

# **DEFENSE WORKING CAPITAL FUND**

**DEFENSE-WIDE  
FISCAL YEAR (FY) FY 2021  
BUDGET ESTIMATES**

**OPERATING AND CAPITAL BUDGETS**



**FEBRUARY 2020  
CONGRESSIONAL DATA**



**DEPARTMENT OF DEFENSE  
FISCAL YEAR (FY) 2021 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 \$40,000 for the 2020 Fiscal Year. This includes \$320 in expenses and \$40,000 in DoD labor.

**DEPARTMENT OF DEFENSE  
FISCAL YEAR (FY) 2021 BUDGET ESTIMATES  
DEFENSE-WIDE WORKING CAPITAL FUND**

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**DEFENSE-WIDE WORKING CAPITAL FUND**  
**FISCAL YEAR (FY) 2021 BUDGET ESTIMATES**  
**February 2020**

**DEFENSE-WIDE SUMMARY**

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

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.

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 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.

## DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual DWWCF cash balance at the end of FY 2019 and estimated year-end balances for FY 2020 and FY 2021. The plan projects a decrease of \$567.4 million in cash from the beginning of FY 2019 through the end of FY 2021.

Dollars in Millions	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Cash, Beginning of Period</b>	<b>\$2,627.2</b>	<b>\$2,091.7</b>	<b>\$1,669.7</b>
Disbursements	-\$52,499.5	-\$52,764.2	-\$52,372.3
Collections	\$51,416.0	\$52,295.8	\$52,715.1
<u>Net Outlays</u>	-\$1,083.5	-\$468.5	\$342.8
<u>Direct Appropriation</u>			
FY 2019 Received	\$48.1		
FY 2020 Received		\$49.1	
FY 2021 Requested			\$49.8
<u>Overseas Appropriation</u>			
FY 2019 Received	\$0.0		
FY 2020 Received		\$0.0	
FY 2021 Requested			\$0.0
<u>Cash Transfers</u>	\$500.0	-\$2.6	-\$2.6
<b>Cash, End of Period</b>	<b>\$2,091.7</b>	<b>\$1,669.7</b>	<b>\$2,059.8</b>
Lower Operating Range		\$2,128.4	\$1,934.1
Upper Operating Range		\$3,806.7	\$3,664.3

**FY 2019 Cash:** The DWWCF Cash balance decreased \$535.5 million due to a cash loss from Net Outlays (-\$1,083.5 million); offset by the DLA SCM receipt of a reprogramming (+\$500.0 million) for readiness-based requirements and the receipt of appropriated funding (+\$48.1 million) for Reutilization, Transfer, and Disposal (RTD) costs.

The DLA SCM activity experienced a cash loss of \$1,903.9 million from net outlays was due to disbursements exceeding collections. Over the past two years, DLA experienced a significant increase in readiness-based requirements from the Military Services. 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 received requests from the Military Services to target higher materiel readiness performance levels.

The DLA EM activity cash balance increased by \$822.4 million due to lower fuel costs.

The FY 2019 ending cash balance is \$2,091.7 million.

**FY 2020 Cash:** The DWWCF projects a cash decrease of \$422.0 million due to Net Outlays (-\$468.5 million) for the DFAS activity (-\$130.1 million), the DLA SCM activity (-\$126.4 million), the DLA EM activity (-\$107.3 million), and the DISA activity (-\$105.3 million). The DLA Document Services projects a cash gain of \$0.6 million. The DLA SCM received \$49.1 million in appropriated funding for RTD costs. The DLA projects a cash transfer of -\$2.6 million for the Indian Financing Act of 1974.

The projected FY 2020 ending cash balance is \$1,669.7 million.

**FY 2021 Cash:** The DWWCF projects a cash gain of \$390.1 million due to Net Outlays (+\$342.8 million) primarily for the DLA SCM activity \$331.8 million. Cash gains are also projected for the DFAS activity (+\$73.0 million) and the DLA EM activity (+\$44.4 million). Cash losses are projected for the DISA activity (-\$105.2 million) and for the DLA Document Services activity (-\$1.2 million).

This submission requests \$49.8 million in direct appropriations for DLA SCM RTD costs. The DLA projects a cash transfer of -\$2.6 million for the Indian Financing Act of 1974.

The projected FY 2021 ending cash balance is \$2,059.8 million.

## DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL

## SOURCE OF NEW ORDERS AND REVENUE

FISCAL YEAR (FY) 2021 BUDGET ESTIMATES

FEBRUARY 2020

(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
1. New Orders:			
a. Orders from DoD Components			
Army	8,656.7	8,833.6	9,141.7
Operations & Maintenance	6,008.8	5,753.0	5,925.9
Research Development Testing & Evaluation	127.6	115.7	110.4
Procurement	360.4	257.5	274.7
Military Construction	5.3	5.6	5.7
Family Housing	0.4	0.3	0.4
Military Personnel	1,378.3	2,604.2	2,722.8
Other	775.9	97.3	101.8
Navy	6,962.3	7,926.4	6,437.8
Operations & Maintenance	5,536.0	6,663.3	5,121.7
Research Development Testing & Evaluation	20.7	16.2	16.0
Procurement	287.3	406.7	422.7
Military Construction	0.5	3.0	3.0
Family Housing	0.0	0.0	0.0
Military Personnel	440.7	741.2	775.0
Other	677.1	96.0	99.4
Air Force	7,412.0	7,425.6	7,229.7
Operations & Maintenance	6,322.7	7,106.7	6,907.2
Research Development Testing & Evaluation	111.6	106.1	100.0
Procurement	38.5	50.7	51.2
Military Construction	0.0	0.0	0.0
Family Housing	0.5	0.6	0.5
Military Personnel	67.6	95.3	99.6
Other	871.1	66.2	71.2
Marine Corps	951.4	1,264.0	764.3
Operations & Maintenance	653.7	859.3	341.3
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	10.1	18.4	19.3
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	214.0	382.7	400.2
Other	73.6	3.6	3.5
Defense-Wide	5,927.9	5,455.0	5,691.0
Operations & Maintenance	571.2	802.1	847.7
Research Development Testing & Evaluation	37.9	69.9	71.4
Procurement	12.6	17.8	18.0
Military Construction	0.0	0.4	0.4
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	5,306.2	4,564.8	4,753.5

Fund 11 - Source of Revenue

Other	2,008.5	2,390.2	2,457.5
Operations & Maintenance	1,483.0	1,928.9	1,986.4
Research Development Testing & Evaluation	5.4	73.2	75.7
Procurement	520.1	388.1	395.4
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	0.0	0.0	0.0
 Total New Orders	 31,918.8	 33,294.8	 31,722.0
Operations & Maintenance	20,575.4	23,113.3	21,130.2
Research Development Testing & Evaluation	303.2	381.1	373.5
Procurement	1,229.0	1,139.2	1,181.3
Military Construction	5.8	9.0	9.1
Family Housing	0.9	0.9	0.9
Military Personnel	2,100.6	3,823.4	3,997.6
Other	7,703.9	4,827.9	5,029.4
 b. Orders from Other Fund Activity Groups	 11,412.3	 14,327.7	 16,716.9
Army	2,348.4	3,258.6	3,350.5
Navy	2,430.7	3,192.3	5,371.3
Air Force	5,168.0	7,294.8	7,357.8
Marine Corp	3.0	19.4	20.1
Defense-Wide	1,462.2	562.6	617.2
 c. Total DoD	 43,331.1	 47,622.5	 48,438.9
 d. Other Orders:	 8,061.2	 4,056.5	 4,169.3
Trust Fund	71.3	41.6	42.4
Federal Agencies	194.8	1,050.7	1,070.9
Non Federal Agencies	6,732.4	1,634.8	1,594.1
Exchange Activities	0.0	0.0	0.0
Foreign Military Sales	1,062.7	1,329.4	1,461.9
 2. Carry-In Orders	 27.7	 5,249.6	 5,106.9
 3. Total Gross Orders	 51,420.0	 56,928.6	 57,715.1
 4. Carry-Out Orders	 0.0	 -5,073.2	 -5,059.7
 5. Funded Carry-over	 33.7	 33.7	 33.7
 6. Gross Sales	 51,386.3	 51,821.7	 52,621.7
Disposition Services - Sales Proceeds	0.0	96.4	96.4
 7. Credits & Allowances	 -288.7	 -965.6	 -931.0
 8. Net Sales	 51,097.6	 50,952.5	 51,787.1
 9. Reimbursable Sales	 20.4	 1,017.0	 1,066.7
 11. Other Adjustments	 1,403.4	 0.0	 0.0
 12. Total Revenue	 52,521.4	 51,969.5	 52,853.8

<p style="text-align: center;"><b>DEFENSE-WIDE WORKING CAPITAL FUND</b>  <b>SUMMARY</b>  <b>FISCAL YEAR (FY) 2021 BUDGET ESTIMATE</b>  <b>REVENUE AND EXPENSES</b>  <b>FEBRUARY 2020</b>  <b>(Dollars in Millions)</b></p>			
	<u><b>FY 2019</b></u>	<u><b>FY 2020</b></u>	<u><b>FY 2021</b></u>
<b>Revenue:</b>			
Gross Sales	50,653.5	50,503.1	51,295.2
Operations	50,478.4	50,189.2	50,938.4
Capital Surcharge	0.0	77.8	113.1
Capital Investment Recovery	175.1	236.1	243.7
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	2,365.2	2,432.0	2,489.7
Refunds/Discounts (-)	(497.3)	(965.6)	(931.1)
<b>Total Income</b>	<b>52,521.4</b>	<b>51,969.5</b>	<b>52,853.8</b>
<b>Expenses:</b>			
Cost of Materiel Sold from Inventory	33,895.0	34,235.5	34,209.3
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	60.2	60.1	61.2
Civilian Personnel Compensation & Benefits	4,121.5	4,448.8	4,464.9
Travel & Transportation of Personnel	46.7	63.8	63.8
Materials & Supplies (For Internal Oper)	233.8	102.8	105.3
Equipment	87.6	96.2	86.0
Other Purchases from Revolving Funds	798.9	862.5	867.8
Transportation of Things	849.5	974.5	997.1
Inventory Maintenance	182.9	304.1	88.9
Capital Investment Recovery	184.7	249.2	255.7
Printing & Reproduction	96.5	88.0	91.5
Advisory and Assistance Services	108.1	154.6	136.3
Rent, Communication, Utilities, & Misc.	2,296.7	2,396.5	2,419.2
Other Purchased Services	8,014.1	8,711.2	9,080.9
<b>Total Expenses</b>	<b>50,976.2</b>	<b>52,747.8</b>	<b>52,927.9</b>
<b>Operating Result</b>	<b>1,545.2</b>	<b>(778.3)</b>	<b>(74.1)</b>
Less Capital Surcharge Reservation	0.0	77.8	113.1
Plus Passsthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	561.3	59.5	59.1
<b>Net Operating Result (NOR)</b>	<b>2,106.5</b>	<b>(796.6)</b>	<b>(128.1)</b>
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	(212.1)	46.3	258.0
Prior Year AOR	(1,239.8)	655.2	(95.1)
<b>Accumulated Operating Result (AOR)</b>	<b>654.6</b>	<b>(95.1)</b>	<b>34.8</b>
Non-Recoverable Adjustments Impacting AOR	0.6	0.0	(34.8)
<b>Accumulated Operating Results for Budget Purposes</b>	<b>655.2</b>	<b>(95.1)</b>	<b>(0.0)</b>

Fund 14 - Revenue and Expenses

# Defense Finance and Accounting Service



Fiscal Year (FY) 2021 Budget Estimates  
Defense Working Capital Fund (DWCF)  
President's Budget Submission  
February 2020





## DEFENSE FINANCE AND ACCOUNTING SERVICE

### Overview

As one of the world's largest finance and accounting operations, 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 employs data transparency and customer collaboration to steadily and continually drive efficiencies. 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 \$550 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 20 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 non-DoD customers including the Department of Veterans Affairs and the Executive Office of the President.

Payroll support to Army field personnel currently includes sustainment of 35 Defense Military Pay Offices (DMPOs) and 11 satellite offices.

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 has successfully retired 12 legacy systems since FY 2017, with eight more on the horizon for FYs 2020 – 2021. 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 2021 budget to align with four key strategic priorities:

- **Audit Steadiness:** In support of the DoD's FY 2018 mandate to produce auditable financial statements, DFAS will develop auditable, repeatable, sustainable business processes that assists its customers in achieving clean audit opinions. DFAS will focus on tools and management reporting as well as internal controls for both processes and systems to ensure better oversight and improve data integrity.
- **Business Environment Modernization:** DFAS is focused on streamlining and standardizing systems and processes to modernize, drive cost savings, and continue to provide benchmark service levels to its customers. This focus will ensure valuable resources are dedicated to supporting a ready and capable force.
- **People:** Employees are DFAS' most important asset and the foundation for achieving the other strategic priorities. In support of its people, DFAS will work to find ways to help employees do their jobs smarter and more efficiently. DFAS will work to keep up with changing technologies by providing access to improved tools and training while focusing on building a culture of collaboration. This will

ensure DFAS eliminates duplication of work and opens communication channels across the organization.

- **Agency Operational Health:** By enhancing oversight and monitoring key cost, schedule, and performance metrics, DFAS will continuously improve productivity and customer service to remain a competitive shared service provider. Through customer collaboration, DFAS will actively work to identify and resolve pain points to drive efficiencies and effectiveness, and support delivery of best value services for its customers.

### **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 2021 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.
- Increasing IT infrastructure for required technology refresh, equipment, and increased security requirements to meet Federal and DoD requirements.
- Full resourcing in support of customer audit assertion and audit remediation as part of the DoD mandate to produce auditable financial statements and improve data integrity.
- Full staffing support for the Military Payroll function, pending future functional changes related to delivery of Integrated Personnel and Pay Systems for the Army, Air Force, and Navy.
- Transfer of the Defense Military Pay Office and Lead Defense Travel Administrator missions back to the Army.
- Generating long-term cost savings and continuity of quality by in-sourcing mission-related functions when beneficial.
- Accounting mission growth for treasury daily reporting and system reconciliation enhancements, along with increased customer requirements.

- Commercial Pay mission growth for Business Activity Monitoring (BAM) and the Mechanization of Contract Administration Services system (MOCAS).
- People Pay mission growth in support of increased customer requirements, System Change Request backlogs, and pay system data storage growth.
- The FY 2021 budget does not include funding for a cash risk mitigation range, as these resources are anticipated to be consumed in FY 2020 as a result of unfunded pay inflation and increased employer compensation percentages for the Federal Employees Retirement System (FERS). Additionally, maintaining a positive cash balance throughout FY 2021 is dependent upon all customers providing timely and sufficient funding for their projected workload.
- The FY 2020 projection reflects a 3.1% labor inflation assumption, and the FY 2021 budget reflects a 1% labor inflation assumption, in line with published guidance.

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

<b>Reform Initiative Description</b>	<b>Item/Service or Category</b>	<b>Current Year Projected Sales</b>	<b>Current Year Reduction</b>	<b>Budget Year Projected Sales</b>	<b>Budget Year Reduction</b>
Reduce Legacy Systems - CRISPS, SNIPS	Military Pay Mission Area	\$ -	\$ 138,030	\$ -	\$ 138,030
Reduce Legacy Systems - ICPS	Accounting Mission Area	\$ -	\$ 1,096,433	\$ -	\$ 1,096,433
Reduce Legacy Systems - TSS, MOCAS-MT	Commercial Pay Mission Area	\$ 62,970	\$ 188,155	\$ -	\$ 293,155
Reduce Legacy Systems - TBO, CORAS, DIT, CRS, IBOP, RECERT, SAMS, CHOOSE	Direct Systems Reimbursement	\$ -	\$ 1,128,125	\$ -	\$ 1,128,125

In addition to the reduced legacy systems above, the DFAS has an additional seven systems targeted for savings beyond FY 2021.

## Defense Wide Review:

In partnership with OSD and the Services, the DFAS has identified several key areas for implementing reforms or transferring mission-specific functions to the Services, to include investment by the Services in Enterprise Resource Planning systems, Defense Military Pay Office workload transition, and Agency Information & Technology efficiencies. As a result, the DFAS has laid these efficiencies directly into FY 2021 customer rates.

