by providing truly global coverage to disadvantaged Government users around the world. The Certus Lawful Intercept project is a complementary piece that allows for the legal operation of the Certus capability.</p>										
Impact:										
<p>Failure to provide the capital dollars requested above will result in a delay of EMSS Certus traffic. This delay will significantly impact global operations of disadvantaged users that have already started planning and incorporating the Certus capability into their real-world mission CONOPS in anticipation of release.</p>										

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. ADPE and Telecom - Equipment				D. Global Video Services (GVS)			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
GVS Refresh	0	0.000	0.000	1	7,580.000	7,580.000	1	4,780.000	4,780.000
Narrative Justification:									
Global Video Services (GVS) provides a full suite of on-demand, high-quality assured video conference capabilities to interact visually with unclassified (GVS-U), classified (GVS-C), and international ally (GVS-A) endpoints. This project includes a series of activities that refreshes various components of the GVS infrastructure. Components have reached end-of-support and will no longer be receiving patches from the vendors to support Information Assurance Vulnerability Mitigations (IAVMs) or enhanced feature development.									
Description and Purpose:									
This project includes technology refreshment/upgrades of the following components: Gatekeepers, Multipoint Control Units (MCUs), and Integrated Services Digital Network (ISDN) Gateway: Provide video teleconferencing (VTC) capabilities to the Warfighter, DoD, and mission partner VTC endpoints. Internet Protocol Keyboard Video Mouse (IPKVM): The GVS Internet Protocol Keyboard Video Mouse (IPKVM) devices provide management capability of the architecture devices to the DISA Global Operations Center (DGOC). Session Border Controller (SBC): The GVS Session Border Controller (SBC) stack is required in order to meet approved Joint Interoperability Test Command (JITC) and Joint Regional Security Stacks (JRSS) configurations. The current architecture does not allow for this deployment and introduces unnecessary cybersecurity risks that minimize the program's ability to manage traffic, jeopardizing its accreditation. GVS Core: GVS service offerings are currently dependent on a core appliance-based infrastructure to provide video teleconferencing (VTC) capabilities to the Warfighter, DoD, and mission partner VTC endpoints. To take advantage of the best in class industry features for Command and Control (C2) capabilities, this infrastructure needs to be upgraded/replaced. Additionally, existing hardware and associated software, including portals and routers, are reaching end of life, leading to decreasing reliability and increasing cybersecurity vulnerability.									
Current Deficiency and/or Problem:									
Current components are end-of-support and will no longer be receiving patches from the vendors to support Information Assurance Vulnerability Mitigations (IAVMs) or enhanced feature development.									
Impact:									
Without refreshing/upgrading devices, the GVS system and its customers are at risk for future vulnerabilities and the program will be unable to offer future enhancements to the service.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. Software Development				D. EDMS Upgrade			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EDMS Upgrade	0	0.000	0.000	1	864.000	864.000	0	0.000	0.000
Narrative Justification:									
This project will modernize the current contract filing system, the Electronic Document Management System (EDMS), to ensure compatibility with the new contract writing system.									
Description and Purpose:									
EDMS is a critical part of the contracting process for the Defense Information Technology Contracting Organization (DITCO). It houses all of the contract files from pre-award to post-award of the contract. Without EDMS, the contracting officer/contract specialist would not have an organized filing system and auditability of the contract.									
This project will transition the EDMS from a client server platform to a web-based environment, which will allow for continuity of the application to withstand operating system upgrades, easier implementation of changes to the application, and decreased maintenance. This requirement will be fulfilled with a commercial off the shelf (COTS) product that will provide compliant contract filing and improved business processes.									
Contract filing will be included in the new contract writing system, the Integrated Defense Enterprise Acquisition System (IDEAS); however, implementation of a new web-based contract writing system for traditional contracts has been delayed. Due to the delay, it is critical that the existing contract filing system, EDMS, remain operational. In addition, once the new contract writing system is implemented, EDMS must remain operational for historical information purposes.									
Current Deficiency and/or Problem:									
This project is required to avoid an emerging deficiency as a result of future operating system upgrades to the contract filing system.									
Impact:									
If unfunded, implementation of policy, procedural, security, infrastructure, or interface changes will not occur.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. Software Development				D. IDEAS			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
IDEAS	1	4,138.000	4,138.000	1	1,600.000	1,600.000	1	1,600.000	1,600.000
Narrative Justification:									
The Integrated Defense Enterprise Acquisition System (IDEAS) is the Defense Information Technology Contracting Organization's (DITCO's) modernized procurement system used for telecommunications and traditional contracting business.									
Description and Purpose:									
This capital project will provide a mechanism to fulfill expected change requests to the Integrated Defense Enterprise Acquisition System (IDEAS). Changes to policy, procedures, security, infrastructure, and interfaces can drive urgent enhancements and the organization must be agile enough to satisfy those enhancements promptly.									
Current Deficiency and/or Problem:									
A deficiency does not currently exist.. This authority is being requested to ensure any emerging deficiencies can be resolved timely.									
Impact:									
If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. Software Development					D. New Financial System		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Financial System	1	2,807.000	2,807.000	1	500.000	500.000	1	500.000	500.000
Narrative Justification:									
The DISA has implemented a new enterprise financial system beginning FY 2019 by modernizing the legacy Financial Accounting Management Information System (FAMIS). The new financial system provides a single, compliant system that will reduce manual, off-line efforts and establish standardized cost structures across the Information Services Activity Group.									
Description and Purpose:									
Capital investment program authority for software development is required to ensure the new financial system will remain compatible with other legacy and future systems and so that any change requests required to implement policy, procedural, or security changes can be met. The DISA must be able to rapidly address compatibility issues to ensure the financial operations of the Agency are not negatively impacted.									
Current Deficiency and/or Problem:									
A deficiency does not currently exist.. This authority is being requested to ensure any emerging deficiencies can be resolved timely.									