Reform Initiative Description	Item/Service or Category	Current Year Projected Sales	Current Year Reduction	Budget Year Projected Sales	Budget Year \$ Reduction	Associated Budget Year FTE Change
Investment by the Services and Defense Agencies in Enterprise Resource Planning systems	Accounting Mission Area	\$23,509	\$0	\$21,538	\$(1,971)	(24)
Transfer Defense Military Pay Offices to Army	People Pay Mission Area	\$61,169	\$0	\$0	\$(61,169)	(796)
Transfer Lead Defense Travel Administrators to Army	People Pay Mission Area	\$3,045	\$0	\$0	\$(3,045)	(30)
Transfer Miscellaneous Pay to the Air Force	Commercial Pay Mission Area	\$5,225	\$0	\$3,874	\$(1,351)	(22)
DFAS Identified Efficiency - Information & Technology	All Mission Areas	\$150,628	\$0	\$144,500	\$(6,127)	(8)
DFAS Identified Efficiency - Retired & Annuitant Pay	People Pay Mission Area	\$27,549	\$0	\$25,516	\$(2,033)	(27)
DFAS Identified Efficiency - Insource Universe of Transactions Reconciliation Contract	Accounting Mission Area	\$5,625	\$0	\$769	\$(4,856)	(6)
Total:		\$276,751	\$0	\$196,198	\$(80,553)	(913)

*These changes are also reflected as programmatic changes within the Fund 2 Changes in Costs of Operations exhibit.*

## **Budget Summary**

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

### Revenue and Expenses

(\$ in Millions)

	FY 2019	FY 2020	FY 2021
Revenue	\$1,424.5	\$1,367.8	\$1,491.5
Cost of Operations	<u>\$1,448.8</u>	<u>\$1,471.4</u>	<u>\$1,427.5</u>
Operating Results	(\$24.3)	(\$103.6)	\$64.0
Adjustment for Unfunded Depreciation on Non-DFAS Acquired PP&E	\$13.2	\$13.0	\$11.9
Other Adjustment to NOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable Net Operating Results (NOR)	(\$11.1)	(\$90.6)	\$75.9
Accumulated Operating Results (AOR) – Beginning	\$25.7	\$14.7	(\$75.9)
Adjustment for Recoverable/Deferred AOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable AOR - Ending	\$14.7	(\$75.9)	\$0.0

The DFAS FY 2019 reflects actuals and the FY 2020 position reflects a projection, with an anticipated accumulated operating loss of (\$75.9M) by the end of FY 2020, primarily driven by unfunded pay inflation in FY 2019 and FY 2020, and the agency contribution increase to FERS in FY 2020. This loss will significantly impact DFAS cash levels. The FY 2021 budget was built with additional revenue to cover pay inflation, performance award increases, and an additional \$53.6M in revenue for cash recovery.

### Personnel

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Direct Hire Civilian FTEs	11,839	11,748	10,654
Indirect Hire Foreign National FTEs	199	202	198
Civilian End Strength	12,030	11,927	10,957
Military End Strength	21	21	21

### **Capital Investment Program**

(\$ in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Total Obligations	\$10.5	\$30.4	\$20.4
Total Capital Outlays	\$16.9	\$20.4	\$19.9

### **Automatic Data Processing Equipment (ADPE) and Telecommunications Equipment**

The FY 2021 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 2021 budget also includes infrastructure replacement to enhance video teleconferencing capabilities in support of Federal and DoD teleservice and communication mandates.

FY 2020 capital investments for ADPE increased due to ELAN requirements being expanded and new requirements being identified.

### **Software Development**

The FY 2021 program includes the Enterprise Risk Management (ERM) Toolset that will allow for standardization in the risk control space for more efficient Audit Steadiness operations. FY 2021 also includes the Standard Material Accounting System (SMAS); the local purchase functionality in continuation of the prototype effort will transfer from the Integrated Accounts Payable System (IAPS) to SMAS. Additionally, FY 2021 includes the Learning Management System (LMS), a single tool to manage skillsets and competency alignment efforts; track budget, scheduling, and certifications; provide aggregate reporting; and oversee succession planning and mentoring. Finally, FY 2021 includes the Interactive

Workplace Management Suite (IWMS) that will provide hoteling & room reservation functionality to meet the DFAS' demands for managing mobile employees who split work between the office and telework.

FY 2020 capital investments for software development show an increase from the 2020 President's Budget primarily due to approved carryover requests from FY 2019 to FY 2020 for Configuration Management Information System (CMIS), Remedy Action Request System (REMEDY), Enterprise Risk Management Toolset (ERM), and Corporate Electronic Document Management System (CEDMS). There was also an increase for Automated Disbursing System (ADS). These increases were partially offset by a decrease for Reduced Legacy Systems (RLS) and Defense Information Financial Management System (DIFMS).

### **Minor Construction**

The Minor Construction projects scheduled for FY 2021 will cover the purchase and installation of security turnstile and metal detector units at the Limestone facility to increase security measures. 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. FY 2021 funds will also be used to establish break out rooms and break rooms at DFAS Cleveland. The estimate includes roughly 12 rooms on multiple floors at the Anthony J. Celebrezze Federal Building. The rooms would be reconstructed to provide the proper electrical requirements to house refrigerators, microwaves, coffee makers, and any other break room items in a central location. Finally, FY 2021 funds will be used to relocate and upgrade mechanical systems to allow for the construction of secure space. This space will include the construction of two offices, and a conference room with an additional secure/non-secure Video Teleconference Center (VTC) room. This will also include the purchase and installation of security doors and an entire security system to include intrusion detection for above/below ceiling and video cameras at all entrances.

FY 2020 capital investments for minor construction show an increase due to the purchase and installation of a backup power solution to provide electricity, for an indefinite duration, to two DFAS datacenters at the Bratenahl facility at DFAS Cleveland. There was also an increase in the estimate for Indianapolis to expand collateral work space within their Site Operations Center. Additionally, there was a partially offsetting decrease in the estimate of the purchase and installation of a single automatic transfer switch to allow full use of generator capabilities at DFAS Limestone.



Fiscal Year (FY) 2021 Budget Estimates  
Changes in the Costs of Operation  
Defense Finance and Accounting Service  
February 2020  
(\$ in Millions)

	<b>Costs</b>
<b>FY 2019 Actual</b>	<b>1,448.8</b>
Pricing Adjustment:	
FY 2020 Civilian Pay Raise	25.5
Annualization Prior Year Pay Raise	8.5
Inflation Adjustment	6.5
Program Changes:	
Civilian Personnel Compensation	3.6
Travel & Transportation of Personnel	(0.2)
Material & Supplies	(0.1)
Other Purchases from Revolving Funds	(10.8)
Transportation of Things	0.0
Depreciation	3.2
Printing & Reproduction	(0.0)
Advisory & Assistance Services	(0.7)
Rent, Communication, Utilities and Misc. Charges	(0.5)
Other Purchased Service	(12.3)
<b>FY 2020 Projection</b>	<b>1,471.4</b>
Pricing Adjustment:	
FY 2021 Civilian Pay Raise	8.5
Annualization Prior Year Pay Raise	8.8
Inflation Adjustment	6.1
Program Changes:	
Civilian Personnel Compensation	(73.4)
Travel & Transportation of Personnel	0.9
Material & Supplies	0.3
Other Purchases from Revolving Funds	4.3
Transportation of Things	(0.4)
Depreciation	(0.5)
Printing & Reproduction	0.0
Advisory & Assistance Services	(14.4)
Rent, Communication, Utilities and Misc. Charges	(0.6)
Other Purchased Service	16.5
<b>FY 2021 PB</b>	<b>1,427.5</b>

Fiscal Year (FY) 2021 Budget Estimates  
Source of New Orders and Revenue  
Defense Finance and Accounting Service  
February 2020  
(\$ in Millions)

APPN	Client	Customer	FY 2019	FY 2020	FY 2021
<b>1. New Orders</b>					
<b>a. Orders from DoD Components:</b>					
<b>Total Capital</b>	Defense Agency	Defense Finance and Accounting Service	<b>4.3</b>	<b>1.8</b>	<b>3.0</b>
Housing	Army	Army Family Housing	0.2	0.1	0.2
Housing	Defense Agency	Washington Headquarters Service	0.0	0.0	0.0
<b>Total Housing</b>			<b>0.2</b>	<b>0.1</b>	<b>0.2</b>
O&M	Air Force	Air Force	258.1	252.2	284.8
O&M	Army	Army	508.0	492.1	475.8
O&M	Marine Corps	Marine Corps	45.3	44.5	45.4
O&M	Navy	Navy	237.3	223.9	239.2
O&M	Defense Agency	Defense Acquisition University	1.5	1.9	2.2
O&M	Defense Agency	Defense Contract Audit Agency	4.9	5.3	5.4
O&M	Defense Agency	Defense Contract Management Activity	6.2	6.5	7.6
O&M	Defense Agency	Defense Counterintelligence and Security Agency	1.8	1.9	2.0
O&M	Defense Agency	Defense Human Resources Activity	2.9	3.1	3.7
O&M	Defense Agency	Defense Information Systems Agency	10.2	11.1	14.3
O&M	Defense Agency	Defense Intelligence Agency	0.7	0.7	1.0
O&M	Defense Agency	Defense Logistics Agency	2.3	2.5	2.4
O&M	Defense Agency	Defense Media Activity	1.3	1.1	1.2
O&M	Defense Agency	Defense Microelectronics Activity	1.0	0.9	1.0
O&M	Defense Agency	Defense POW/MIA Accounting Agency	0.8	0.8	0.9
O&M	Defense Agency	Defense Security Cooperation Agency	4.0	4.1	4.9
O&M	Defense Agency	Defense Technology Security Administration	0.3	0.6	0.5
O&M	Defense Agency	Defense Test Resource Management Center	0.1	0.1	0.1
O&M	Defense Agency	Defense Threat Reduction Agency	4.0	2.9	3.8
O&M	Defense Agency	Department of Defense Education Activity	8.8	8.3	10.1
O&M	Defense Agency	Department of Defense Inspector General	2.8	3.8	3.8
O&M	Defense Agency	Director Operational Test & Evaluation	0.8	0.8	0.7
O&M	Defense Agency	Military Health System - Tricare, TMA, DHA, USUHS	32.6	37.2	52.5
O&M	Defense Agency	Military Housing Privatization Initiative	0.0	0.1	0.0
O&M	Defense Agency	National Defense University	0.7	0.7	1.3
O&M	Defense Agency	National Geospatial-Intelligence Agency	2.0	1.9	2.8
O&M	Defense Agency	National Reconnaissance Office	0.1	0.1	0.1
O&M	Defense Agency	National Security Agency	1.3	1.4	1.6
O&M	Defense Agency	Office of Economic Adjustment	0.6	0.5	0.7
O&M	Defense Agency	Office of the Joint Chiefs of Staff	0.8	0.8	1.0
O&M	Defense Agency	Office of the Secretary of Defense	1.9	1.4	0.7
O&M	Defense Agency	Pentagon Force Protection Agency	0.1	0.2	0.2
O&M	Defense Agency	US Special Operations Command	10.8	7.7	12.5
O&M	Defense Agency	Washington Headquarters Service	6.2	4.8	7.3
<b>Total O&amp;M</b>			<b>1,159.9</b>	<b>1,125.7</b>	<b>1,191.7</b>
RDT&E	Army	Army	0.0	0.0	0.0
RDT&E	Navy	Navy	1.9	2.5	2.9
RDT&E	Defense Agency	Chemical Biological Defense Program	1.2	2.0	2.3
RDT&E	Defense Agency	Defense Advanced Research Projects Agency	3.2	3.2	3.8
RDT&E	Defense Agency	Defense Logistics Agency	0.2	0.0	0.0
RDT&E	Defense Agency	Defense Technical Information Center	2.9	2.7	3.1
RDT&E	Defense Agency	Director Operational Test & Evaluation	0.2	0.0	0.2
RDT&E	Defense Agency	Missile Defense Agency	5.7	6.0	6.9
RDT&E	Defense Agency	Washington Headquarters Service	0.0	0.0	0.0
<b>Total RDT&amp;E</b>			<b>15.4</b>	<b>16.4</b>	<b>19.2</b>
Foreign Military Sales	Army	Army	0.2	0.0	0.0
Foreign Military Sales	Air Force	Air Force	0.0	0.0	0.0
Foreign Military Sales	Defense Agency	Defense Security Cooperation Agency	26.2	22.1	36.6
<b>Total FMS</b>			<b>26.4</b>	<b>22.1</b>	<b>36.6</b>
<b>a. Total Orders from DoD Components:</b>			<b>1,206.2</b>	<b>1,166.2</b>	<b>1,250.6</b>

Fiscal Year (FY) 2021 Budget Estimates  
Source of New Orders and Revenue  
Defense Finance and Accounting Service  
February 2020  
(\$ in Millions)

APPN	Client	Customer	FY 2019	FY 2020	FY 2021
<b>b. Orders from Other Fund Activity Groups</b>					
WCF	Air Force	Air Force	10.1	9.3	12.2
WCF	Army	Army	11.4	12.4	14.4
WCF	Marine Corps	Marine Corps	2.9	2.5	2.9
WCF	Navy	Navy	38.9	36.6	50.6
WCF	Defense Agency	Defense Commissary Agency	16.0	16.4	17.9
WCF	Defense Agency	Defense Information Systems Agency	15.0	11.5	10.6
WCF	Defense Agency	Defense Logistics Agency	55.1	50.8	56.1
WCF	Defense Agency	Defense Technology Security Administration	0.4	0.0	0.2
WCF	Defense Agency	US Transportation Command	13.0	9.9	14.9
<b>b. Total Orders from Other Fund Activity Groups</b>			<b>162.8</b>	<b>149.6</b>	<b>179.9</b>
<b>c. Total DoD</b>			<b>1,369.0</b>	<b>1,315.7</b>	<b>1,430.5</b>
<b>d. Other Orders</b>					
		Broadcast Board of Governors	0.1	0.1	0.2
		Commercial (Citi, EDS, etc)	0.5	0.0	0.5
		Director of National Intelligence	0.0	0.3	0.0
		Environmental Protection Agency	0.0	0.0	0.0
		Executive Office of the President	0.2	0.2	0.2
		US Coast Guard	0.1	0.1	0.1
		US Corps of Engineers	3.7	3.3	4.1
		US Dept of Energy	1.0	1.0	1.1
		US Dept of Health and Human Services	8.4	8.4	9.8
		US Dept of State	0.1	0.0	0.0
		US Dept of Treasury	0.3	0.7	0.8
		US Dept of Veteran Affairs	41.1	38.1	44.3
<b>d. Total Other Orders</b>			<b>55.5</b>	<b>52.1</b>	<b>61.0</b>
<b>1. Total New Orders</b>			<b>1,424.5</b>	<b>1,367.8</b>	<b>1,491.5</b>
<b>2. Carry-In Orders</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>3. Total Gross Orders</b>			<b>1,424.5</b>	<b>1,367.8</b>	<b>1,491.5</b>
<b>4. Carry-Out Orders</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>5. Gross Sales</b>			<b>1,424.5</b>	<b>1,367.8</b>	<b>1,491.5</b>
<b>6. Credit</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>7. Net Sales</b>			<b>1,424.5</b>	<b>1,367.8</b>	<b>1,491.5</b>

Fiscal Year (FY) 2021 Budget Estimates  
Revenue and Expenses  
Defense Finance and Accounting Service  
February 2020  
(\$ in Millions)

	<b>FY 2019 Actual</b>	<b>FY 2020 Projection</b>	<b>FY 2021 PB</b>
<b>Revenue</b>			
Gross Sales			
Operations	1,405.8	1,345.7	1,468.8
Depreciation except Major Construction	18.7	22.1	22.7
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
<b>Total Income:</b>	<b>1,424.5</b>	<b>1,367.8</b>	<b>1,491.5</b>
<b>Costs</b>			
Civilian Personnel Compensation & Benefits	1,093.7	1,131.3	1,075.2
Travel & Transportation of Personnel	5.9	5.8	6.8
Materials & Supplies (Internal Operations)	1.4	1.3	1.7
Other Purchases from Revolving Funds	118.1	109.7	116.1
Transportation of Things	0.5	0.5	0.1
Depreciation - Capital	31.9	35.1	34.7
Printing and Reproduction	(0.0)	(0.0)	0.0
Advisory and Assistance Services	34.4	34.3	20.7
Rent, Communications, Utilities & Misc. Charges	26.1	26.1	26.0
Other Purchased Services	136.8	127.3	146.3
<b>Total Expenses:</b>	<b>1,448.8</b>	<b>1,471.4</b>	<b>1,427.5</b>
<b>Operating Result</b>	<b>(24.3)</b>	<b>(103.6)</b>	<b>64.0</b>
Depreciation, Non-DWCF Acquired PP&E	13.2	13.0	11.9
Adjustments to NOR	0.0	0.0	0.0
<b>Net Operating Result</b>	<b>(11.1)</b>	<b>(90.6)</b>	<b>75.9</b>
PY AOR	25.7	14.7	(75.9)
Non-recoverable/Deferred AOR Adjustment	0.0	0.0	0.0
<b>Accumulated Operating Results</b>	<b>14.7</b>	<b>(75.9)</b>	<b>0.0</b>

**DEFENSE INFORMATION SYSTEMS AGENCY  
FISCAL YEAR (FY) 2021  
BUDGET ESTIMATES**



**DEFENSE WORKING CAPITAL FUND  
INFORMATION SERVICES**

**February 2020**





## **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 major initiatives, including: 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;

providing Joint Enterprise License Agreements (JELAs) at 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; the delivery of an on-premise cloud hosting capability and commercial cloud access infrastructure to enable the Department's migration to cloud computing, a reduced data center footprint, and streamlined cybersecurity infrastructure; and the convergence of DoD networks, service desks, and operations centers into a consolidated, secure, and effective environment capable of addressing current and future mission objectives called Fourth Estate Network Optimization (4ENO).