Impact:									
If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020			
B. Telecommunications Services / March 2019			C. ADPE and Telecom - Equipment				D. Defense Information Systems Network (DISN) Infrastructure and Cybersecurity			
Element of Cost	FY 2018			FY 2019			FY 2020			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Perimeter Defense	0	0.000	0.000	0	0.000	0.000	1	1,451.000	1,451.000	
Cross Domain Enterprise Services	0	0.000	0.000	0	0.000	0.000	1	2,824.000	2,824.000	
Public Key Infrastructure	0	0.000	0.000	0	0.000	0.000	1	1,934.000	1,934.000	
DISN Critical Infrastructure	0	0.000	0.000	0	0.000	0.000	1	13,000.000	13,000.000	
DISN Survivable Networking	0	0.000	0.000	0	0.000	0.000	1	61,175.000	61,175.000	
DISN Internet Protocol (IP) Optimization	0	0.000	0.000	0	0.000	0.000	1	56,553.000	56,553.000	
TOTAL	0	0.000	0.000	0	0.000	0.000	6	22,822.833	136,937.000	
Narrative Justification:										
The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and										
Description and Purpose:										
Capital investment program authority is required to purchase and install end-of-life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating Capital investment program authority is also required to replace end-of-life equipment providing cybersecurity capabilities and to invest in new/expanded capabilities to increase the security posture of the DoD										
Current Deficiency and/or Problem:										
The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA										
Impact:										
If these capabilities are not funded, DISA will be unable to meet the technology refreshment and equipment upgrades required to ensure a secure and robust global network is available to the DoD and its mission partners.										

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. ADPE & Telecom Equipment				D. Fourth Estate Network Optimization			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment							1	23,602.000	23,602.000
TOTAL	0	0.000	0.000	0	0.000	0.000	1	23,602.000	23,602.000
<p>Narrative Justification: As a result of an IT reform review, the Defense Information Systems Agency (DISA) will become the single service provider for all Fourth Estate Agencies' commodity IT functions beginning in FY 2020. All operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems and technologies will transfer to DISA in FY 2020. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.</p> <p>Description and Purpose: Capital investment program authority is required to purchase and install all tech refresh/investments in commodity IT for all Fourth Estate Agencies. Key efforts in FY 2020 include: Merging infrastructure across multiple local access network environments, which includes a refresh and expansion of laptops, desktops, routers, voice/video equipment, switches, database servers, print servers, and firewalls in support of the Local Area Network (LAN) optimization.</p> <p>Current Deficiency and/or Problem: The DoD Fourth Estate agencies currently operate in stove-piped environments and leverage redundant/duplicative capabilities. As a result of this environment there is limited visibility to securely share information, inadequate use of enterprise and shared services is not cost-effective or operationally efficient, and lack of agility reduces ability to fully support the dynamic mission environments</p> <p>Impact: If these capabilities are not funded, the DISA will be unable to meet the technology refreshment and equipment upgrades for the Fourth Estate Agencies which are required to successfully merge the networks, desktop images and other commodity services.</p>									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Telecommunications Services / March 2019		C. Software				D. Fourth Estate Network Optimization			
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software							1	1,000.000	1,000.000
TOTAL	0	0.000	0.000	0	0.000	0.000	1	1,000.000	1,000.000
<p>Narrative Justification: As a result of an IT reform review, the Defense Information Systems Agency (DISA) will become the single service provider for all Fourth Estate Agencies' commodity IT functions beginning in FY 2020. All operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems and technologies will transfer to DISA in FY 2020. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.</p> <p>Description and Purpose: Capital investment program authority is required to purchase and install all tech refresh/investments in commodity IT for all Fourth Estate Agencies. Key software efforts in FY 2020 include software licenses to support desktop management, identity management, mobile platforms, office automation, chat/presence applications, anti- malware apps, etc. The software is used to sustain, operate, and maintain the desktop environment across the Fourth Estate agencies</p> <p>Current Deficiency and/or Problem: The DoD Fourth Estate agencies currently operate in stove-piped environments and leverage redundant/duplicative capabilities. As a result of this environment there is limited visibility to securely share information, inadequate use of enterprise and shared services is not cost-effective or operationally efficient, and lack of agility reduces ability to fully support the dynamic mission environments</p> <p>Impact: If these capabilities are not funded, the DISA will be unable to meet the technology refreshment and equipment upgrades for the Fourth Estate Agencies which are required to successfully merge the networks, desktop images and other commodity services.</p>									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Computing Services / March 2019			C. Facilities Equipment				D. Defense Information Systems Agency		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Facilities Equipment	25	486.040	12,151.000	16	2,812.500	45,000.000	9	6,666.667	60,000.000
Narrative Justification:									
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.									
Description and Purpose:									
The capital investment authority requested in FY 2019 consists of the following projects at the DoD Core Data Centers. Ogden requires a secondary pump and loop upgrade, computer room air handler (CRAH) unit electrical redundancy, cooling tower upgrade/replacement, and 1,000 ton direct expansion (DX) cooling. Mechanicsburg is scheduled for a next generation uninterruptible power supply (UPS). Columbus will upgrade their security system. St. Louis will upgrade the CRAH unit electrical redundancy. Oklahoma City will upgrade the closed circuit television (CCTV) (Internal Loop) of their security system. Montgomery will add computer room air conditioning (CRAC) and power distribution unit (PDU) equipment to the secure room and CRAC equipment, PDU equipment, and gaseous fire suppression to the 1st floor datacenter. Ford Island requires commercial utility feeds and mechanical redundancy. San Antonio will upgrade a computer room. Yokota will design a 2N mechanical plant, add CRAC and PDUs and a security system.									
The capital investment authority requested in FY 2020 consists of the following projects at the DoD Core Data Centers. Columbus requires an upgrade to the raised floor and convert a phone switch room area to raised floor. Europe Site C will perform electrical and mechanical upgrades. Mechanicsburg will install a new distribution panelboard for the diverse CRAH unit power feeds. Ogden will install a solar photovoltaic system. Ford Island will install a gaseous fire system and upgrade the security system building automation system. Yokota is scheduled for a 2N UPS/generator/transformer upgrade and a mechanical plant upgrade. Ogden will install new and replacement furnishings.									
Current Deficiency and/or Problem:									
Many of DISA's facilities are in need of cyclical upgrades to their infrastructures and equipment. These upgrades are necessary to ensure adequate reliability, security and redundancy to support customer workload. With these upgrades, additional capacity for growth and increased reliability is built in.									
Impact:									
If these system and infrastructure investments/requirements are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies can result in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7 operations for customers will be jeopardized.									
Energy Savings:									
Existing UPS units are older, less efficient units and have power factor (PF) ratings of .8. The newer UPS units are designed to be more efficient and have a PF of .9 or better. This allows for a 10% savings on power capacity, and more efficient UPS units and electrical distribution saves of up to 3% of the data center energy consumption. Older generator systems burn larger amounts of fuel than newer, more efficient units. Fuel savings from the system upgrades are estimated between 5%-10% with an additional 10% saving possible from new paralleling gear that only runs the number of generators required to operate safely as opposed to 100% at all times they are running. Building automation systems that are installed allow for the proper tracking of energy use and control of major equipment to optimize their running configurations. Increasing CRAC unit capacity provides instant energy savings and improved performance and allows for higher reliability and redundancy. The creation of a solar farm will generate green electricity and assist DISA in meeting Presidentail Executive Orders on green energy consumption. Electric consumption may be reduced between 10% and 30%.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Computing Services / March 2019			C. Software Development				D. Defense Information Systems Agency		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Splunk Expansion	1	2,654.680	2,654.680	1	2,434.000	2,434.000	0	0.000	0.000
Server Automation Phase I	0	0.000	0.000	1	2,459.000	2,459.000	0	0.000	0.000
AppDynamics	0	0.000	0.000	1	4,000.000	4,000.000	0	0.000	0.000
Mainframe SMS Messaging Phase I	0	0.000	0.000	1	607.000	607.000	0	0.000	0.000
Server Automation Phase II	0	0.000	0.000	0	0.000	0.000	1	2,048.610	2,048.610
Mainframe SMS Messaging Phase II	0	0.000	0.000	0	0.000	0.000	1	2,413.890	2,413.890
CMM Expansion Phase I	0	0.000	0.000	0	0.000	0.000	1	1,537.500	1,537.500
Total	1	2,654.680	2,654.680	4	2,375.000	9,500.000	3	2,000.000	6,000.000
Narrative Justification:									
As the enterprise computing service provider, the mission of the DISA Computing Services business area is to deliver world-class service at the lowest possible cost while fully satisfying customer mission objectives. To accomplish this, we require funding to ensure that the services provided to support customers' missions are met through processes and systems which assure availability, capacity, continuity, and security of existing and planned systems. Additionally, systems are required to monitor, track, report, and ensure that service level agreements (SLAs) with customers are met. DISA employs a variety of geographically dispersed mainframes and distributed computing systems which require funding to support the enterprise environment. These projects require software investments to eliminate functionally equivalent products, streamline the inventory, and create the most secure and efficient processing environment for the customer at the least possible cost.									
Description and Purpose:									
Splunk – DISA must collect and analyze all enterprise applications' database and web logs. A commercial software tool, Splunk, aggregates real-time machine-generated data and provides reports, dashboards, alerts and other visuals to help monitor, analyze, and troubleshoot system performance. Additional software licenses are required in FY 2019 in order to support mission partner workload.									
Server Automation – DISA must implement a comprehensive server automation capability to effectively and efficiently manage existing server operating environments, speed deployment of new operating environments, and maintain security posture throughout the operating environment's useful life. A comprehensive server automation solution will provide the capability to automate initial deployment of the operating environment, capability to deploy, install, and maintain standard software packages, comprehensive scan remediation and reporting for security compliance, and orchestration of all automated processes, as well as consolidated reporting and centralized management capability. This project will be rolled out in deployment phases with Phase I occurring in FY 2019 and resulting in 2,000 Virtual Operating Environments (VOE) being configured into the server automation tool. Phase II will occur in FY 2020 and will result in 4,000 additional VOEs being configured into the server automation tool. Phase III will be completed in FY 2021 and will result in 7,000 additional VOEs being configured into the server									
Mainframe Short Messaging Service (SMS) - DISA has a new requirement to provide a reliable, responsive and vendor-supported SMS for mission partners, with the capability to send text messages to recipients in their ranks. Multiple mission partners have expressed interest in SMS messaging capabilities to communicate and notify their constituents. This project will be deployed in phases beginning in FY 2019 and continue through FY 2020.									
Capacity Management Modeling (CMM) – The CMM expansion in FY 2020 will support capacity management modeling functionality for Windows, HP-UX, Solaris, VMware vSphere and Linux platforms which supports multiple platforms across the Enterprise.									
App Dynamics – Application Dynamics is an advanced application performance monitoring (AAPM) tool to help monitor current information technology infrastructures. Currently, DISA's data centers have multiple technologies and fragmented monitoring capabilities, which often equates to poor visibility — especially at the application layer — which crosses all dimensions of the DoD IT environment. App Dynamics will provide insight into how mission-critical applications are performing from start to finish for end users. It will also provide insight into why applications may be underperforming, and how they can be optimized to achieve better mission results.									
Current Deficiency and/or Problem:									
Existing software systems risk security vulnerability, and may be inadequate to provide the proper assurance of availability and capacity to support the customers' mission requirements. Therefore, DISA must invest in new software to more efficiently host systems that provide a highly available, secure, and robust computing environment. Based on the technical evaluation and the implementation cost, new products will be selected to meet organizational needs and functional requirements. Technical evaluations on mainframe and distributed software products will be conducted throughout the enterprise allowing elimination of functionally equivalent software and the associated duplicative costs. In addition, in order to maintain network and system availability, investment is required in tools that manage, monitor, and report on events from computing center systems. Replacement of legacy Government Off The Shelf (GOTS) products is required in order to ensure the DISA computing centers can continue to meet the growing customer base.									
Impact:									
Without these investments, DISA will not be able to effectively operate and manage the diverse and increasing number of systems in our enterprise. There is an increased risk that service level agreements will not be met due to downtime of systems, performance degradation, and lack of proactive means of measuring and correcting system capacity and availability problems. The ever increasing volume of operating environments in DISA's computing centers cannot be managed without enterprise-level system tools and lack of these tools could result in an inability to accurately monitor, report, and review service performance.									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2020		
B. Computing Services / March 2019			C. Minor Construction - Facilities				D. Defense Information Systems Agency		
Element of Cost	FY 2018			FY 2019			FY 2020		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction - Facilities	3	389.086	1,167.258	3	950.000	2,850.000	4	525.000	2,100.000
Narrative Justification:									
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.									