The DISA operates the Information Services Activity Group within the Defense-Wide Working Capital Fund (DWWCF), which consists of three business areas: **Computing Services (CS)**, **Telecommunications Services (TS)**, and **Enterprise Acquisition Services (EAS)**. For rate setting purposes, the DISA assesses profit/loss factors at the agency level. DISA will maintain a zero ending accumulated operating result (AOR) in FY 2021; an adjustment to retained AOR is due to a change in daily cash requirements. In addition, FY 2020 and FY 2021 billing rates include a capital asset surcharge of \$190.9 million to support initial investments in commodity IT infrastructure for the Fourth Estate as part of the Department's IT optimization efforts, Enhanced Mobile Satellite Service (EMSS) enhancements, and technology refreshment for the Defense Information Systems Network (DISN).

### Key Budget Data

(\$ in millions)	FY 2019	FY 2020	FY 2021
Revenue	\$8,204.0	\$7,502.0	\$7,812.8
Expense	\$8,158.8	\$7,685.3	\$7,810.6
Net Operating Result	\$45.2	(\$183.3)	\$2.2
Capital Surcharge Reservation	\$0.0	\$77.8	\$113.1
Adjusted Net Operating Result	\$45.2	(\$261.1)	(\$111.0)
Prior Year Accumulated Operating Result (AOR)	\$359.5	\$404.7	\$145.7
Adjustment to Retained AOR	\$0.0	\$0.0	(\$34.745)
Other Adjustments Affecting AOR	\$0.1	\$2.0	\$0.0
Ending AOR	\$404.7	\$145.7	(\$0.0)
Capital Budget	\$36.5	\$290.9	\$204.8
Civilian Workyears	2,674	2,783	2,899
Military End Strength	25	25	27

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 2019 data are actual results. Data in all tables may not add due to rounding.

### Rate Changes for Major Programs

In FY 2021, rates for Computing Services increase by 1.30% in the aggregate, the overall price of the DISN Infrastructure Services (DISN IS) increases by 4.80%, while other major rate



categories remain unchanged. These rate changes are discussed in more detail in subsequent sections of this narrative.

<b>Business Area</b>	<b>Major Service Offering</b>	<b>FY 2021 Rate/Fee</b>	<b>Percent Change</b>
Computing Services	Composite Rate	-	+1.30%
Telecommunications Services	DISN Infrastructure Services (DISN IS) Price	-	+4.80%
	Standard Contracting Fee	2.25%	0.00%
Enterprise Acquisition Services	Joint Enterprise License Agreement (JELA) Contracting Fee	0.25%	0.00%
	JELA Decentralized Ordering Fee	0.10%	0.00%



# Computing Services

## Key Budget Data

This budget reflects conservative estimates of workload growth combined with cost savings measures, which result in a 1.30% percent aggregate rate change in FY 2021. 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.

<b>(\$ in millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Revenue	\$1,070.4	\$982.0	\$968.1
Expense	\$1,062.4	\$1,032.7	\$986.5
Net Operating Result	\$8.0	(\$50.7)	(\$18.4)
Capital Surcharge Reservation	\$0.0	\$0.0	\$0.0
Adjusted Net Operating Result	\$8.0	(\$50.7)	(\$18.4)
Capital Budget	\$34.1	\$71.3	\$42.9
Civilian Workyears	1,519	1,497	1,549
Military End Strength	6	5	6

\*Fiscal Year 2019 data are actual results.

## 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).

DISA's Computing Services business area currently operates nine data centers: seven in the continental United States (CONUS) and two outside the continental United States (OCONUS). CONUS data centers are configured to support a broad range of Department of Defense computing requirements while OCONUS data centers are designed for more regional requirements. All DISA data centers have been designated as Core Data Centers (CDC) as part of the Joint Information Environment (JIE). DISA acquires two new OCONUS regional Core Data Centers – Yokota, Japan and Ford Island, Hawaii 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 79,000 terabytes of storage
- Approximately 309,000 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.

<b>Data Center Locations</b>
Mechanicsburg, PA Montgomery, AL Oklahoma City, OK Ogden, UT Columbus, OH San Antonio, TX St. Louis, MO ( <i>Closes in FY 2021</i> )
Europe (Stuttgart and Wiesbaden) Bahrain Yokota, Japan ( <i>New in FY 2020</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, 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.

DISA has implemented a management concept for its Core Data Centers 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 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, Storage as a Service, milDrive, Secure Cloud Computing Architecture, and Cybersecurity Service Provider 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 service offerings 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 in FY 2020, the Basic Services rate is separated into three categories: systems administration labor, security administration labor, and infrastructure. These three rates are charged to mission partners based on the distinct cost drivers for each service offering and remain as 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.

The DEE service provides a Basic/Business offering for those users requiring up to 4GBs of storage, a Premium offering for accounts requiring up to 10GBs of storage, an 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.

***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)*** is designated as the DoD enterprise solution for distributed content caching by the DoD CIO. GCDS provides the capability to bring DISA and DISA customer 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), both NIPRNet and SIPRNet. 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.

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 2022 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. The milCloud 2.0 service 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. The Department of Defense is working to achieve the optimization of its information technology infrastructure with a focus on cloud adoption. To that end, all cloud compatible Fourth Estate NIPR and SIPR, traditionally-hosted workloads in DISA data centers will migrate to milCloud 2.0 or a general-purpose commercial cloud service. These migrations 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.

***milDrive*** is a personal file storage service that delivers a distributed solution capable of mobile, multi-device storage. The service is compatible across CAC-enabled computers, tablets, and smartphones. Users of milDrive have the ability to manage their own folders and files and to send files to and authorize access for other authenticated users.

***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.

***Virtual Data Center Security Stack (VDSS)*** serves as the virtual security enclave protecting applications and data hosted in commercial environments. It includes two core services: Web Application Firewall (WAF) and Next Generation Firewall. Together, these capabilities detect and prevent threats facing web applications and workloads.

***Virtual Data Center Managed Services (VDMS)*** provides application host security and privileged user access in commercial environments. VDMS services include the Host-Based Security System and Assured Compliance Assessment Solution. They enable mission partners to configure and deliver security policies, push upgrades, and manage roles and security policies.

***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.

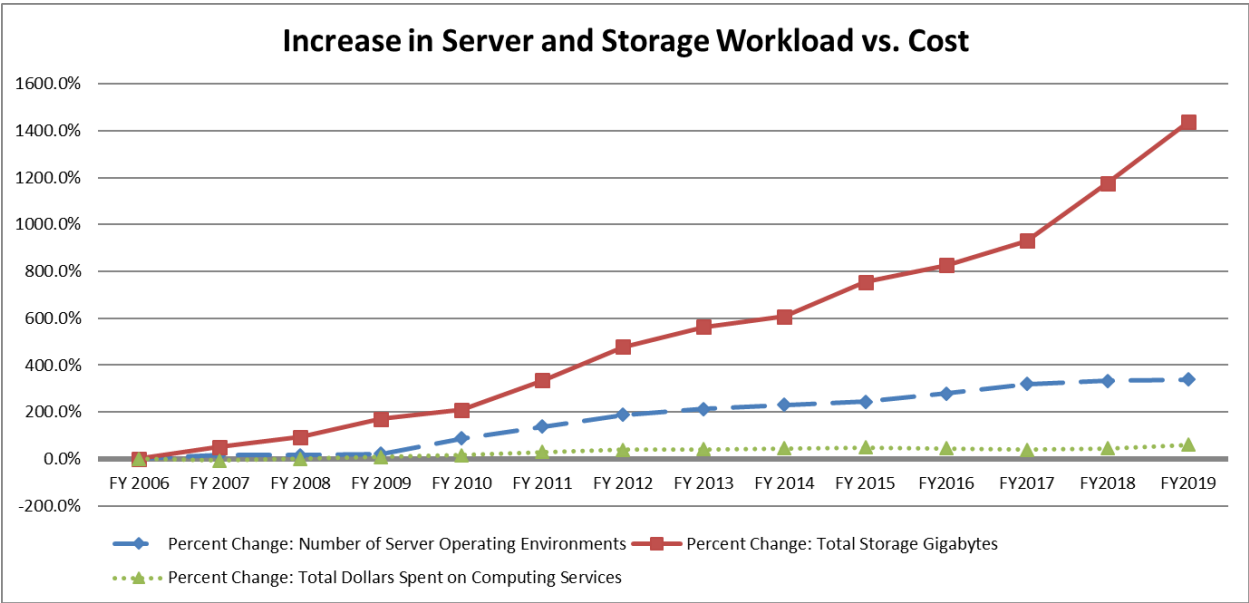
***Cloud Advanced (Cloud-A) Cybersecurity Service Provider (CSSP)*** is available to mission partners leveraging both commercial and government-owned cloud environments. This comprehensive service offering provides the monitoring and analysis of network traffic entering and exiting the mission partner's Virtual Private Cloud (VPC).

***Forge.mil*** consists of SoftwareForge and ProjectForge and provides a collaborative environment to accelerate the development and deployment of software and services within the DoD.

Forge.mil also enables the reuse of open source and DoD community source software. Due to limited adoption by DoD mission partners, the Forge.mil platform will be discontinued in mid-FY 2020.

Performance Measures

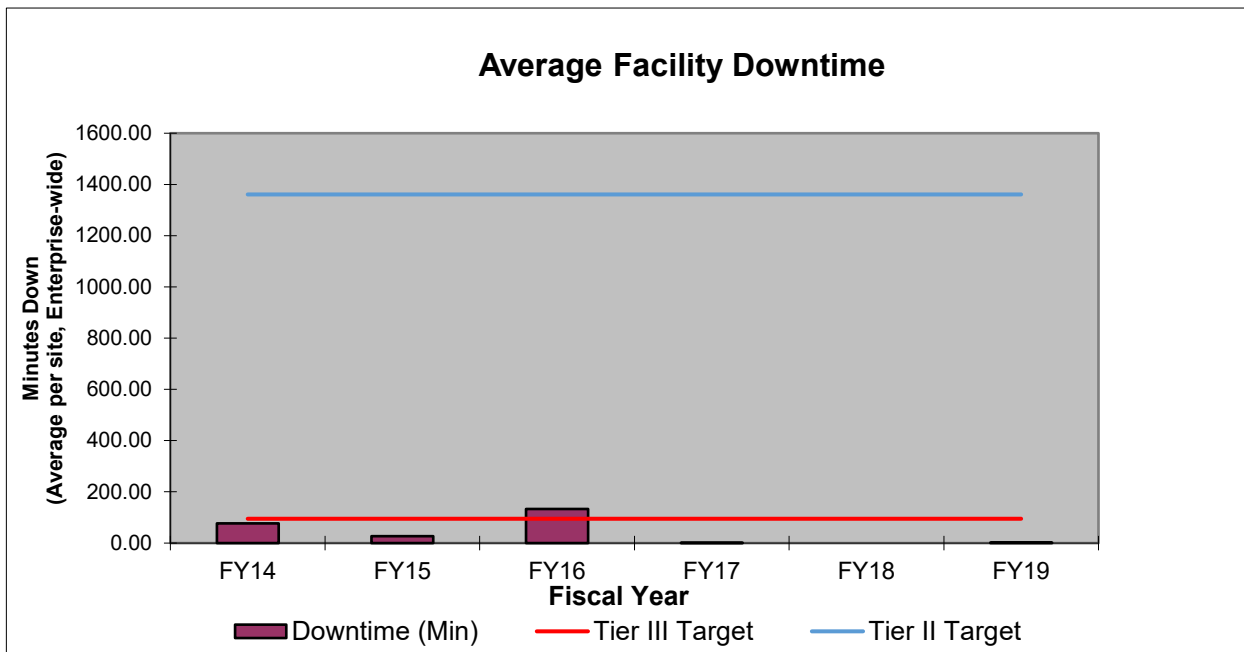
As shown in the subsequent table, demand for DISA’s server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 339 percent, and total storage gigabytes have increased by 1,438 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 61 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 DISA’s Core Data 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
<b>IBM System z Mainframe</b>	99.95%	99.99%	100%
<b>Unisys Mainframe</b>	99.95%	99.99%	100%
<b>P Series Server</b>	99.95%	99.99%	100%
<b>SPARC Server</b>	99.95%	99.99%	100%
<b>X86 Server</b>	99.95%	99.99%	99.998%
<b>Itanium</b>	99.95%	>99.95%	99.999%
<b>Storage</b>	99.95%	>99.95%	99.996%
<b>Communications Devices</b>	99.95%	>99.95%	99.98%

## Rates

This budget results in a composite 1.30 percent rate change in FY 2021. 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 LOB	FY 2020	FY 2021
IBM CPU Usage (Hour/Month)	\$374.3594	\$379.0722
IBM ZIIP CPU (Hour/Month)	\$358.4084	\$362.9204
IBM Storage (GB/Day)	\$0.2968	\$0.3005
IBM Long Term Storage (GB/Day)	\$0.1978	\$0.2003
zLinux Infrastructure (vCPU/Month)	\$1,248.00	\$1,263.71
zLinux Hardware (vCPU/Month)	\$215.00	\$217.71
Infrastructure and Sustainment LOB	FY 2020	FY 2021
Application Support / Web Administration (OE/Month)	\$947.00	\$960.00
Database Administration (OE/Month)	\$1,396.00	\$1,414.00
Oracle Database Software Itanium Virtual (Core/Month)	\$408.00	\$413.00
Oracle Database Software Itanium Class 1 Physical (OE/Month)	\$4,921.00	\$4,983.00
Oracle Database Software Itanium Class 2 Physical (OE/Month)	\$9,833.00	\$9,957.00
Oracle Database Software Itanium Class 3 Physical (OE/Month)	\$14,747.00	\$14,933.00
Oracle Database Software x86 & SPARC Virtual (vCPU or Core/Month)	\$203.00	\$206.00
Oracle Database Software x86 & SPARC Class 1 Physical (OE/Month)	\$2,459.00	\$2,490.00
Oracle Database Software x86 & SPARC Class 2 Physical (OE/Month)	\$4,911.00	\$4,973.00
Oracle Database Software x86 & SPARC Class 3 Physical (OE/Month)	\$7,377.00	\$7,470.00
Server 24 x 7 Application Support (OE/Month)	\$2,094.00	\$2,119.00
Server 24 x 7 Database Administration (OE/Month)	\$1,843.00	\$1,866.00
Server Storage - Enterprise Disk RAID 5 (GB/Month)	\$0.4821	\$0.4882
Server Storage - Shared COOP (GB/Month)	\$0.4160	\$0.4212
Server Storage - Backup Service (GB/Month)	\$0.2404	\$0.2434
Server Storage - Dedicated COOP SAN Replication (GB/Month)	\$0.9084	\$0.9198
Server Storage - Enterprise Disk RAID 10 (GB/Month)	\$0.8161	\$0.8264
Cyber LOB	FY 2020	FY 2021
Database Administration Security Only (OE/Month)	\$139.00	\$140.75
Cyber/Security Labor (OE/Month)	\$32.40	\$32.81
Financial Audit Compliance - IBM Mainframe (Hour/Month)	\$1.51	\$1.53
Financial Audit Compliance - Open Systems (OE/Month)	\$208.83	\$211.52
Financial Audit Compliance - Unisys Mainframe (SUPS/Month)	\$0.14	\$0.15
Vulnerability Management - Program (Program/Month)	\$825.01	\$835.40
Vulnerability Management - Endpoints (Endpoints/Month)	\$28.27	\$28.63
Data Center LOB	FY 2020	FY 2021
Admin Space Rental (Sq Ft/Month)	\$3.53	\$3.57
Floor Space Rental (Sq Ft/Month)	\$16.66	\$19.83
Floor Space Rental with COMM (Per Server/Month)	\$895.58	\$906.85