Description and Purpose:									
The FY 2019 capital investment program authority request is comprised of three minor construction projects at the DoD Core Data Centers. Mechanicsburg will add a freight elevator. Ogden will add a restroom annex to support the Global Service Desk (GSD). San Antonio will install an emergency mass notification system.									
The FY 2020 capital investment program authority request is comprised of four minor construction projects at the DoD Core Data Centers. Columbus will add a fuel tank. Montgomery will add a second cable vault. Ogden will repair warehouse space. Ogden will add a solar photovoltaic farm.									
Current Deficiency and/or Problem:									
Datacenter facilities are in need of upgrades and renovations in order to meet current standards. Several sites are in need of having design work and minor repairs completed. Multiple code violations have been found and the only remediation is through minor construction efforts.									
Impact:									
If these infrastructure investments are not funded, life-safety hazards or continued code negligence will result. Age-related infrastructure and equipment deficiencies could result in unexpected system failures, placing site personnel at risk and potentially resulting in unnecessary data center downtime. DISA's ability to provide a reliable and safe 24/7/365 operational capability could be jeopardized.									
Energy Savings:									
The creation of a solar farm in Ogden will generate green electricity and assist DISA in meeting Presidential Executive Orders on green energy consumption. This project may reduce the site electric consumption between 10% and 30 %.									

**Capital Budget Execution
Defense Information Systems Agency
Information Services Activity Group
March 2019
(Dollars in Millions)**

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2018					
	Equipment except ADPE and Telecommunications	37.800	12.151	(25.649)	Decrease primarily due to delayed execution of Mechanicsburg facilities projects
	Equipment - ADPE and Telecommunications	26.824	11.668	(15.156)	Decrease primarily due to delayed execution or reduction of EMSS projects
	Software Development	23.186	17.593	(5.593)	Decrease primarily due to delay of HATS and IDEAS projects
	Minor Construction	2.500	1.221	(1.279)	Decrease primarily due to delay of San Antonio ATRP and Montgomery chiller projects
	TOTAL FY 2018	90.310	42.632	(47.677)	
FY 2019					
	Equipment except ADPE and Telecommunications	45.900	45.900	0.000	
	Equipment - ADPE and Telecommunications	17.580	14.600	(2.980)	Decrease due to the use of the Capacity Service Communications contract. Moving some EMSS gateway projects (Feeder Link Terminal, Teleport Controller, and Location Server) into FY20
	Software Development	7.874	12.464	4.590	Increase due to the addition of new Software requirements - Mainframe Short Messaging Service and AppDynamics. Addition of Electronic Document Management System project
	Minor Construction	3.850	2.850	(1.000)	Decrease due to the shifting of the PAC Commercial Utility Feeds to FY22 which can't be completed until the Ford Island Milcon project is completed.
	TOTAL FY 2019	75.204	75.814	0.610	
FY 2020					
	Equipment except ADPE and Telecommunications	60.000	60.000	0.000	
	Equipment - ADPE and Telecommunications	177.797	177.797	0.000	
	Software Development	9.100	9.100	0.000	
	Minor Construction	2.100	2.100	0.000	
	TOTAL FY 2020	248.997	248.997	0.000	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
(\$ IN MILLIONS)

Line Number	Item Description	FY 2018		FY 2019		FY 2020	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
MAT 200-01	Material Handling/Storage Space Utilization - Distribution	7	18.591	8	21.250	9	61.977
MAT 200-02	Material Handling/Storage Space Utilization - Materiel Supply Chain	0	0.000	2	4.825	1	3.000
IS 200-01	Installation Security - Distribution	6	3.272	0	0.000	0	0.000
IS 200-02	Installation Security - Materiel Supply Chain	2	3.962	5	1.734	2	0.875
MAD 200-01	Material Disposal - Disposition	9	16.806	3	3.892	3	2.275
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	24	42.631	18	31.701	15	68.127
TEL 100	Telecommunications - Materiel Supply Chain	1	1.004	0	0.000	1	4.964
TEL 200	Telecommunications - Distribution	2	13.170	0	0.000	1	3.000
PRD 100	Production Hardware - Materiel Supply Chain	3	3.993	1	4.671	3	5.910
NET 100	Network Hardware - Distribution	0	0.000	1	8.329	1	1.540
NET 200	Network Hardware - Materiel Supply Chain	2	9.535	0	0.000	1	0.770
	<u>TOTAL EQUIPMENT (ADP/T)</u>	8	27.702	2	13.000	7	16.184
SWD 200-01	Supply Chain Management - Enterprise Business System		2.005		17.527		12.457
SWD 200-02	Supply Chain Management - Defense Medical Logistics Standard System		2.388		2.397		2.397
SWD 200-03	Supply Chain Management - DoD EMALL/FedMALL		6.158		6.304		6.304
SWD 200-04	Supply Chain Management - Functional Executive Agent Medical Support		2.169		2.177		2.221
SWD 300-01	Net-Centric Hubs - Enterprise Software		0.737		1.782		6.110
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		13.457		30.187		29.489
REP 200-01	Minor Construction \$250,000 - \$2,000,000 (Materiel Supply Chain)		0.682		3.110		3.326
REP 200-02	Minor Construction \$250,000 - \$2,000,000 (Distribution)		5.737		9.002		9.002
REP 200-03	Minor Construction \$250,000 - \$2,000,000 (Disposition)		4.146		2.967		2.697
	<u>TOTAL MINOR CONSTRUCTION</u>		10.566		15.079		15.025
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	32	94.356	20	89.967	22	128.825
	Total Capital Outlays		62.526		94.109		93.831
	Total Capital Investment Recovery		53.682		106.777		102.062

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description MAT 200-01 Non-ADP Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>MAT 200-01</u> Material Handling/Storage Space Utilization	7	6,656	18,591	8	2,656	21,250	9	6,886	61,977			
<p>Narrative Justification:</p> <p>The investments are for material handling equipment, mobile material handling equipment, and miscellaneous warehouse equipment or systems within DLA Distribution depots. Equipment is to replace existing items that have reached or exceeded the useful life established for this category. Based on guidance contained in various Department of Defense (DoD) governing policies, Defense Logistics Agency (DLA) has established a replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.</p> <p>Projects in FY2019 include container handlers, conveyor system, building storage and racks systems at various locations.</p> <p>Projects in FY2020 include material handling vehicles, storage and rack systems and automation systems at various locations. The increase in cost for FY20 is due to Eastern Distribution Center (EDC) Warehouse Equipment Modernization, which has Warehouse Robotics and Automated Storage and Retrieval System.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description MAT 200-02 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>MAT 200-02</u> Material Handling/Storage Space Utilization	0	0	0	2	2,413	4,825	1	3,000	3,000			
<p>Narrative Justification:</p> <p>The investments are for material handling equipment, mobile material handling equipment, and miscellaneous warehouse equipment or systems within DLA Inventory Control Points facilities. Equipment is to replace existing items that have reached or exceeded the useful life established for this category. Based on guidance contained in various Department of Defense (DoD) governing policies, Defense Logistics Agency (DLA) has established a replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description IS 200-01 Non-ADP Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
IS 200-01 Installation Security	6	545	3,272	0	0	0	0	0	0			