Enterprise Services	FY 2020	FY 2021
ATAAPS (Account/Month)	\$1.19	\$1.20
CSSP Traditionally Hosted Data Center Program (OE/Month)	\$136.31	\$138.03
CSSP Cloud-Advanced Tier 1 Subscription (1 to 5 OEs) (Application/Month)	\$1,435.29	\$1,453.36
CSSP Cloud-Advanced Tier 2 Subscription (6 to 10 OEs) (Application/Month)	\$2,568.41	\$2,600.74
CSSP Cloud-Advanced Tier 3 Subscription (11 to 50 OEs) (Application/Month)	\$4,585.00	\$4,642.72
CSSP Cloud-Advanced Tier 4 Subscription (51 to 100 OEs) (Application/Month)	\$7,429.91	\$7,523.45
Enterprise Email - Mobile Devices (Device/Month)	\$2.33	\$2.36
Enterprise Email - Journaling (GB/Month)	\$0.34	\$0.35
Enterprise Email - Business (Account/Month)	\$2.78	\$2.81
Enterprise Email - Premium (Account/Month)	\$9.23	\$9.35
Enterprise Email - Executive (Account/Month)	\$16.62	\$16.83
Enterprise Email - Senior Executive (Account/Month)	\$24.62	\$24.93
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)	\$10.11	\$10.24
DEPS - Shared NIPR (Per User/Month)	\$3.96	\$4.01
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)	\$2,794.82	\$2,830.00
Forge.mil - Project Forge Medium (User/Month)	\$6,987.06	\$7,075.02
Forge.mil - Project Forge Large (User/Month)	\$27,948.20	\$28,300.04
Forge.mil - Software Forge (Project/Month)	\$1,116.41	\$1,130.46
GCDS Net Storage (TB/Month)	\$11,749.07	\$11,896.98
GCDS URL Web Delivery (URL/Month)	\$894.10	\$905.36
GCDS Web Application Firewall (Unit/Month)	\$119.40	\$120.90
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	\$3,202.88
milCloud - Base Unit (Per Unit/Day)	\$3.51	\$3.55
milCloud - Storage (GB/Day)	\$0.0144	\$0.0146
milCloud - Backup Storage (GB/Day)	\$0.0092	\$0.0093
milCloud - Memory (2GB/Day)	\$0.71	\$0.72
milCloud - Dedicated VPN (User Block/Day)	\$35.72	\$36.17
milCloud - IaaS Log View (Edge Gateway/Day)	\$23.69	\$23.99
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%
milCloud 2.0 Migration Services	2.25%	2.25%
SCCA - Virtual Data Center Security Stack (OE/Month)	\$37.92	\$38.40
SCCA - Virtual Data Center Managed Services (OE/Month)	\$87.89	\$89.00
SKIWeb (Per User/Month)	\$76.64	\$77.60

<b>Enterprise Services continued</b>	<b>FY 2020</b>	<b>FY 2021</b>
Cloud Storage - Storage as a Service (GB/Month)	\$0.30	\$0.30
Cloud Storage - milDrive 20GB License (License/Month)	\$7.29	\$7.38
Cloud Storage - milDrive 1TB License (License/Month)	\$9.86	\$9.98
Cloud Storage - milDrive License Onboarding Fee (One Time)	\$22.32	\$22.32
<b>Server LOB</b>	<b>FY 2020</b>	<b>FY 2021</b>
Server Systems Administration Conventional: Virtual (OE/Month)	\$349.00	\$353.00
Server Systems Administration Conventional: Physical (OE/Month)	\$349.00	\$353.00
Server Systems Administration - Converged OSC SPARC (OE/Month)	\$105.00	\$106.00
Server Systems Administration - Converged x86 (OE/Month)	\$209.00	\$212.00
Server Systems Administration - Cloud (OE/Month)	\$233.00	\$236.00
Server Systems Administration - 24x7 (OE/Month)	\$747.00	\$756.00
Server/Storage Infrastructure - Cloud (OE/Month)	\$95.00	\$96.00
Server /Storage Infrastructure - Converged (x86) (OE/Month)	\$104.00	\$105.00
Server /Storage Infrastructure - Converged SPARC (OE/Month)	\$359.00	\$364.00
Server /Storage Infrastructure - Virtual (OE/Month)	\$124.00	\$126.00
Server /Storage Infrastructure - Virtual Non Standard (OE/Month)	\$896.00	\$907.00
Server/Storage Infrastructure - Class 1: Physical (OE/Month)	\$1,710.00	\$1,732.00
Server/Storage Infrastructure - Class 2: Physical (OE/Month)	\$2,334.00	\$2,363.00
Server/Storage Infrastructure - Class 3: Physical (OE/Month)	\$2,776.00	\$2,811.00
Server H/W Services SPARC LDOM Processor (Core/Month)	\$222.00	\$225.00
Server H/W Services SPARC Class 1 Physical (OE/Month)	\$1,464.00	\$1,482.00
Server H/W Services SPARC Class 2 Physical (OE/Month)	\$2,934.00	\$2,971.00
Server H/W Services SPARC Class 3 Physical (OE/Month)	\$7,541.00	\$7,636.00
Server H/W Services Itanium Class 1 Physical (OE/Month)	\$2,635.00	\$2,668.00
Server H/W Services Itanium Class 2 Physical (OE/Month)	\$3,600.00	\$3,645.00
Server H/W Services Itanium Class 3 Physical (OE/Month)	\$8,879.00	\$8,991.00
Server H/W Services x86 VOE Processor (vCPU/Month)	\$65.00	\$66.00
Server H/W Services x86 Class 1 Physical (OE/Month)	\$320.00	\$324.00
Server H/W Services x86 Class 2 Physical (OE/Month)	\$533.00	\$540.00
Server H/W Services x86 Class 3 Physical (OE/Month)	\$3,302.00	\$3,344.00
Server H/W Services SPARC Virtual Memory (GB/Month)	\$3.61	\$3.66
Server H/W Services x86 Virtual Memory (GB/Month)	\$2.33	\$2.36
Server H/W Services Itanium IVMs (OE/Month)	\$1,250.00	\$1,266.00
Server Implementation - Standard (One Time)	\$8,623.29	\$8,623.29
Server Implementation - Capacity Hardware Only (One Time)	\$5,159.23	\$5,159.23
Server Implementation Converged - Physicals (One Time)	\$7,759.00	\$7,759.00
Server Implementation Converged - OSC SPARC Virtual (One Time)	\$1,241.00	\$1,241.00
Server Implementation Converged - x86 Virtual (One Time)	\$4,733.00	\$4,733.00



# Telecommunications Services

## Key Budget Data

(\$ in millions)	FY 2019	FY 2020	FY 2021
Revenue	\$1,960.4	\$2,197.5	\$2,443.3
Expense	\$1,987.6	\$2,330.0	\$2,419.1
Net Operating Result	(\$27.3)	(\$132.5)	\$24.2
Capital Surcharge Reservation	\$0.0	\$77.8	\$113.1
Adjusted Net Operating Result	(\$27.3)	(\$210.3)	(\$88.9)
Capital Budget	\$0.0	\$216.3	\$158.1
Civilian Workyears	585	682	734
Military End Strength	18	19	20

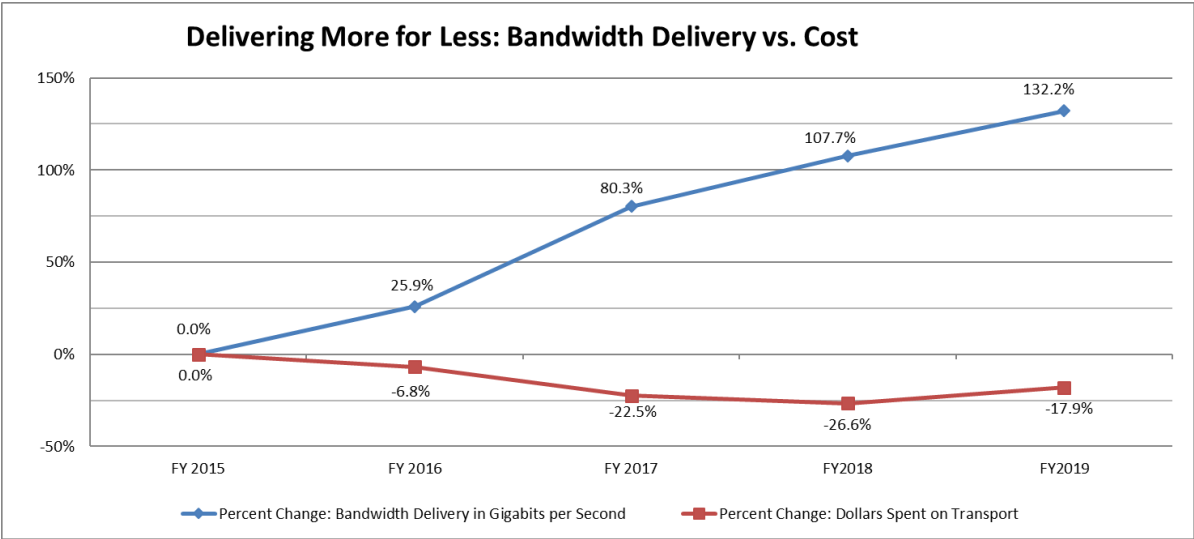
\*Fiscal Year 2019 data are actual results.

Rates for telecommunications services are set below cost to return prior year accumulated operating results. The FY 2020 and FY 2021 budget data incorporates a phased migration approach to 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 will provide the initial capital required for investments in the Fourth Estate IT infrastructure to meet the operational requirements of the Defense Agencies migrating in FY 2020 and FY 2021. In addition, authority for making capital investments in the DISN network and cyber capabilities was realigned to the Defense Working Capital Fund from appropriated sources in FY 2020. This realignment was zero-sum at the Department level and a capital surcharge is included in FY 2021 to address the cash impact of this change in financing strategy. 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 132.2 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 have decreased by -17.9 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)	
	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)	Fixed 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	
		Low Speed Time Division Multiplexing (LSTDM)	
		Customer Edge Router Management Service	
		Customer-unique Projects	
		Fourth Estate Network Optimization (4ENO)	
	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 current 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. Due to progress the Department has made in transitioning to IP infrastructure, the cost allocations have been frozen at FY 2020 levels until a



new rate model is developed and coordinated within the Department that incorporates MPLS connections.

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 services described subsequently, as well as for other specialized services. Transport Services also includes the sustainment of transport and IP equipment (both Non-classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR)) 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. Beginning FY 2020, all investments in the DISN infrastructure and the cyber security capabilities required to harden the network are made using DWCF Capital Investment Program authority. 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.

***IP Voice Services***, also known as ***Enterprise Voice over IP (EVoIP)*** and ***Enterprise Classified Voice over IP (ECVoIP)***, have been removed from the DISN IS in FY 2021 and will now be available as a reimbursable service offering in order to better align costs to the mission partners that utilize this capability. These services are described in more detail as part of the reimbursable telecommunications services descriptions.

***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 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. Certain services are provided as stand-alone offerings, while others are bundled. Examples of services provided include the certification of systems, Cybersecurity Service Provider (CSSP) services, IA readiness reviews, and malware analysis.

***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***, also known as ***DISA Storefront***, 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*** includes centralized support services across the DISN programs, including contract acquisition support, mission management and operational metrics support, and workforce management support.

#### New DISN Infrastructure Services Cost Element

***Cloud Based Internet Isolation (CBII)*** transfers Internet browsing sessions from traditional desktop browsers to a secure, isolated cloud platform. The service provides enhanced network defense by isolating potential malicious code and content within the cloud platform, separating the threat from direct connections to DoD networks. Incremental enterprise adoption of CBII begins in FY20.

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 services are currently in the process of transitioning to the United States Air Force Space Command, per the FY 2018 National Defense Authorization Act.

***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. A capital surcharge is included to recover cash outlays in preparation for EMSS transitioning to the United States Air Force Space Command, per the FY 2018 National Defense Authorization Act.

***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. This budget includes a transition to GVS 2.0, which includes moving to a virtual infrastructure and cloud environment.

***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 includes the dedicated provisioning and transmission services within and between the military installations in Hawaii.

***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 manages 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.

***DoD Mobility*** services provide 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 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 (IA) 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, Cybersecurity Service Provider (CSSP) services, IA readiness reviews, and malware analysis.

***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 Network Operations 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 are reimbursed separately with funding from the Military Departments.

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. Using a phased approach, 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. A capital surcharge will be used to recover cash outlays for network infrastructure and technology refresh efforts. 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.

### **New/Changed Reimbursable Telecommunications Services**

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 EVoIP/ECVoIP services. Beginning in FY 2021, this service will be reimbursable and no longer part of the DISN IS.

It provides rapid, reliable, cost-effective, EVoIP/ECVoIP communications with military-unique features, including multi-level precedence and preemption. There has been an increase in 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.

The ***Defense Readiness and Security Inspections (DRSI)*** program conducts evaluations and assessments of general service DoD Tier 2 Cybersecurity Service Providers (CSSPs) seeking accreditation through Joint Force Headquarters – Department of Defense Information Network (JFHQ-DODIN). Beginning in FY 2020, this offering will be provided through DISA's General Fund and will longer require customer reimbursement. This allows maximum flexibility to respond to cyber threat emulation and strengthens the Department's defensive cyberspace posture by evaluating an entity's CSSP regardless of ability to provide payment.

### 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 2019 Actuals	FY 2020 Operational Goal	FY 2021 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	155.81	Not to exceed 350 milliseconds	Not to exceed 350 milliseconds
Optical Transport network availability	99.54%	99.50%	99.50%

## Rates

Below are the billing rates for FY 2020 and FY 2021. The cost of contracting and acquisition support provided by the Defense Information Technology Contracting Organization (DITCO) is included as an element of price for all telecommunications services.

The **DISN Infrastructure Services** cost recovery model uses access circuit capacity as a proxy for measuring consumption; however, the FY 2021 mission partner allocations have been held constant at FY 2020 levels in preparation for the development of a revised model that accommodates MPLS connections. The subsequent table shows the FY 2020 and FY 2021 allocation by customer. Total revenue increases 4.8% from FY 2020 to FY 2021, excluding the functional transfer for the DISN Technology Refresh efforts that was zero-sum at the Department level. This increase is attributable to the civilian pay increase and the addition of Cloud Based Internet Isolation (CBII) to the DISN.

(\$ in Thousands)		FY 2020			FY 2021		
Agency Type	Customer	Mbps	% Allocation	Mission Partner Bill	Status Quo	Investment Impact	Mission Partner Bill
Defense Agency	Advanced Research Projects Agency	1,422	0.0879%	\$793	\$831	\$128	\$959
Defense Agency	Defense Acquisition University	1,904	0.1178%	\$1,062	\$1,113	\$171	\$1,284
Defense Agency	Defense Commissary Agency	138	0.0085%	\$77	\$80	\$12	\$93
Defense Agency	Defense Contract Audit Agency	610	0.0377%	\$340	\$357	\$55	\$411
Defense Agency	Defense Contract Management Agency	870	0.0538%	\$485	\$509	\$78	\$587
Defense Agency	Defense Finance and Accounting Service	3,542	0.2191%	\$1,976	\$2,071	\$318	\$2,389
Defense Agency	Defense Information Systems Agency	29,594	1.8303%	\$16,510	\$17,302	\$2,655	\$19,957
Defense Agency	DISA Computing Services	15,526	0.9602%	\$8,662	\$9,077	\$1,393	\$10,470
Defense Agency	Defense Logistics Agency	25,167	1.5565%	\$14,040	\$14,714	\$2,258	\$16,972
Defense Agency	Defense Manpower Data Center	5,316	0.3288%	\$2,966	\$3,108	\$477	\$3,585
Defense Agency	Defense Media Activity	3,890	0.2406%	\$2,170	\$2,274	\$349	\$2,623
Defense Agency	Defense Microelectronics Activity	46	0.0029%	\$26	\$27	\$4	\$31
Defense Agency	Defense Security Cooperation Agency	1,065	0.0659%	\$594	\$623	\$96	\$718
Defense Agency	Defense Security Service	286	0.0177%	\$159	\$167	\$26	\$193
Defense Agency	Defense Technical Information Center	515	0.0318%	\$287	\$301	\$46	\$347
Defense Agency	Defense Threat Reduction Agency	3,982	0.2462%	\$2,221	\$2,328	\$357	\$2,685
Defense Agency	DoD Education Agency	52	0.0032%	\$29	\$30	\$5	\$35
Defense Agency	DoD Inspector General	342	0.0212%	\$191	\$200	\$31	\$231
Defense Agency	Joint Chiefs of Staff	4,902	0.3032%	\$2,735	\$2,866	\$440	\$3,306
Defense Agency	Joint Service Provider	51,764	3.2014%	\$28,878	\$30,264	\$4,644	\$34,908
Defense Agency	Defense Health Agency	15,384	0.9515%	\$8,583	\$8,994	\$1,380	\$10,375
Defense Agency	Missile Defense Agency	10,518	0.6505%	\$5,868	\$6,149	\$944	\$7,093
Defense Agency	Other	437	0.0270%	\$244	\$256	\$39	\$295
Defense Agency	OUSD A&S	3	0.0002%	\$2	\$2	\$0	\$2
Defense Agency	OUSD R&E	2	0.0001%	\$1	\$1	\$0	\$1
Defense Agency	OUSD (I)	1,507	0.0932%	\$841	\$881	\$135	\$1,016
MILDEP	Air Force	551,441	34.1045%	\$307,640	\$322,400	\$49,476	\$371,877
MILDEP	Army	502,158	31.0566%	\$280,146	\$293,587	\$45,055	\$338,642
MILDEP	Marine Corps	47,430	2.9334%	\$26,460	\$27,730	\$4,255	\$31,985
MILDEP	Navy	330,777	20.4573%	\$184,535	\$193,389	\$29,678	\$223,067
Non-DoD	Department of Commerce	91	0.0056%	\$51	\$53	\$8	\$61
Non-DoD	Department of Energy	318	0.0197%	\$177	\$182	\$28	\$210
Non-DoD	Department of Homeland Security	156	0.0097%	\$87	\$91	\$14	\$105
Non-DoD	Department of Justice	356	0.0220%	\$198	\$208	\$32	\$240
Non-DoD	Department of State	1,812	0.1121%	\$1,011	\$1,059	\$162	\$1,221
Non-DoD	Federal Aviation Administration	11	0.0007%	\$6	\$6	\$1	\$7
Non-DoD	Federal Bureau of Investigation	48	0.0030%	\$27	\$28	\$4	\$32
Non-DoD	General Services Administration	1	0.0001%	\$1	\$0	\$0	\$0
Non-DoD	Government Accountability Office	45	0.0028%	\$25	\$26	\$4	\$30
Non-DoD	National Aeronautics & Space Administration	504	0.0312%	\$281	\$295	\$45	\$340
Non-DoD	Nuclear Regulatory Commission	2	0.0001%	\$1	\$1	\$0	\$1
Non-DoD	US Coast Guard	2,980	0.1843%	\$1,663	\$1,742	\$267	\$2,010
	<b>Total</b>	<b>1,616,915</b>	<b>100.0000%</b>	<b>\$902,049</b>	<b>\$945,325</b>	<b>\$145,072</b>	<b>\$1,090,397</b>