<p>Narrative Justification:</p> <p>These investment projects involves providing installation security related items. Security items include Card Access Control Systems (CACS) for various buildings, a card access system, a closed circuit television system, and fire emergency trucks for DLA Distribution depots. Equipment of this type will provide security of the items stored in the depots as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by Department of Defense and order to rectify identified security deficiencies. This equipment will provide depot security as well as safety and security for DLA Distribution employees.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description IS 200-02 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
IS 200-02 Installation Security	2	1,981	3,962	5	347	1,734	2	438	875			
<p>Narrative Justification:</p> <p>These investments projects involve providing installation security related items. Security items such as portals, turnstiles, entrance card reader, intrusion, detection devices, and fire emergency trucks throughout DLA facilities. Equipment of this type will provide security of the items stored in the DLA occupied buildings, as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by Department of Defense and order to rectify identified security deficiencies.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description MAD 200-01 Non-ADP Equipment						D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>MAD 200-01</u> Material Disposal	9	1,867	16,806	3	1,297	3,892	3	758	2,275			
<p>Narrative Justification:</p> <p>These investment projects are for scrap/container handlers, rough terrain forklift and Shredders that have reached or exceeded the useful life established for this category. Based on guidance contained in various Department of Defense (DoD) governing policies, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.</p> <p>Projects in FY 2019 are for rough terrain container handler and 50k rough terrain forklift Projects in FY2020 are for rough terrain container handler, 50k rough terrain forklift, and shredder</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description TEL 100 Telecommunications Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TEL 100 Telecommunications	1	1,004	1,004	0	0	0	1	4,964	4,964			
Narrative Justification:												
<p>This investment is for telecommunications equipment is in support of DLA Primary Level Field Activities (PLFA). Requirements include equipment telephone switches, Local Area Network (LAN) and Wide Area Network (WAN) upgrades associated with telecommunications hardware, storage solutions, and trunked radio system.</p> <p>The Telecommunication Infrastructure is required to support DLA mission in support of DLA technology and architecture and initiatives. The goals are to modernize the Cable Infrastructure to support DLA telecommunications and network systems. The purpose is to replace antiquated infrastructure that is no longer compliant with DoD and industry standards and to provide additional infrastructure to support DLA growth and increased use of network driven technology. To perform DLA mission, infrastructure is continually improving to ensure the availability of information and data required to its mission.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description TEL 200 Telecommunications Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TEL 200 Telecommunications	2	6,585	13,170	0	0	0	1	3,000	3,000			
<p>Narrative Justification:</p> <p>This investment is for telecommunications equipment is in support of DLA Distribution and its associated depots locations. Requirements include Local Area Network (LAN) and Wide Area Network (WAN) upgrades associated with telecommunications hardware, storage solutions, and trunked radio system.</p> <p>The Telecommunication Infrastructure is required to support DLA mission in support of DLA technology and architecture and initiatives. The goals are to modernize the Cable Infrastructure to support DLA telecommunications and network systems. The purpose is to replace antiquated infrastructure that is no longer compliant with DoD and industry standards and to provide additional infrastructure to support DLA growth and increased use of network driven technology. To perform DLA mission infrastructure is continually improving to ensure the availability of information and data required to its mission.</p> <p>In FY20 Distribution Modernization, investments in the warehouses to include infrastructure to build out the Eastern Distribution Center and investment on the Real-Time Location Systems (RTLS).</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estiamtes		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description PRD 100 Production Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
PRD 100 Production Hardware	3	1,331	3,993	1	4,671	4,671	3	1,970	5,910			
<p>Narrative Justification: DLA Enterprise Data Solutions mission is to provide transaction processing services and receive, validate, edit, route, transmit, and archive nearly all unclassified DoD logistic traffic. The requirements identify provides DLA Enterprise Data Solutions the necessary components needed for data exchange and security between the DLA Enterprise Data Solutions profile environments and its diverse external customer base. The DoD Electronic Business gateway at DLA Enterprise Data Solutions is a highly reliable “global community services” logistics processing application serving the entire DoD community and all DoD logistics customers using DoD and commercial networks. The requirements include the hardware system platforms that meet the capitalization threshold for sustainment interfaces into the DLA Enterprise Data Solutions core mission.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description NET 100 Network Hardware						D. Activity Identification DLA Distribution		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
NET 100 Network Hardware	0	0	0	1	8,329	8,329	1	1,540	1,540			
<p>Narrative Justification:</p> <p>This investment is for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Distribution and the associated depots. This requirement is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable and middleware to provide a robust LAN to support the DLA mission as well as meet DLA technology goals and initiatives. These systems will replace antiquated network infrastructure that is no longer compliant with DoD and industry standards. The goals are to reduce procurement lead times, design and implement a best value enterprise IT environment, continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements and improve customer response time for services and materiel.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description NET 200 Network Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
NET 200 Network Hardware	2	4,767	9,535	0	0	0	1	770	770			
<p>Narrative Justification:</p> <p>This investment is for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Major Subordinate Commands (MSCs). This requirement is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable and middleware to provide a robust LAN to support the DLA mission as well as meet DLA technology goals and initiatives. These systems will replace antiquated network infrastructure that is no longer compliant with DoD and industry standards. The goals are to reduce procurement lead times, design and implement a best value enterprise IT environment, continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements and improve customer response time for services and materiel.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019					C. Line Number & Item Description SWD 200-01 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-01</u> Enterprise Business System (EBS)			2,005			17,527			12,457			
<p>Narrative Justification:</p> <p>EBS continuously modernize and refined to maximize benefits, improve processes and analysis, implement process area business reengineering opportunities, and offer greater agility in monitoring and tracking operational and fiscal performance. EBS provides Agency with the tools to respond to new challenges and trends in supporting the warfighter. The continuous refinement through process and technical improvements is critical to the Agency's supply chain management capability.</p> <p>This investment includes the constant requirements to develop projects and acquisition programs that support progress toward FIAR Plan compliance; many requirements directed to ongoing DoD reform efforts i.e. Planning, Programming, Budgeting and Execution (PPBE) Standards, United States Standard General Ledger (USSGL), Standard Line of Accounting (SLOA), Standard Financial Information Structure (SFIS) compliance. The current list of customer priorities includes the following programs/efforts: DLA Internet Bid Board System (DIBBS), Clause Logic Services (CLS), Technical Quality (TQ) Application Integration Plan & Analyze (P&A), Qualified Suppliers List (QSL) Audit Tracking Application, SLOA, Government-wide Invoicing (G-Invoicing), Reverse Auctioning (RA), and SAP Standardization.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description SWD 200-02 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
SWD 200-02 Defense Medical Logistics Standard Support (DMLSS) Wholesale			2,388			2,397			2,397			
<p>Narrative Justification:</p> <p>The Defense Medical Logistics Standard Support-Wholesale (DMLSS-W) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. The program directly funds the business process developments and Management Information System (MIS) development at DLA Troop Support Philadelphia with benefits and savings cascading throughout the entire DoD medical logistics supply chain. The investment supports software re-engineering to the DMLSS-W applications in support of the Defense Medical Logistics Enterprise System (DML-ES) Authoritative Source Initiative and associated business processes. The continuation of the advancement of product, sourcing, and pricing capabilities, to include existing product and pricing functionality will be reengineered and replaced with capabilities designed to consolidate and optimize a management of multiple sources of back-end product and pricing, as well as associated contracts and pricing agreements. In FY 2019, subsequent releases of product and pricing functionality will be implemented to include contract and pricing information for additional Medical Programs. 508 Compliance Functionality will be implemented for the Electronic Catalog (ECAT) and for Electronic Data Interchange (EDI) Application Reconciliation tools to support the closing of open Corrective Action Plans in support of Audit Readiness Compliance.</p> <p>These capabilities will support standardization efforts to normalize and consolidate like items prior to catalog delivery to the Medical Master Catalog (MMC) by enforcing enterprise product-centric business rules at the entry points for product and pricing data, enabling a better alignment with the MMC and its supporting validation modules. This improved, synchronized process represent quality product and pricing data resulting in the availability of cleaner data for all Medical programs and ultimately a more precise catalog file for the customers providing them with greater opportunities to achieve significant cost savings.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description SWD 200-03 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-03</u> DOD EMALL/FedMall			6,159			6,304			6,304			
<p>Narrative Justification:</p> <p>The DOD EMALL was a web-based government procurement application designed to allow users to search or browse for commercial and government off-the-shelf products and services through a single interface, and purchase those products or services online. It fulfills Section 332 of the Fiscal Year 1999 DOD Authorization Act, Public Law 105-261, Title III, Subtitle D, October 17, 1998, which called for a single point of access for DOD ordering on the internet as part of its overall Electronic Commerce (e-commerce) implementation. In 2017, DLA deployed FedMall, DOD EMALL's modernization initiative that would leverage a COTS platform to provide the same services to the DOD, with improved functionality and performance. FedMall provides the government with a cost effective way to address current and future user needs by providing industry best practices, enhanced system performance, flexibility, and scalability.</p> <p>This investment provide additional capabilities in FedMall to increase the functionality for this program. In addition, development of capabilities to support new stakeholder business processes, address IA Security findings, improve data quality and enhance existing data ingest workflow and architecture that are critical.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description SWD 200-04 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-04</u> Functional Executive Agent Medical Support (FEAMS)			2,169			2,177			2,221			
<p>The FEAMS program is chartered to support DLA's mission as the Executive Agent for Medical Materiel and work with the Services to support the Defense Medical Logistics Enterprise (DMLent) by developing and/or facilitating Doctrine, Organization, Training, Materiel, Leadership, Education, Personnel, and Facilities (DOTMLPF) solutions that enable enterprise transformation and optimize supply chain operations. Supporting its chartered mission through the FY 2020 investment, the FEAMS program will:</p> <ol style="list-style-type: none"> 1. Enable the capability to directly manage (update) medical National Stock Numbers (NSNs) from the MCRW tool by integrating with the Defense Medical Logistics Item Identification System (DMLIIS) workflows. This will enable timely and accurate data quality updates in authoritative data and increase efficiency in managing medical National Stock Number (NSN) information. 2. Directly integrate with Service combat development shops, which build medical assemblages for operation support. This will allow the Services to clinically generate assemblage content (medical materiel), evaluate if additional materiel is required by running computations and simulations, and identify the materiel that is already available in stock. This will allow Services to model a more accurate outcome than current processes and inform materiel managers and industry (vendors) for replenishment needs. 3. Automate the NSN replacement mechanism documented by cross Service clinicians and logisticians. This function will support all Service medical logisticians to identify and provide recommendations for replacing terminal and canceled NSNs proactively and in a common framework. Features will include auto alerting and auto replacing. Increasing commonality and standardized products will support the reduction of similar NSNs in Service while increasing interoperability. 												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description SWD 300-01 Software Development						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
SWD 300-01 Enterprise Software			737			1,782			6,110			
<p>Narrative Justification:</p> <p>DLA Enterprise Data Solutions mission is to provide transaction processing services and receive, validate, edit, route, transmit, and archive nearly all unclassified DoD logistic traffic. The requirements of DLA Enterprise Data Solutions Enterprise software to provide the capabilities needed for data exchange between the DLA Enterprise Data Solutions profile environments and diverse external customer base. This allows DLA to provide requested logistics data for DoD, other Federal Agencies, the North Atlantic Treaty Organization (NATO), and foreign military sales (FMS) countries as well as data to support DoD requisition tracking. The DoD Electronic Business gateway at DLA Enterprise Data Solutions is a highly reliable "global community services" logistics processing application serving the entire DoD community and all DoD logistics customers using DoD and commercial networks.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019				C. Line Number & Item Description REP 200-01 Minor Construction						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