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 remain unchanged from FY 2019 levels:

<b>GVS Rates</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021*</b>
Air Force	\$9,123,516	\$9,232,995	TBD
Army	\$11,292,345	\$11,236,678	TBD
DISA	\$1,325,607	\$1,293,211	TBD
Marine Corps	\$376,032	\$380,490	TBD
Navy	\$816,634	\$844,758	TBD
<b>TOTAL</b>	<b>\$22,934,134</b>	<b>\$22,934,132</b>	<b>TBD</b>

\*FY 2021 are not stabilized due to workload uncertainty.

**Security and Assurance Services** are priced using three 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.

Additional detail is provided in the subsequent table:

Service	Cost Recovery Mechanism
Boundary Cyberspace Defense	<b>DISN Infrastructure Services:</b> Costs associated with performing Perimeter defense mission (boundary) for the DISN, Cloud, and Boundaries that benefit the entire DISN community. These costs are recovered through the DISN IS rate.
Computer Network Service Assessments	<b>Rate-based:</b> Customers are charged these assessments on the technical and non-technical services of a cybersecurity service provider.
System & Enclave Certification	<b>Rate-based:</b> Customers are charged based on the size (small, medium, large) of the enclave/system being certified.
Information Assurance (IA) Analysis	<b>Direct Reimbursement:</b> Customers can choose from a number of IA Analysis services offered, and are charged the actual cost of providing the analysis.
Cybersecurity Service Provider (CSSP) Services	<b>Rate-based:</b> Customers subscribe to a subscription package based on their environment and can, in some cases, opt for available add-on services.

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.

DoD Mobility Rates	FY 2019	FY 2020	FY 2021*
Unclassified Device	\$4.31	\$4.31	TBD
SIPR Device	\$59.05	\$59.05	TBD
Top Secret Device	\$59.05	\$59.05	TBD

\*FY 2021 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***. New filter implementation recovers the cost to develop, certify and deploy new filters for Structured File Transfer and Web Service functions and is a one-time fee per new filter. 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.

<b>Cross Domain Rates</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
New Filter Implementation	\$187,667	\$187,667	\$187,667
Monthly Sustainment	\$6,155	\$6,155	\$6,155

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

<b>Commercial Satellite Services Rates</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Standard Rate	5.56%	5.31%	5.31%





### Key Budget Data

(\$ in millions)	FY 2019	FY 2020	FY 2021
Revenue	\$5,173.3	\$4,322.5	\$4,401.4
Expense	\$5,108.8	\$4,322.6	\$4,405.0
Net Operating Result	\$64.5	(\$0.1)	(\$3.6)
Capital Surcharge Reservation	\$0.0	\$0.0	\$0.0
Adjusted Net Operating Result	\$64.5	(\$0.1)	(\$3.6)
Capital Budget	\$2.5	\$3.4	\$3.8
Civilian Workyears	570	604	616
Military End Strength	1	1	1

\*Fiscal Year 2019 data are actual results.

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 are 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 remains unchanged in FY 2021 at 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 are charged a 0.25 percent rate for utilizing these agreements.

## Performance Measures

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

SERVICE OBJECTIVE	FY 2019 Actuals	FY 2020 Operational Goal*	FY 2021 Operational Goal*
Percent of total eligible contract dollars competed	76.4%	73.00%	73.00%
Percent of total eligible contract dollars awarded to small businesses	28.00%	28.00%	28.00%

\*FY 2020 and FY 2021 goals for percent of total eligible contract dollars competed are estimates based on the released FY 2019 goal. The goals have not yet been released by the Defense Procurement Acquisition Policy (DPAP).

## Rates

The standard contracting fee-for-service remains unchanged at 2.25 percent and the fee for Joint Enterprise License Agreements remains at 0.25 percent in FY 2021. 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 2021.

Contracting Rates	FY 2019	FY 2020	FY 2021
Standard Fee-for-Service	2.50%	2.25%	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 2019*	FY 2020	FY 2021
FY 2020 President's Budget	\$7,608.5	\$7,860.9	-
FY 2021 Current Estimates	\$8,158.8	\$7,685.3	\$7,810.6
Change FY 2020 President's Budget to Current Estimate	-	(\$175.6)	-
Change FY 2020 Current Estimate to FY 2021 Current Estimate	-	-	\$125.4

\*Fiscal Year 2019 data are estimated results.

### FY 2020 President's Budget Submission to FY 2020 Current Estimates

The total cost of operations for the *Information Services Activity Group* decreases by -\$175.6 million from the FY 2020 President's Budget. This is primarily driven by a re-phasing of the onboarding schedule for the Department's Fourth Estate Network Optimization reform initiative and removal of workload for the Defense Enterprise Office Solutions due to a change in the acquisition strategy. Combined, these changes result in a -\$854.7 million reduction from the FY 2020 President's Budget. Re-estimation of customer workload for Computing Services and further optimization of the management structure for Computing Services results in an additional -\$35.1 million reduction.

These reductions are partially offset by a +\$451.3 million increase in the projected value of pass-through contracts awarded by the Defense Information Technology Contracting Organization (DITCO) due to increased customer demand. Workload for reimbursable telecommunications services also increases by +\$120.6 million, mainly due to demand for Commercial Satellite Communications services. Additionally, the cost to deliver DISN Infrastructure Services increases by +\$71.6 million due to expanded DISN transport infrastructure and support services, technology refreshment of existing infrastructure, and implementation of a Cloud Based Internet Isolation (CBII) capability to enhance defense of the DISN. Finally, increases in the delivery of Computing Services include technology refreshment of capacity services contracts (processor, communications, and storage), a new service offering for personal cloud storage (milDrive), and expansion of Cybersecurity Service Provider subscriptions (+\$70.8 million).

### FY 2020 Current Estimate to FY 2021 Current Estimate

The total cost of operations for the *Information Services Activity Group* increases by +\$125.4 million from the FY 2020 Current Estimate to the FY 2021 Current Estimate. This includes an inflationary increase of +\$154.9 million, which is partially offset by overall programmatic reductions of -\$29.5 million. Programmatic changes are described in additional detail subsequently.

Efficiencies in operations lead to a savings of -\$79.4 million in FY 2021 and include: projected savings in Global Content Delivery Services; further optimization of the management structure for Computing Services and an adjustment in various support costs; decreases in operations and maintenance of the DISN transport infrastructure; and a reduction in DISN network operations support costs. Other programmatic reductions include completion of one-time technology refreshment in the Core Data Centers (-\$41.4 million) and re-estimation of workload for Computing Services (-\$9.6 million)

These programmatic decreases are partially offset by the following increases: onboarding of additional Fourth Estate Agencies to DISA's network and common use IT services (+\$33.7 million); increased depreciation costs for new capital investments in the DISN infrastructure (+\$28.2 million); expansion of the Cloud Based Internet Isolation (CBII) capability to additional DoDIN users (+\$17.8 million); increased demand for DITCO contracting services (+\$8.9 million); migration of additional customer applications to the milCloud 2.0 infrastructure (+\$7.8 million); and expansion of IP Voice infrastructure (+\$4.4 million).

### **Capital Investment Program**

<b>(\$ in millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Equipment	\$33.2	\$0.0	\$0.0
ADPE and Telecom	\$0.0	\$269.9	\$194.1
Software	\$2.5	\$18.9	\$7.2
Minor Construction	\$0.9	\$2.1	\$3.5
<b>Total Program Authority</b>	<b>\$36.6</b>	<b>\$290.9</b>	<b>\$204.8</b>
FY 2020 President's Budget	\$75.8	\$249.0	-
Change FY 2020 President's Budget to Current Estimates	-	\$41.9	-
Change FY 2020 Current Estimate to FY 2021 Current Estimate	-	-	(\$86.1)

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

### **FY 2020 President's Budget Submission to FY 2020 Current Estimates**

Total capital investment obligation authority increases by +\$41.9 million from the FY 2020 President's Budget. This increase is primarily driven by required investments in Fourth Estate network infrastructure as part of the Department's Fourth Estate Network Optimization (4ENO) initiative. Additionally, the FY 2020 capital investment program increases for IBM Software Modernization and DoD Automated Time and Attendance Production System.

## **FY 2020 Current Estimate to FY 2021 Current Estimate**

The FY 2021 capital investment program decreases by -\$86.1 million from FY 2020 primarily due to the completion of investments in network infrastructure and software in support of the Department's Fourth Estate Network Optimization (4ENO) initiative. Additional reductions include completion of Gateway Evolution projects supporting the Enhanced Mobile Satellite Services program, a reduction in facilities equipment projects at the Core Data Centers, and completion of Mainframe Multi-Host Internet Access Protocol (MIAP) project.

### **Civilian Personnel**

(\$ in millions)	FY 2019*	FY 2020	FY 2021
Civilian End Strength	2,712	2,924	3,048
Civilian Full Time Equivalents	2,674	2,783	2,899
Civilian Labor Cost	\$356.1	\$396.4	\$405.2

\*Fiscal Year 2019 data are actual results

Civilian labor requirements increase by +109 full-time equivalents (FTEs) from FY 2019 to FY 2020. An increase of +138 FTEs are a result of a realignment from Fourth Estate Agencies due to consolidation of common-use IT functions to DISA as part of the Fourth Estate Network Optimization initiative. This is partially offset by a net decrease of -22 FTEs at DISA Core Data Center due to Ecosystem Optimization and a net decrease of -7 FTEs supporting delivery of the DISN Infrastructure Services.

Civilian labor requirements increase by +116 FTEs from FY 2020 to FY 2021. An increase of +23 FTE's are a realignment from Fourth Estate Agencies as they migrate to the Fourth Estate Network Optimization initiative. An additional increase of +52 FTEs is required to support delivery of Computing Services. The remaining increase is staffing required to deliver new/expanded telecommunications services (+29 FTEs) and acquisition and resource management support (+12 FTEs).

### **Military Personnel**

(\$ in millions)	FY 2019	FY 2020	FY 2021
Military End Strength	25	25	27
Military Labor Cost	\$2.8	\$2.5	\$2.7

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**  
**February 2020**  
**(Dollars in Millions)**

<b>FY 2019</b>	<b>Actual</b>	<b>8,158.835</b>
<b>FY 2020</b>	<b>Estimate in FY 2020 President's Budget</b>	<b>7,860.889</b>
	<i><b>Program Changes:</b></i>	
	Re-estimation of customer workload for Computing Services	(35.123)
	Schedule changes for technology refreshment of capacity services contracts (processor, communications, and storage)	61.138
	New cloud storage service offering (milDrive)	7.995
	Expanded Cybersecurity Service Provider (CSSP) service offering for Cloud Advanced subscriptions	1.629
	Rephasing of Fourth Estate Network Optimization (4ENO) onboarding and removal of Defense Enterprise Office Solutions (DEOS) as a DWCF service offering	(854.658)
	Increase in the projected value of pass-through contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	451.250
	Projected increases in demand for reimbursable telecommunications services, primarily Commercial Satellite Communications (COMSATCOM)	120.569
	Increased cost of operating and maintaining DISN transport infrastructure due to continued increase in customer demand for DISN bandwidth and services	19.636
	Depreciation cost for the DISN Technology Refresh functional transfer from DISA PROC, D-W, to DWCF Capital Investment Program (CIP)	13.694
	Revised costs required to support network and acquisition services	18.634
	Increase in network operations and provisioning activities in support of customer demand for DISN bandwidth and services	11.202
	Initial implementation of the Cloud Based Internet Isolation (CBII) capability, which provides enhanced defense of the DoDIN by isolating malicious code and content within a cloud platform	8.431
<b>FY 2020</b>	<b>Current Estimate</b>	<b>7,685.286</b>

**Changes in the Costs of Operations**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

<b>FY 2020</b>	<b>Current Estimate</b>	<b>7,685.286</b>
	<i><b>Pricing Adjustments:</b></i>	
	Non-Labor Inflation	146.779
	Civilian/Military Pay Raise	6.145
	Annualization of Civilian/Military Pay Raise	1.983
	<i><b>Efficiencies:</b></i>	
	Reduction in operations and maintenance of DISN transport infrastructure due to continued elimination of legacy technologies and reduction in maintenance contract costs	(41.522)
	Reduction in network operations support costs	(13.885)
	Projected savings for Global Content Delivery Service (GCDS) contract recompetes	(13.803)
	Decrease in civilian and contract labor primarily due to optimization of the Ecosystem management structure at the DISA datacenters	(13.351)
	Adjustments to other various support costs for Computing Services	3.123
	<i><b>Program Changes:</b></i>	
	Reduction in capacity services contracts primarily due to the completion of one-time technology refreshment	(41.405)
	Re-estimation of customer workload for Computing Services	(9.573)
	Projected onboarding of Fourth Estate Network Optimization (4ENO) customers	33.698
	Depreciation cost for the DISN Technology Refresh functional transfer from DISA PROC, D-W, to DWCF Capital Investment Program (CIP)	28.201
	Expansion of the Cloud Based Internet Isolation (CBII) capability to additional DoDIN users	17.828
	Projected changes in customer workload for reimbursable telecommunications services and DITCO acquisitions	8.911
	Migration of customer applications to the milCloud 2.0 infrastructure	7.783
	Expansion of IP voice infrastructure to support increased DoD adoption of Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP)	4.447
<b>FY 2021</b>	<b>Current Estimate</b>	<b>7,810.645</b>

**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

	2019	2020	2021
<b>1. New Orders</b>			
<b>a. ORDERS FROM DoD COMPONENTS</b>	<b>\$6,530.175</b>	<b>\$6,795.177</b>	<b>\$7,112.704</b>
<b>ARMY APPROPRIATED</b>	<b>\$2,056.383</b>	<b>\$1,865.477</b>	<b>\$1,963.767</b>
Army O&M	\$1,706.586	\$1,669.541	\$1,760.040
Army RDT&E	\$94.983	\$84.216	\$80.478
Army Procurement	\$253.504	\$110.801	\$122.330
Army MILCON	\$1.310	\$0.919	\$0.919
Army BRAC	\$0.000	\$0.000	\$0.000
<b>NAVY APPROPRIATED</b>	<b>\$645.303</b>	<b>\$642.253</b>	<b>\$689.232</b>
Navy O&M	\$563.467	\$577.846	\$624.487
Navy RDT&E	\$11.896	\$7.355	\$7.146
Navy Procurement	\$69.418	\$54.275	\$54.775
Navy MILCON	\$0.522	\$2.777	\$2.824
Navy BRAC	\$0.000	\$0.000	\$0.000
<b>MARINE CORPS APPROPRIATED</b>	<b>\$179.337</b>	<b>\$165.773</b>	<b>\$173.895</b>
Marine Corps O&M	\$179.331	\$165.773	\$173.895
Marine Corps RDT&E	\$0.006	\$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
<b>AIR FORCE APPROPRIATED</b>	<b>\$1,194.556</b>	<b>\$1,210.645</b>	<b>\$1,295.013</b>
AF O&M	\$1,135.110	\$1,157.560	\$1,242.498
AF RDT&E	\$31.971	\$15.286	\$14.695
AF Procurement	\$27.475	\$37.799	\$37.820
AF MILCON	\$0.000	\$0.000	\$0.000
AF BRAC	\$0.000	\$0.000	\$0.000
<b>DISA APPROPRIATED</b>	<b>\$1,869.302</b>	<b>\$2,110.520</b>	<b>\$2,170.106</b>
DISA O&M	\$1,348.146	\$1,651.048	\$1,701.941
DISA RDT&E	\$1.063	\$71.350	\$72.734
DISA Procurement	\$520.093	\$388.122	\$395.431
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
<b>DEFENSE WIDE APPROPRIATED</b>	<b>\$450.398</b>	<b>\$522.398</b>	<b>\$536.201</b>
Defense Wide Appropriated O&M	\$418.600	\$459.502	\$473.738
Defense Wide Appropriated RDT&E	\$21.510	\$47.934	\$47.259
Defense Wide Appropriated Procurement	\$10.257	\$14.962	\$15.204
Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated BRAC	\$0.031	\$0.000	\$0.000