REP 200-01 Minor Construction			682			3,110			3,326			
<p>Narrative Justification:</p> <p>The minor construction investment are for projects (costing between \$250,000 and \$2,000,000.00 each) and will construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:</p> <ol style="list-style-type: none"> 1. Renovation and alteration of administrative facilities. 2. Upgrades to utility systems to comply with environmental and fire protection standards. 3. Additional paving for road networks and personnel parking to comply with the new Anti-Terrorism/Force Protection standoff distances. 4. Incidental improvements associated with facilities repair projects. 5. Security enhancements 6. Americans with Disabilities Act enhancements (Site wide) 7. Vehicle washing station 8. Water storage for irrigation <p>All of these projects are required to allow DLA missions to continuing be in safe, compliant, secure and efficient facilities.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019					C. Line Number & Item Description REP 200-02 Minor Construction					D. Activity Identification DLA Distribution		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP 200-02</u> Minor Construction			5,737			9,002			9,002			
<p>Narrative Justification:</p> <p>The minor construction investment are for projects (costing between \$250,000 and \$2,000,000 each) and will construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce.. These projects include:</p> <ol style="list-style-type: none"> 1. Installing and upgrading fire suppression and alarm systems to meet current code requirements. 2. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards. 3. Adding new and improving areas for open storage, road networks and operational areas. 4. Altering facilities to accommodate mission changes, consolidation and stock repositioning. 5. Improvements to utilities to enhance reliability. 6. Incidental improvements associated with facilities repair projects. 7. Replacement to existing facilities that cannot be repair economically. 8. Installing generators to provide backup power to support cold chain management of medical items. <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the Distribution mission.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group March 2019					C. Line Number & Item Description REP 200-03 Minor Construction					D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2018			FY 2019			FY 2020			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
REP 200-03 Minor Construction			4,416			2,967			2,697			
<p>Narrative Justification:</p> <p>The minor construction investment are for projects (costing between \$250,000 and \$2,000,000.00 each) and will construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:</p> <ol style="list-style-type: none"> 1. Adding paving or concrete extensions for open storage, road networks and operational areas. 2. Altering facilities to accommodate mission changes, consolidation, and relocation. 3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort. 4. Replacement to facilities that cannot be repair economically. 5. Incidental improvements associated with facilities repair projects. 6. Adding new facilities to store equipment and material. 7. Upgrading working systems for various site facilities to comply with code <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DLA Disposition Services mission.</p>												

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2019-2023 PROGRAM AND BUDGET SUBMISSION
CAPITAL BUDGET EXECUTION
March 2019
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	27.904	42.631	14.727	reprogrammed from within Supply Chain Management capital program
ADPE & TELCOM Equipment:	17.171	27.702	10.531	reprogrammed from Document Services and within Supply Chain Management capital program
Software Development:	34.236	13.457	(20.779)	reprogrammed within Supply Chain Management capital program
Minor Construction:	15.453	10.566	(4.887)	reprogrammed internal to Supply Chain Management capital Non-ADPE program
Total FY 2018	94.764	94.356	(0.408)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	28.824	31.701	2.877	Adjustment within the Capital Investment Program
ADPE & TELCOM Equipment:	13.000	13.000	0.000	
Software Development:	33.064	30.187	(2.877)	Adjustment within the Capital Investment Program
Minor Construction:	15.145	15.079	(0.066)	
Total FY 2019	90.033	89.967	(0.066)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	68.127	68.127	
ADPE & TELCOM Equipment:	0.000	16.184	16.184	
Software Development:	0.000	29.489	29.489	
Minor Construction:	0.000	15.025	15.025	
Total FY 2020	0.000	128.825	128.825	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
(\$ IN MILLIONS)

Line Number	Item Description	FY 2018		FY 2019		FY 2020	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
NEW 200-01	Fuel Terminal Automation	7	6.771	2	8.600	3	13.300
NEW/REP 200-02	Inventory Accuracy	5	2.240	3	5.500	3	4.000
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	12	9.011	5	14.100	6	17.300
REP/ENV 200	Minor Construction \$250,000 - \$2,000,000		31.841		36.343		45.269
	<u>TOTAL MINOR CONSTRUCTION</u>		31.841		36.343		45.269
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	12	40.852	5	50.443	6	62.569
	Total Capital Outlays		39.589		50.745		51.705
	Total Capital Investment Recovery		60.091		57.019		52.888

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group March 2019					C. Line Number & Item Description NEW 200 Non-ADP Equipment – New Mission					D. Activity Identification DLA Energy		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NEW 200-01</u> Fuel Terminal Automation – New Mission	7	967	6,771	2	4,300	8,600	3	4,433	13,300			
<p>Narrative Justification:</p> <p>The Automated Fuel Handling Equipment (AFHE) allows large bulk fuel locations to monitor and control fuel operations from a central location on site, via dedicated network communications, through an installed computer application. The fuel terminal automation projects includes automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. Integral components of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) systems are installed at the Operations Control Center (OCC) located on the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange. The entire operations of the terminal, such as, receiving and issuing fuel are being controlled from the OCC. The communication infrastructure and other devices required for the transfer of alarm and inventory data and control signals from the field equipment to the OCC are provided. The primary cost benefit of these automation projects is the prevention of oil spills, avoiding costly cleanup expenses and minimizing environmental risks.</p> <p>The following sites are planned for AFHE installations and lifecycle upgrades in FY 2019 – FY 2020:</p> <p>FY 2019 - NAVSTA Rota and Ramstein AB FY 2020 - NAVSTA Rota, NAS Patuxent River and Naval Base Guam</p> <p>Due to changing in the operating scenarios and construction requirements substitution of installation sites may change.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group March 2019					C. Line Number & Item Description NEW 200 Non-ADP Equipment-New Mission/Replacement					D. Activity Identification DLA Energy		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NEW & REP 200-02</u> Inventory Accuracy New Mission and Replacement	5	448	2,240	3	1,833	5,500	3	1,333	4,000			