**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

	2019	2020	2021
<b>OTHER DoD APPROPRIATED</b>	<b>\$134.896</b>	<b>\$278.111</b>	<b>\$284.490</b>
Other DoD Appropriated O&M	\$134.896	\$277.912	\$284.485
Other DoD Appropriated RDT&E	\$0.000	\$0.199	\$0.005
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>b. ORDERS FROM DWCF/REVOLVING FUNDS</b>	<b>\$1,466.179</b>	<b>\$510.141</b>	<b>\$498.236</b>
<b>ARMY - WCF</b>	<b>\$64.316</b>	<b>\$34.601</b>	<b>\$31.359</b>
Army Industrial Operations	\$64.316	\$34.601	\$31.359
<b>NAVY - WCF</b>	<b>\$75.271</b>	<b>\$70.610</b>	<b>\$71.630</b>
Navy Depot Maintenance	\$3.779	\$3.042	\$3.066
Navy Base Support	\$1.690	\$1.210	\$1.233
Navy Supply Management	\$2.103	\$10.175	\$10.193
Marine Corps Supply	\$0.037	\$16.785	\$17.111
Marine Corps Depot Maintenance WCF	\$0.036	\$0.060	\$0.062
Other Navy Activity Groups	\$67.626	\$39.338	\$39.965
<b>AIR FORCE - WCF</b>	<b>\$48.313</b>	<b>\$35.182</b>	<b>\$36.082</b>
Consolidated Sustainment Activity Group (CSAG)	\$14.485	\$18.795	\$19.263
US Transportation Command (TRANSCOM)	\$33.828	\$16.387	\$16.819
<b>DEFENSE WIDE WCF</b>	<b>\$1,201.055</b>	<b>\$292.407</b>	<b>\$280.352</b>
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	\$0.607	\$0.000	\$0.000
DISA Computing Services (CSD)	\$883.491	\$0.000	\$0.000
Defense Finance and Accounting Service (DFAS)	\$119.111	\$131.468	\$127.899
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	\$197.846	\$160.939	\$152.453
<b>DEFENSE COMMISSARY AGENCY (DECA)</b>	<b>\$43.869</b>	<b>\$65.742</b>	<b>\$66.989</b>
DECA Commissary Operations	\$43.869	\$65.742	\$66.989
DECA Commissary Resale	\$0.000	\$0.000	\$0.000
<b>Other - Working Capital</b>	<b>\$0.093</b>	<b>\$0.922</b>	<b>\$0.940</b>
<b>OTHER REVOLVING FUNDS</b>	<b>\$33.262</b>	<b>\$10.677</b>	<b>\$10.884</b>
Corps of Engineers	\$33.262	\$2.188	\$2.232
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$0.000	\$8.489	\$8.652
<b>c. TOTAL DoD ORDERS</b>	<b>\$7,996.354</b>	<b>\$7,305.318</b>	<b>\$7,610.940</b>

**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

		2019	2020	2021
<b>d.</b>	<b>OTHER ORDERS</b>	<b>\$207.684</b>	<b>\$196.704</b>	<b>\$201.888</b>
	OTHER FEDERAL AGENCIES	\$123.910	\$144.473	\$148.505
	TRUST FUNDS	\$71.305	\$41.624	\$42.432
	NON-FEDERAL ORDERS	\$0.000	\$0.089	\$0.090
	FOREIGN MILITARY SALES	\$12.469	\$10.518	\$10.861
	<b>TOTAL NEW ORDERS</b>	<b>\$8,204.038</b>	<b>\$7,502.022</b>	<b>\$7,812.828</b>
<b>2.</b>	<b>Carry In Orders</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>3.</b>	<b>TOTAL GROSS ORDERS</b>	<b>\$8,204.038</b>	<b>\$7,502.022</b>	<b>\$7,812.828</b>

**Revenue and Expenses**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

	2019	2020	2021
<b>Revenue</b>			
Gross Sales	\$8,204.038	\$7,502.022	\$7,812.828
Operations	\$8,159.166	\$7,367.187	\$7,614.348
Capital Surcharge	\$0.000	\$77.798	\$113.140
Capital Investment Recovery (CIR)	44.872	57.037	85.340
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$8,204.038	\$7,502.022	\$7,812.828
<b>Costs</b>			
Cost of Material Sold from Inventory	\$0.000	\$0.000	\$0.000
Salaries and Wages:	\$357.807	\$398.889	\$421.126
Military Personnel Compensation & Benefits	\$1.713	\$2.543	\$2.674
Civilian Personnel Compensation & Benefits	\$356.094	\$396.346	\$418.452
Travel & Transportation of Personnel	\$7.020	\$9.194	\$9.167
Materials & Supplies (For internal Operations)	\$152.465	\$30.948	\$31.348
Equipment	\$0.000	\$2.970	\$2.980
Other Purchases from Revolving Funds	\$115.917	\$124.669	\$124.302
Transportation of Things	\$0.424	\$2.285	\$0.800
Capital Investment Recovery	44.872	57.037	85.340
Printing and Reproduction	\$1.369	\$0.055	\$0.057
Advisory and Assistance Services	\$15.515	\$16.322	\$16.601
Rent, Comm, Utilities, & Misc. Charges	2090.295	2088.144	2123.266
Other Purchased Services	\$5,373.151	\$4,954.773	\$4,995.659
<b>Total Costs</b>	\$8,158.835	\$7,685.286	\$7,810.646
<b>Operating Results</b>	45.203	(183.264)	2.182
Less Capital Surcharge Reservation	\$0.000	\$77.798	\$113.140
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
<b>Net Operating Results</b>	\$45.203	(\$261.062)	(\$110.958)
Prior Year AOR	\$359.479	\$404.739	\$145.704
Other Changes Affecting AOR	\$0.057	\$2.026	\$0.000
Total AOR	\$404.739	\$145.704	\$34.745
Retained AOR	\$0.000	\$0.000	\$34.745
Cumulative Retained AOR	\$0.000	\$0.000	\$34.745
AOR for Budget Purposes	\$404.739	\$145.704	\$0.000



# DEFENSE LOGISTICS AGENCY

FISCAL YEAR (FY) 2021  
BUDGET ESTIMATES



FEBRUARY 2020

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DEFENSE-WIDE WORKING  
CAPITAL FUND



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund (DWWCF)**  
**Supply Chain Management Activity Group**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**

**FUNCTIONAL DESCRIPTION**

The Defense Logistics Agency (DLA) Supply Chain Management (SCM) Activity Group provides \$30.4 billion in goods and services from initial purchase of DLA materiel to distribution and storage and then reutilization or disposal. The Defense Logistics Agency 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).

- DLA Materiel Supply Chains manage approximately 5.9 million consumable items and respond to customer orders from the Military Services, Federal Agencies, non-federal Agencies and Partner Nations and Allies, as well as supporting Humanitarian Assistance and Disaster Relief efforts.
  - **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, DLA Aviation provides engines and airframes, instrumentation and gauges, mapping, kitting, and chemical and packaged petroleum, and gases to the Military Services. DLA Aviation also provides engineering, sustainability, ozone depleting substance reserve, and industrial plant equipment services. Furthermore, DLA Aviation provides logistical services in support of industrial supply and depot-level reparable.

- **DLA Land and Maritime Supply Chains** are the primary sources for over 455,000 and 1.6 million repair parts and operating supply items for more than 2,000 weapon systems, respectively. Additionally, DLA Land and Maritime provide product testing and engineering, and technical support to the Military Services. DLA Land and Maritime also support Navy Surface and Subsurface, Army, and Marine Corps customers through dedicated customer relations. DLA Land and Maritime also work with numerous suppliers to fulfill requirements for assigned stock classes across the Department of Defense (DoD). Furthermore, DLA Land and Maritime provide logistical services directly to Navy shipyards and Depot Level Reparable new item procurements to the Military Services' industrial sites.
- **DLA Troop Support** manages the supply chains for food, textiles, construction material, industrial hardware and medical supplies and equipment, including pharmaceuticals.
  - **DLA Troop Support Clothing and Textiles 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.
  - **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 segment is the Electronic Catalog for military medical materiel. The 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.



- **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."
- **DLA Troop Support Construction and Equipment (C&E) Supply Chain** gives our Armed Forces and other Federal Agencies a source for 281,000 essential products and associated services. DLA C&E supplies items for force protection, safety and rescue, fire and emergencies, storage, heating, ventilating and air conditioning, plumbing, heavy equipment, metals and lumber, imaging and telecommunication devices, targets for training, and automated data processing (ADP) equipment and supplies.
- **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. DLA IH supports its customers through Prime Vendor/Tailored Logistics Support programs that include Industrial Prime Vendor, Long-Term Contracts, and Corporate Contracts.
- **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 the DoD.
- **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. 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:** DLA continues to fully establish retail integration, and provide logistical support to Depot Level Repairable (DLR) and Supply, Storage, and Distribution (SS&D) sites. 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.

**DLR:** The DLR initiative is a rate-based reimbursement method that represents a multi-year effort from a joint service Integrated Product Team. 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:

	FY 2019 Hourly Rates	FY 2020 Hourly Rates	FY 2021 Hourly Rates
Army	\$71.38	\$71.02	\$71.55
Navy	\$65.13	\$64.18	\$68.11
Air Force	\$70.14	\$71.47	\$72.26
Marine Corps	\$64.95	\$65.89	\$54.24

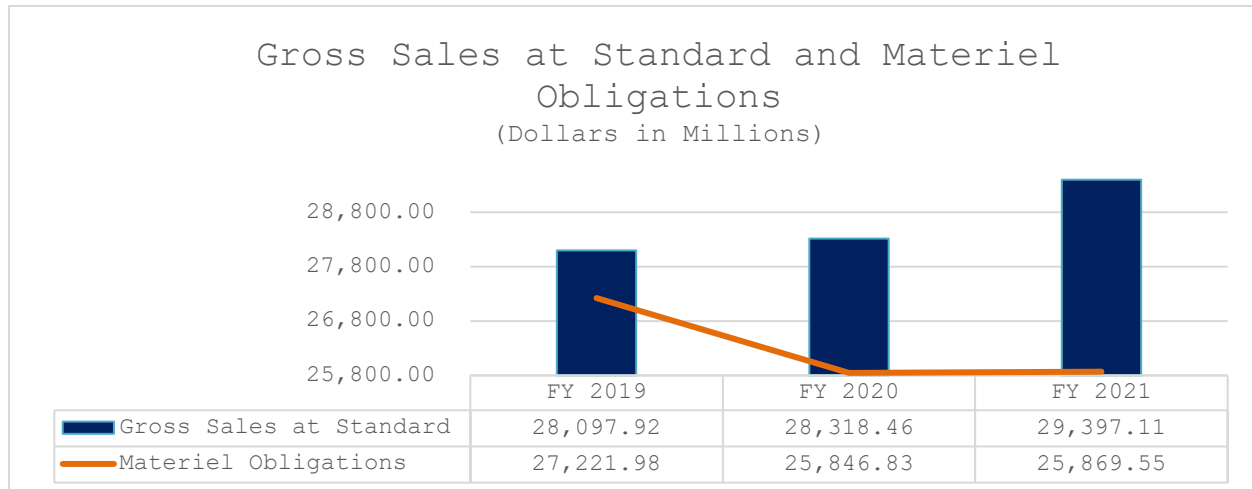
**SS&D:** DLA implemented the Local Recovery Rate (LRR) at the Air Force (AF) SS&D sites in FY 2011. The LRR is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to SS&D customers. These costs include operating costs such as payroll. The projected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

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Operating Costs	\$78.9	\$90.3	\$96.8
Gross Sales at Standard	\$1,214.3	\$1,391.3	\$1,493.3
Composite Local Recovery Rate	6.5%	6.5%	6.5%

## **WORKLOAD**

**DLA Materiel Supply Chains:** Projecting workload is the basis for budget development. 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.

The purchasing decisions that DLA will make in FY 2021 affect materiel availability and revenues in FY 2021 and beyond as reflected in the table below. DLA continues to assess its demand assumptions as part of ongoing and future demand planning summits. DLA strives to maximize materiel availability in support of Service readiness while balancing cash solvency.



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

**Receipts and Issues:** Processing workload projections 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 and FY 2021 by item quantity (each) under Market Basket pricing. Workload is projected to increase slightly from FY 2019 through FY 2021 as listed in the following table:

(Lines in Millions)	FY 2019	FY 2020	FY 2021
Lines Received and Shipped	15.0	15.3	15.5

**Storage:** Storage workload projections are based on the prior and current year actual data. There are projected reductions in storage workload for both covered and open categories. These reductions are primarily due to decreased tactical storage requirements for the Army.

PB 2021 Storage Workload (Cubic Feet in Millions)	FY 2019	FY 2020	FY 2021
Covered Storage Space	40.2	38.6	38.4
Open Storage Space	34.9	35.6	35.4
Specialized Storage Space	3.2	3.3	3.3
Total	78.3	77.5	77.1

**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 2019 through FY 2021 as provided in the following table:

	FY 2019	FY 2020	FY 2021
Line Items in Millions	2.9	3.2	3.2
Acquisition Value (Dollars in Billions)	\$27.5	\$32.5	\$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 2019 and FY 2020, and those proposed for FY 2021:

Pricing	PB19 FY 2019	PB20 FY 2020	PB21 FY 2021
OP-32 Price Changes to Customers	(0.4%)	0.0%	(0.3)%
Cost Recovery Rate	11.5%	11.4%	11.3%

## DLA Distribution

**Processing Rates:** Beginning in FY 2020, DLA Distribution implemented *Market Basket (MB) pricing*. This pricing methodology replaced the 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.

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

**DLA Disposition Services:** 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. In FY 2020, the rates decrease overall due to a return of positive accumulated operating results to the customers via reduced SLB rates. In FY 2021, the slight increase in rates is due to inflation. The customer SLBs using this model are projected in the following table:

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Army	\$135.89	\$99.71	\$98.57
Navy	\$53.97	\$54.24	\$54.57
Air Force	\$33.44	\$44.07	\$39.43
Coast Guard	\$1.32	\$1.13	\$1.14
DLA	\$106.61	\$83.35	\$92.00
Total	\$331.23	\$282.50	\$285.71

**DLA Information Operations:** The DLA Information Operations provides an electronic document management application for the department. This application, Wide Area Work Flow (WAWF) is funded by the Services and other Agencies through the shared costs in a Service Level Bill (SLB). The following table provides the amount to be paid by each Service, DCMA and DLA.

**Wide Area Workflow (WAWF)**

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Army	7.814	7.758	7.913
Navy	6.005	5.962	6.081
Marine Corps	1.332	1.322	1.359
Air Force	5.669	5.628	5.741
DLA	9.005	8.941	9.120
DCMA	4.289	4.258	4.343
Total	34.114	33.869	34.557

**EFFICIENCY INITIATIVES – DEFENSE-WIDE REVIEW**

DLA conducted a comprehensive review of missions and internal operations as part of the Secretary of Defense Review. Several efficiency initiatives identified require further study, which is ongoing. Those reflected in the FY 2021 budget submission based on the DWWCF efficiencies include:

- Full Supply Storage and Distribution implementation in accordance with BRAC 2005. This initiative enables the Department to shift a total of \$154 million in FY 2021 from Service O&M accounts to higher priorities based on elimination of duplicate inventories.
- Reduce and Transfer Installation Management of 4 Installations to Army. This initiative transfers the management of 4 installations and with an associated cost of \$13.8 million in the Service O&M accounts as Army will begin performing this core competency.
- Transfer Navy Warehouse Mission and Personnel in 6 Regions to the Navy. This initiative includes FTEs and resources required to seamlessly transition this mission to the Navy.

## **ANALYSIS OF BUDGET STATEMENTS**

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

Revenue continues to increase due to higher sales. These projections are based on workload demand provided by the Military Services, and are subject to mission requirements. Expenses are increasing primarily due to Cost of Goods Sold, in a rising sales environment as well as increases in labor, contractor support, travel, training, materiel related costs (testing, storage, etc.), and supplies.

The following table shows the NOR/AOR expenses, which exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other changes.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Revenue	\$30,234.1	\$30,490.4	\$31,622.6
Expenses	\$29,623.7	\$30,762.8	\$31,762.0
Operating Results	\$610.4	(\$272.4)	(\$139.4)
Other Changes Affecting NOR	\$0	\$0	\$0
Cash Surcharge	\$0	\$0	\$0
Capital Surcharge	\$0	\$0	\$0
Transfers	\$500	(\$1.6)	(\$1.6)
Inventory	\$0	\$0	\$0
Appropriations	\$48.1	\$49.1	\$49.8
Net Operating Results	\$1,158.5	(\$224.9)	(\$91.2)
Prior Year AOR	\$228.2	\$1,102.3	\$921.6
Other Changes Affecting AOR	(\$239.3)	\$44.2	\$0
Retained AOR	\$45.1	\$0	\$830.4
Accumulated Operating Results	\$1,102.3	\$921.6	\$0

### **CASH PROJECTIONS (see table below)**

DLA's mission is to have material available to meet readiness needs before orders are placed. The customer requirement for material is typically determined a lead time in advance of customer orders, and because many DLA items have long lead times (often well over a year), current year obligations may not be immediately offset by corresponding sales. DLA generates its workload forecast by predicting future demand using various forecasting models and by considering several elements of collaborative information from customers along with an analysis of historical demands.

**FY 2019:** The cash loss of \$1,355.8 million was due to disbursements exceeding collections (-\$1,903.9 million). DLA SCM received \$48.1 million in appropriated funding for Reutilization, Transfer, and Disposal(RTD) costs. DLA SCM received a cash transfer of \$500.0 million for readiness-based requirements.

Over the past two years, DLA 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 received requests from the Military Services to target higher performance levels.

**FY 2020:** The projected cash loss of \$78.9 million is due to disbursements exceeding collections (-\$126.4 million). DLA SCM received \$49.1 million in direct appropriations for reutilization, transfer and donation costs. DLA SCM projects a cash transfer of -\$1.6 million for the Indian Financing Act of 1974.

**FY 2021:** The projected cash gain of \$380.0 million is due to collections exceeding disbursements (+\$331.8 million). This submission requests \$49.8 million in appropriations (see Appropriations section below). DLA SCM projects a cash transfer of -\$1.6 million for the Indian Financing Act of 1974.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Disbursements	(-31,528.4)	(-30,842.6)	(-31,154.0)
Collections	29,624.5	30,716.2	31,485.8
Net Outlays	(-1,903.9)	(-126.4)	331.8
Direct Appropriation	48.1	49.1	49.8
OCO Appropriation	0.0	0.0	0.0
Transfers	500.0	(-1.6)	(-1.6)
Total Change in Cash	(-1,355.8)	(-78.9)	380.0



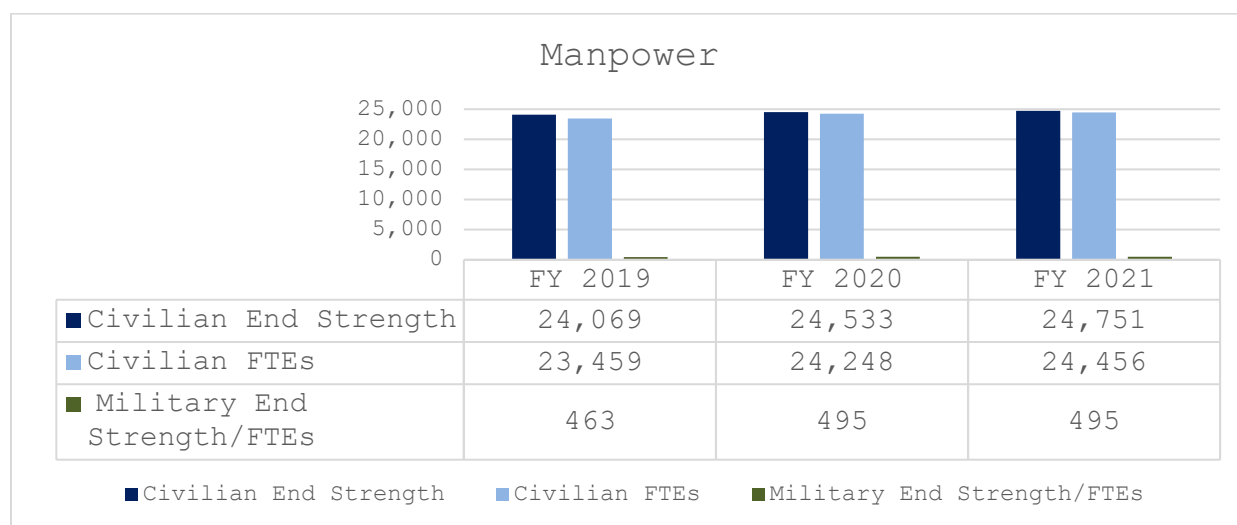
## PERSONNEL PROFILE

As the Nation's Combat Logistics Support Agency, DLA manages the global supply chain – from raw materials to end user to disposition – for the Army, Navy, Air Force, Marine Corps, Coast Guard, all Combatant Commands, other federal agencies, and partner and allied nations. DLA sources and provides nearly all the consumable items America's military forces need to operate, from food, fuel and energy to uniforms, medical supplies, and construction material. DLA accomplishes this with approximately 25,000 dedicated men and women.

In the FY 2020 President's Budget, as part of the Forth Estate Network Optimization reform effort, several common IT services were planned to be transferred to DISA. The timeline for implementation of this reform was recently elongated. Subsequently, although DLA retained the funding to pay for these services, the authorization of 390 FTEs positions has been excluded from this budget pending their eventual transfer to DISA. In FY 2021, DLA's FTEs were further reduced by 215 FTEs as part of the Defense-Wide Review. These reductions are in support of the following:

- 34 FTEs associated with the Law Enforcement Support Office.
- 181 FTEs from DLA to the Navy for warehouse mission and personnel supporting navy warehouse tactical sites in six regions.

The following table shows DLA's projected workforce levels.



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

## **CAPITAL BUDGET**

The capital budget provides for investments that exceed the \$250,000 expense/investment criteria for Automated Data Processing Equipment (ADPE), non-ADPE, software development, and minor construction. Overall, the FY 2021 capital budget request decreased from FY 2020 by \$11.3 million.

The non-ADPE category includes purchases of material warehouse and disposal handling equipment, warehouse-racking systems, and security related equipment such as intrusion detection systems at DLA sites. Increases in FY 2021 are for the automated warehouse management equipment and robotic systems in support of the Distribution Modernization Program at various DLA Distribution locations.

The ADPE category includes Telecommunications and network/production hardware systems to include hardware purchases of ADP systems such as Local Area Network and Wide Area Networks. In FY 2021, this decreased slightly for network equipment requirements within DLA sites.

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 2021, some software programs will move to sustainment which reduces the capital requirements.

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 2019	FY 2020	FY 2021
Equipment (non-ADP)	31.4	67.9	70.2
Equipment (ADP)	18.6	16.2	11.1
Software	9.4	29.5	20.7
Minor Construction	13.0	15.2	15.5
Total	72.4	128.8	117.5

## **APPROPRIATIONS**

Defense-Wide Working Capital Fund (DWWCF) Appropriations for FY 2019 through FY 2021 are detailed in the following table and narrative.

<b>DLA SCM Appropriations:</b> (Dollars in Millions)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request
Reutilization, Transfer and Disposal Costs	48.1	\$49.1	\$49.8

**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 SLBs, 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** - The OCO request provided in FY 2019 through FY 2021 is detailed in the following narrative. DLA will use prior year OCO operating authority to fund FY 2019 and FY 2020 requirements. In FY 2021, DLA activities will use WCF to cover \$36.1M in OCO related expenses.

<b>OCO Appropriations:</b> (Dollars Millions)	FY 2019 Enacted	FY 2020 Request OCO Direct War Costs	FY 2020 Request OCO Enduring Rqmts	FY 2021 Request OCO Direct War Costs	FY 2021 Request OCO Enduring Rqmts
DLA Disposition Services	\$20.0		\$0.0		\$0.0
DLA Human Resources	\$12.9	\$0.0		\$0.0	
Information Technology (IT) Communications	\$3.2		\$0.0		\$0.0
IT Contractor Support	\$0.5		\$0.0		\$0.0
IT Defense Enterprise Business Systems (DEBS) Support	\$5.1		\$0.0		\$0.0
<b>Total DLA SCM</b>	<b>\$41.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**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. DLA Disposition Services is providing support from six fully operational DLA Disposition Services Offices in Kuwait, Qatar, Bahrain, United Arab Emirates (UAE), and Afghanistan (2 locations). In addition, support to Hub Based DEMIL Operations sites has been established to support the Warfighter at forward operating locations.

**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.

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. DLA is tasked with filling 42 civilian positions to support CENTCOM, beginning in FY 2020. The cost of filling these positions is approximately \$8.1 million per year starting in FY 2020, with a total cost of \$42.8 million for FY 2021 through FY 2025. This request for OCO funding will reimburse DLA for incremental costs and other support costs related to CEW deployments in order to fully support the Department's requirement.

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:** 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:** 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. 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 costs include sustainment, and lifecycle upgrades. Lifecycle replacements and sustainment 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.

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:** 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 sites supporting DLA Disposition Services and DLA Troop Support missions.

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, and Contingency Acquisition Support Module.

# DLA Distribution Processing Rates

Net Landed Cost Processing Rates per Line				MB Processing per		MB Processing		
Item				Each		per Each		
			2019	2019	2020	2020	2021	2021
			CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS
Receipt								
Base amount			37.45	96.38				
Plus								
	1-40 lbs.		1.42	3.52				
	41-150 lbs.		16.7	41.25				
	151-2000 lbs.		38.08	94.07				
	2000+ lbs. (per lb. over 2000)		0.02	0.05				
Return			6.99	17.27				
Hazardous			23.45	57.93				
Hard-to-Handle			23.45	57.93				
Issue								
Onbase base amount			16.91	43.53				
Plus								
	1-40 lbs.		1.42	3.52				
	41-150 lbs.		16.7	41.25				
	151-2000 lbs.		38.08	94.07				
	2000+ lbs. (per lb. over 2000)		0.02	0.05				
Offbase base amount			24.45	62.95				
	1-40 lbs.		2.78	6.87				
	41-150 lbs.		38.51	95.15				
	151-2000 lbs.		76.25	188.39				
	2000+ lbs. (per lb. over 2000)		0.03	0.07				
Local Delivery			2.41	5.95				
Hazardous			23.45	57.93				
Hard-to-Handle			23.45	57.93				
Controlled Item			11.08	27.38				
FMS			11.36	28.09				
Out-of-Cycle			32.01	79.09				
Issue from Receiving								
Base amount			\$2.16	\$5.53				
Plus								
	1-40 lbs.		1.42	3.52				
	41-150 lbs.		16.7	41.25				
	151-2000 lbs.		38.08	94.07				
	2000+ lbs. (per lb. over 2000)		0.02	0.05				
Transshipments								
Offbase base amount			\$32.21	\$82.91				
Plus								
	1-40 lbs.		\$2.78	\$6.87				
	41-150 lbs.		\$38.51	\$95.15				
	151-2000 lbs.		\$76.25	\$188.39				
	2000+ lbs. (per lb. over 2000)		\$0.03	\$0.07				
Mark For			\$8.59	\$22.11				
Onbase amount			\$16.41	\$42.25				

Market Basket Pricing includes nearly 2,400 separate rates. Detailed Market Basket Rates are available upon request

Market Basket Pricing includes nearly 2,400 separate rates. Detailed Market Basket Rates are available upon request



## DLA Distribution Rates

Other DLA Distribution Rates								
			2019	2019	2020	2020	2021	2021
			CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS
Material Processing Center (per Line)			\$19.22		\$19.22		\$19.44	
Major End Items (per Line)			\$72.97		\$72.97		\$67.13	
Estimated Transportation (\$M)			\$164.86	\$5.74	\$246.09	\$11.51	\$233.77	\$10.93
Total Processing Cost (\$M)			\$480.10	\$131.79	\$486.51	\$119.16	\$468.08	\$119.26
Composite Rate (line item)			\$38.18	\$94.34	\$38.18	\$94.34		
Workload (Millions of Lines NLC)			12.6	1.4	13.6	1.5		
Composite Rate (First eaches, MB only)					\$35.53	\$74.12	\$33.75	\$73.21
Workload (Millions of eaches MB only)					13,694	1,608	13,868	1,631
Market Basket Issue Priority Group (IPG) 1 & 2 fee per line item					2.64	2.64	\$2.64	\$2.64
Market Basket no Prepositioned Materiel Receipt (PMR) fee per line item					7.55	7.55	\$7.55	\$7.55
Market Basket Supply Discrepancy Report (SDR) fee per line item					22.91	22.91	\$22.91	\$22.91
Market Basket no PMR & SDR (Combo) fee per line item					24.92	24.92	\$24.92	\$24.92
Reimbursable Rates:								
DLA Facility			\$139.00		\$139.00		\$139.00	
Non-DLA Facility			\$110.06		\$107.56		\$104.44	
Storage Rates								
	Covered Storage		\$8.67		\$8.78		\$8.78	
	Open		\$1.21		\$1.22		\$1.22	
	Specialized		\$12.42		\$12.50		\$12.50	

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
FY 2019  
(Dollars in Millions)

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	1,681.4	1,962.4	2,121.2	0.0	0.0	2,121.2	0.0	0.0	2,121.2
MEDICAL	7,406.9	7,566.6	7,671.2	0.0	0.0	7,671.2	4.6	0.0	7,675.8
SUBSISTENCE	2,592.0	2,846.8	2,932.6	0.0	0.0	2,932.6	0.0	0.0	2,932.6
CONSTRUCTION & EQUIPMENT	2,977.5	6,136.6	7,058.5	0.0	0.0	7,058.5	0.0	0.0	7,058.5
INDUSTRIAL HARDWARE	381.4	597.0	565.4	0.0	0.0	565.4	0.0	0.0	565.4
AVIATION	3,695.3	4,721.4	6,018.7	0.0	0.0	6,018.7	2.9	0.0	6,021.6
LAND	1,570.0	2,138.9	2,031.8	0.0	0.0	2,031.8	0.0	0.0	2,031.8
MARITIME	1,449.9	1,919.6	1,924.0	0.0	0.0	1,924.0	5.5	0.0	1,929.5
SM-1 without Variability (SM-3A)	21,754.3	27,889.3	30,323.4	0.0	0.0	30,323.4	13.0	0.0	30,336.5
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	222.3	0.0	0.0	222.3	0.0	0.0	222.3
ENTERPRISE OPERATIONS	0.0	0.0	1,181.5	0.0	0.0	1,181.5	0.0	0.0	1,181.5
ENTERPRISE INFORMATION TECH.	0.0	0.0	1,095.4	0.0	0.0	1,095.4	16.5	0.0	1,111.9
CENTRAL FUND	0.0	0.0	47.9	0.0	0.0	47.9	0.0	0.0	47.9
TOTAL MATERIEL SUPPLY CHAIN	21,754.3	27,889.3	32,870.5	0.0	0.0	32,870.5	29.5	0.0	32,900.0
DISTRIBUTION	0.0	0.0	1,249.3	0.0	0.0	1,249.3	33.9	0.0	1,283.2
DISPOSITION SERVICES	0.0	0.0	225.8	0.0	48.1	273.9	9.0	0.0	282.9
TOTAL SUPPLY CHAIN MANAGEMENT	21,754.3	27,889.3	34,345.6	0.0	48.1	34,393.7	72.4	0.0	34,466.1

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
FY 2020  
(Dollars in Millions)