<p>Narrative Justification:</p> <p>DLA is the DoD Executive Agent for more than 400 fuel terminals worldwide. In all of these terminals, there are various types of fuel tanks, each with Automated Tank Gauges (ATG). ATG systems measure and monitor fuel levels and inventories and are permanently installed in storage tanks. The devices efficiently provide information regarding the amount of product, temperature, and water in fuel tanks. These gauges have connectivity to the Enterprise Business System (EBS) Energy system, FuelsManager Defense (FMD), which will capture all the data with regard to fuel stored and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel stored and have connectivity to the same BSM Energy system, FMD. The budgeted amount also includes design and review costs in conjunction with implementation. The primary cost benefit of this investment is accurate inventory records and procedures in fuel loss control.</p> <p>Temperature Compensating Meters (TCM) are required at fuel terminals to measure the exact amount of fuel received and issued after the required compensation for differences in temperature. The meters at various custody, transfer points in the fuel terminal ensure that accurate charges for the fuel received, issued and recorded reflects the sufficient amounts of fuel are maintained and protected. The budgeted amount also includes design and review costs in connection with the installation of this equipment. DLA has been coordinating closely to identify and prioritize TCM locations.</p> <p>Hydrant Equipment Monitoring Interface (HEMI) are authorized by the DLA Energy Executive Agent Office to integrate existing hydrant pump house system monitoring back into the sites Fuels Service Centers (FSC) allowing for 24/7 monitoring of all alarms and activities associated with the hydrant systems. The budgeted amount includes design and review costs associated with the integration of the required equipment and testing of these efforts.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group March 2019				C. Line Number & Item Description Minor Construction Capability -Replacement/Environmental						D. Activity Identification DLA Energy		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP & ENV 200</u> Minor Construction Replacement/Environmental			31,841			36,343			45,269			
<p>Narrative Justification:</p> <p>The minor construction investment are for projects (costing between \$250,000 and \$2,000,000 each) and will construct new, replace existing, or modify current facilities to enhance mission operations and increase the level of protection of the workforce and the mission stock. These projects include:</p> <ol style="list-style-type: none"> 1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities. 2. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards. 3. Incidental improvements associated with facilities repair projects <p>The minor construction capital is for the requirements of aging petroleum infrastructures, to include matching funds increases in operations and maintenance, as many projects require both funding sources. Other contributing factors include inflation in construction material, labor, and transportation costs, dollar devaluation against foreign currencies mainly for OCONUS projects, and older facilities exceeding the 70% plant replacement value to repair.</p> <p>Benefits include continued safe, compliant and efficient facility operations.</p>												

DEFENSE LOGISTICS AGENCY
ENERGY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
March 2019
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	14.900	9.011	(5.889)	reduced in requirements
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	35.630	31.841	(3.789)	carryover obligation authority for most of the remaining balance
Total FY 2018	50.530	40.852	(9.678)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	14.100	14.100	0.000	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	36.343	36.343	0.000	
Total FY 2019	50.443	50.443	0.000	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	17.300	17.300	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	0.000	45.269	45.269	
Total FY 2020	0.000	62.569	62.569	

DEFENSE LOGISTICS AGENCY
 DEFENSE-WIDE WORKING CAPITAL FUND
 DLA DOCUMENT SERVICES ACTIVITY GROUP
 FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
 ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
 (\$ IN MILLIONS)

Line Number	Item Description	FY 2018		FY 2019		FY 2020	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	SOFTWARE DEVELOPMENT						
SWD 100	Net-Centric Hubs \$1.0M and Over-Electronic Document Management	0	0.000	0	2.572	0	0.000
	<u>TOTAL SOFTWARE DEVELOPMENT</u>	0	0.000	0	2.572	0	0.000
	MINOR CONSTRUCTION						
REP 200	Minor Construction \$250,000 - \$2,000,000	0	0.000	0	0.336	0	0.000
	<u>TOTAL MINOR CONSTRUCTION</u>	0	0.000	0	0.336	0	0.000
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	0	0.000	0	2.908	0	0.000
	Total Capital Outlays		0.699		0.168		2.740
	Total Capital Investment Recovery		0.286		0.070		0.066

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Document Services March 2019				C. Line Number & Item Description SWD 100 Software Development \$1.0 and Over						D. Activity Identification DLA Document Services		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 100</u> Net-Centric Hubs Electronic Document Management			0			2,572			0			
Narrative Justification: Electronic Document Management (EDM) program is a service to building digital libraries for documents with online access. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. DLA Document Services must be able to react quickly to evolving customer demands for fact-of-life needs for these services. Software requirements are for Commercial off the Shelves (COTS) application software licenses and contract labor to perform software integration and interfaces. DLA policy to identify Internal Use Software (IUS) capital criteria indicate that EDM software requirements does not classify the definition of IUS capital and is therefore removed starting in FY 2020.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2020 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Document Services March 2019					C. Line Number & Item Description Rep 200 Minor Construction					D. Activity Identification DLA Document Services		
Element of Cost	FY 2018			FY 2019			FY 2020					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction			0			336			0			
<p>Narrative Justification:</p> <p>The minor construction investment were for projects (between \$250,000 and \$2,000,000) and will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:</p> <ul style="list-style-type: none"> (1) Renovations and alterations of administrative facilities. (2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities. <p>The minor construction projects are coming in below the capital threshold and will no longer be reflected starting in FY20.</p>												

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DLA DOCUMENT SERVICES ACTIVITY GROUP
FISCAL YEAR (FY) 2020 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
March 2019
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Software Development:	2.572	0.000	(2.572)	Reprogram to DLA Supply Chain Management
Minor Construction:	0.330	0.000	(0.330)	Reprogram to DLA Supply Chain Management
Total FY 2018	2.902	0.000	(2.902)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Software Development:	2.572	2.572	0.000	
Minor Construction:	0.336	0.336	0.000	
Total FY 2019	2.908	2.908	0.000	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Software Development:	0.000	0.000	0.000	
Minor Construction:	0.000	0.000	0.000	
Total FY 2020	0.000	0.000	0.000	