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	1,628.5	1,909.1	1,833.1	0.0	0.0	1,833.1	0.1	453.3	2,286.5
MEDICAL	7,265.9	7,547.0	7,678.9	0.0	0.0	7,678.9	4.8	1,914.5	9,598.2
SUBSISTENCE	2,443.1	2,712.8	2,545.8	0.0	0.0	2,545.8	0.1	635.9	3,181.8
CONSTRUCTION & EQUIPMENT	6,125.8	6,762.2	7,044.9	0.0	0.0	7,044.9	0.0	1,761.1	8,806.0
INDUSTRIAL HARDWARE	433.3	643.6	475.0	0.0	0.0	475.0	0.0	118.7	593.8
AVIATION	3,998.2	5,017.9	5,132.6	0.0	0.0	5,132.6	2.1	1,161.8	6,296.5
LAND	1,371.0	1,827.1	1,450.0	0.0	0.0	1,450.0	0.0	355.6	1,805.5
MARITIME	1,276.1	1,679.1	1,404.4	0.0	0.0	1,404.4	4.5	337.7	1,746.6
SM-1 without Variability (SM-3A)	24,541.9	28,098.8	27,564.7	0.0	0.0	27,564.7	11.5	0.0	27,576.2
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	220.4	0.0	0.0	220.4	0.0	0.0	220.4
ENTERPRISE OPERATIONS	0.0	0.0	1,245.1	0.0	0.0	1,245.1	0.5	0.0	1,245.6
ENTERPRISE INFORMATION TECH.	0.0	0.0	1,177.5	0.0	0.0	1,177.5	36.5	0.0	1,214.0
CENTRAL FUND	0.0	0.0	312.7	0.0	0.0	312.7	0.0	78.2	390.9
TOTAL MATERIEL SUPPLY CHAIN	24,541.9	28,098.8	30,520.4	0.0	0.0	30,520.4	48.5	6,816.8	37,385.6
DISTRIBUTION	0.0	0.0	1,303.0	0.0	0.0	1,303.0	75.5	226.5	1,605.0
DISPOSITION SERVICES	0.0	0.0	280.9	0.0	49.1	330.0	4.7	54.8	389.6
TOTAL SUPPLY CHAIN MANAGEMENT	24,541.9	28,098.8	32,104.4	0.0	49.1	32,153.5	128.7	7,098.1	39,380.2

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
FY 2021  
(Dollars in Millions)

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	1,664.2	1,916.8	1,872.3	0.0	0.0	1,872.3	0.1	463.0	2,335.4
MEDICAL	7,416.2	7,695.1	7,534.8	0.0	0.0	7,534.8	4.8	1,877.5	9,417.1
SUBSISTENCE	2,495.6	2,700.3	2,569.9	0.0	0.0	2,569.9	0.1	642.1	3,212.0
CONSTRUCTION & EQUIPMENT	6,362.3	6,875.1	6,791.6	0.0	0.0	6,791.6	0.1	1,697.7	8,489.3
INDUSTRIAL HARDWARE	443.0	683.6	482.9	0.0	0.0	482.9	0.0	120.7	603.7
AVIATION	4,433.7	5,897.5	5,505.8	0.0	0.0	5,505.8	2.7	1,250.6	6,759.1
LAND	1,383.1	1,764.3	1,508.7	0.0	0.0	1,508.7	0.0	370.0	1,878.7
MARITIME	1,286.9	1,641.4	1,464.9	0.0	0.0	1,464.9	1.1	352.6	1,818.6
SM-1 without Variability (SM-3A)	25,485.0	29,174.1	27,730.8	0.0	0.0	27,730.8	8.8	0.0	27,739.6
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	221.0	0.0	0.0	221.0	0.0	0.0	221.0
ENTERPRISE OPERATIONS	0.0	0.0	1,439.7	0.0	0.0	1,439.7	0.5	0.0	1,440.2
ENTERPRISE INFORMATION TECH.	0.0	0.0	1,099.0	0.0	0.0	1,099.0	24.2	0.0	1,123.2
CENTRAL FUND	0.0	0.0	286.4	0.0	0.0	286.4	0.0	71.6	358.0
TOTAL MATERIEL SUPPLY CHAIN	25,485.0	29,174.1	30,776.9	0.0	0.0	30,776.9	33.5	6,845.8	37,656.2
DISTRIBUTION	0.0	0.0	1,307.5	0.0	0.0	1,307.5	79.2	225.7	1,612.3
DISPOSITION SERVICES	0.0	0.0	309.3	0.0	49.8	359.1	4.9	54.3	418.3
TOTAL SUPPLY CHAIN MANAGEMENT	25,485.0	29,174.1	32,393.7	0.0	49.8	32,443.5	117.5	7,125.8	39,686.8

<b>DEFENSE LOGISTICS AGENCY</b> <b>Defense-Wide Working Capital Fund</b> <b>DLA Materiel Supply Chain Activity Group</b> <b>Fiscal Year (FY) 2021 Budget Estimates</b> <b>February 2020</b> <b>FY 2019 Inventory Status</b> <b>(\$ in millions)</b>				
<b>Inventory Status</b>	<b>Total</b>	<b>Demand Based</b>	<b>Moblization</b>	<b>Non-Demand Based</b>
1. INVENTORY - Beginning of Period (BOP)	15,448.9	9,868.2	443.8	5,136.9
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-136.9	-2.2	-0.1	-134.6
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	15,312.0	9,866.0	443.7	5,002.4
3. PURCHASES	25,948.7	25,614.8	334.0	0.0
4. GROSS SALES AT COSTS	-24,683.6	-24,436.5	-247.2	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	315.4	175.8	-0.6	140.2
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	299.2	159.6	-0.6	140.2
Transfers from Military Services	16.2	16.2	0.0	0.0
b. Returns from Customers for Credit (+)	188.5	188.5	0.0	0.0
c. Returns for Customers without Credit	122.8	0.0	0.2	122.6
d. Returns to Suppliers (-)	30.8	0.0	0.0	30.8
e. Transfers to Property Disposal (-)	-566.6	0.0	-3.6	-562.9
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other ( List and Explain)	-187.2	-124.5	2.4	-65.1
h. Total Adjustments	-96.4	239.7	-1.7	-334.3
6. INVENTORY - End of Period (EOP)	16,480.8	11,284.0	528.8	4,668.0
7. INVENTORY ON ORDER EOP	13,897.7	13,796.6	101.1	0.0
<b>8. Narrative (Explanation of unusual changes): BOP to EOP increase of \$1,031.8M is due primarily increases in price and/or stock on hand for critical items such as Japanese Encephalitis Vaccines and Flu Vaccines; readiness support; goods movement, goods receipts, negative payable adjustments and accounting gain or loss due to the inspection of components'shelf life to MREs and group rations; and various actions in regard to Border Support including procurement of protective wall barriers, pallet assemblies, and fixtures.</b>				

<b>DEFENSE LOGISTICS AGENCY</b> <b>Defense-Wide Working Capital Fund</b> <b>DLA Materiel Supply Chain Activity Group</b> <b>Fiscal Year (FY) 2021 Budget Estimates</b> <b>February 2020</b> <b>FY 2020 Inventory Status</b> <b>(\$ in millions)</b>				
<b>Inventory Status</b>	<b>Total</b>	<b>Demand Based</b>	<b>Moblization</b>	<b>Non-Demand Based</b>
1. INVENTORY - Beginning of Period (BOP)	16,480.8	11,284.0	528.8	4,668.0
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	16,480.8	11,284.0	528.8	4,668.0
3. PURCHASES	25,213.9	24,912.0	301.9	0.0
4. GROSS SALES AT COSTS	-24,845.3	-24,612.0	-233.3	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	392.2	217.2	0.0	175.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	375.0	200.0	0.0	175.0
Transfers from Military Services	17.2	17.2	0.0	0.0
b. Returns from Customers for Credit (+)	179.7	179.7	0.0	0.0
c. Returns for Customers without Credit	205.8	0.0	0.0	205.8
d. Returns to Suppliers (-)	8.8	0.0	0.0	8.8
e. Transfers to Property Disposal (-)	-495.2	0.0	0.0	-495.2
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other ( List and Explain)	-197.9	-152.3	-7.4	-38.2
h. Total Adjustments	93.3	244.5	-7.4	-143.8
6. INVENTORY - End of Period (EOP)	16,942.7	11,828.5	590.1	4,524.2
7. INVENTORY ON ORDER EOP	13,513.4	13,403.0	110.4	0.0
<b>8. Narrative (Explanation of unusual changes): BOP to EOP increase of \$462M is due primarily to net accounting gains and the growth in intransits.</b>				

<b>DEFENSE LOGISTICS AGENCY</b> <b>Defense-Wide Working Capital Fund</b> <b>DLA Materiel Supply Chain Activity Group</b> <b>Fiscal Year (FY) 2021 Budget Estimates</b> <b>February 2020</b> <b>FY 2021 Inventory Status</b> <b>(\$ in millions)</b>				
<b>Inventory Status</b>	<b>Total</b>	<b>Demand Based</b>	<b>Moblization</b>	<b>Non-Demand Based</b>
1. INVENTORY - Beginning of Period (BOP)	16,942.7	11,828.5	590.1	4,524.2
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	16,942.7	11,828.5	590.1	4,524.2
3. PURCHASES	25,005.8	24,697.3	308.4	0.0
4. GROSS SALES AT COSTS	-25,676.5	-25,438.3	-238.3	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	485.9	264.6	0.0	221.4
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	467.8	246.4	0.0	221.4
Transfers from Military Services	18.2	18.2	0.0	0.0
b. Returns from Customers for Credit (+)	182.8	182.8	0.0	0.0
c. Returns for Customers without Credit	370.6	250.0	0.0	120.6
d. Returns to Suppliers (-)	18.7	0.0	0.0	18.7
e. Transfers to Property Disposal (-)	-536.6	0.0	0.0	-536.6
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other ( List and Explain)	-95.0	-34.4	0.0	-60.5
h. Total Adjustments	426.4	662.9	0.0	-236.5
6. INVENTORY - End of Period (EOP)	16,698.4	11,750.5	660.2	4,287.7
7. INVENTORY ON ORDER EOP	13,457.8	13,337.9	119.9	0.0
<b>8. Narrative (Explanation of unusual changes): BOP to EOP increase of -\$244.4M is due primarily to transfers to disposals and net accounting gains and the growth in intransits.</b>				

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2019**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	443.8	416.3	27.5
2. Price Change	-1.5	0.0	-1.5
3. Reclassification	1.4	0.0	1.4
4. Inventory Changes			
a. Receipts @ cost	334.0	334.0	0.0
(1). Purchases	334.0	334.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-247.2	-247.2	0.0
(1). Sales	-247.2	-247.2	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	-1.7	-7.2	5.5
(1). Capitalizations	-0.6	-0.6	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	-1.1	-6.6	5.5
5. Inventory EOP	528.8	495.9	32.9
WRM STOCKPILE COSTS			
1. Storage	9.0	9.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	9.0	9.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	334.0	334.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	334.0	334.0	0.0
c. Repair WRM	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	334.0	334.0	0.0



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2020**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	528.8	495.9	32.9
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	301.9	301.9	0.0
(1). Purchases	301.9	301.9	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-233.3	-233.3	0.0
(1). Sales	-233.3	-233.3	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	-7.4	-7.4	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	-7.4	-7.4	0.0
5. Inventory EOP	590.1	557.2	32.9
WRM STOCKPILE COSTS			
1. Storage	9.0	9.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	9.0	9.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	301.9	301.9	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	301.9	301.9	0.0
c. Repair WRM	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	301.9	301.9	0.0

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2021**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	590.1	557.2	32.9
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	308.4	308.4	0.0
(1). Purchases	308.4	308.4	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-238.3	-238.3	0.0
(1). Sales	-238.3	-238.3	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	660.2	627.3	32.9
WRM STOCKPILE COSTS			
1. Storage	9.0	9.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	9.0	9.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	308.4	308.4	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	308.4	308.4	0.0
c. Repair WRM	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	308.4	308.4	0.0

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
DLA Supply Chain Management  
(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>1. New Orders</b>			
<b>a. Orders from DoD Components</b>	<b>14,932.3</b>	<b>15,448.9</b>	<b>14,030.4</b>
<b>Army</b>	4,811.4	5,237.8	5,521.7
O&M, Army	2,576.2	2,413.9	2,567.8
Procurement, Army	100.4	140.4	146.5
Military Construction, Army	1.5	2.3	2.5
Military Personnel, Army	1,377.5	2,603.4	2,722.0
Army Other	17.0	77.7	83.0
Army Other (non-interfund approp data not available)	738.8	-	-
<b>Navy</b>	3,127.1	4,343.9	2,925.7
O&M, Navy	1,812.1	3,174.0	1,702.5
Procurement, Navy	211.7	346.4	362.2
Military Construction, Navy	0.0	0.2	0.2
Military Personnel, Navy	440.7	741.2	775.0
Navy Other	54.0	82.1	85.9
Navy Other (non-interfund approp data not available)	608.5	-	-
<b>Air Force</b>	1,079.3	400.5	422.4
O&M, Air Force	147.9	246.5	257.7
Procurement, Air Force	8.7	10.4	10.8
Military Construction, Air Force	-	-	-
Military Personnel, Air Force	67.6	95.3	99.6
Air Force Other	0.9	48.3	54.2
Air Force Other (non-interfund approp data not available)	854.2	-	-
<b>Marine Corps</b>	681.0	979.1	474.1
O&M, Marine Corps	384.8	576.8	53.5
Procurement, Marine Corps	10.9	19.7	20.6
Military Personnel, Marine Corps	213.9	382.6	400.1
MC Other (non-interfund approp data not available)	71.4	-	-
<b>DoD Appropriated Accounts</b>	5,233.6	4,487.6	4,686.5
O&M, Defense Wide, Defense	9.8	142.3	145.8
Procurement, Defense-Wide	2.1	2.1	2.2
Military Construction, Defense-Wide	-	0.4	0.4
Defense Health Program, Defense	2,215.2	4,287.9	4,483.3
OSD Appropriated Other	2.5	54.9	54.9
DoD Other (non-interfund approp data not available)	3,004.1		
<b>b. Orders from Other Activity Groups</b>	8,070.3	11,687.9	14,166.8
Army Working Capital Funds	2,265.8	3,139.0	3,235.7
Navy Working Capital Funds	1,616.5	2,479.3	4,674.7
Air Force Working Capital Funds	4,180.6	6,037.2	6,169.6
Other Working Capital Funds	7.5	32.5	86.8
<b>c. Total DoD</b>	<b>23,002.6</b>	<b>27,136.8</b>	<b>28,197.2</b>

Fund 11 - Source of Revenue

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
DLA Supply Chain Management  
(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>d. Other Orders:</b>	6,524.2	2,357.6	2,513.2
Other Federal Agencies	-	838.6	845.9
Non-Federal Agencies	-	222.2	252.9
Foreign Military Sales	1,023.8	1,296.8	1,414.4
Credit Card Purchases			
Other (non-interfund approp data not available)	5,500.3		
<b>e. Total New Orders</b>	29,526.8	29,494.5	30,710.3
<b>2. Carry-In Orders</b>	-	5,215.9	5,073.2
<b>3. Total Gross Orders</b>	29,526.8	34,710.3	35,783.5
<b>4. Carry-Out Orders (-)</b>	-	(5,073.2)	(5,059.7)
<b>5. Sales Proceeds (Disposition Only)</b>	-	96.4	96.4
<b>6. Gross Sales (-)</b>	29,526.8	29,733.6	30,820.2
<b>7. Credits &amp; Allowances (-)</b>	-	(219.7)	(223.0)
<b>8. Net Sales</b>	29,526.8	29,513.9	30,597.3
<b>9. Reimbursable Sales</b>	-	976.5	1,025.3
<b>10. Manual invoices and accounting adjustments (FY19 only)</b>	707.3	-	-
<b>11. Total Revenue</b>	30,234.1	30,490.4	31,622.6

Fund 11- Source of Revenue

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Revenue and Costs  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)

	FY 2019	FY 2020	FY 2021
<b>Revenue</b>			
Gross Sales	28,095.6	28,315.0	29,393.6
Operations	28,042.6	28,213.5	29,309.9
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery excluding Major Construction	53.0	101.4	83.7
Other Income	2,347.1	2,395.1	2,451.9
Reimbursable Income	1,360.2	1,513.7	1,568.9
Other Income	986.9	881.4	883.0
Refunds/Discounts (-)	-208.6	-219.7	-223.0
<b>Total Revenue</b>	<b>30,234.1</b>	<b>30,490.4</b>	<b>31,622.6</b>
<b>Expenses</b>			
Cost of Materiel Sold from Inventory	24,495.2	24,665.5	25,493.8
Salaries and Wages:			
Military Personnel Compensation & Benefits	44.2	44.0	44.7
Civilian Personnel Compensation & Benefits	2,445.0	2,680.3	2,727.3
Travel & Transportation	26.9	38.2	37.1
Materials & Supplies (For internal operations)	64.5	52.7	54.0
Equipment	81.0	82.4	70.8
Other Purchases from Revolving Funds	235.6	242.2	252.0
Transportation of Things	439.8	470.2	484.3
Capital Investment Recovery	53.0	101.4	83.7
Printing and Reproduction	22.5	24.6	25.0
Advisory and Assistance Service	49.9	80.8	75.3
Rent, Communications, Utilities & Misc. Charges	110.7	166.9	155.4
Other Purchased Services	1,555.5	2,113.7	2,258.7
<b>Total Expenses</b>	<b>29,623.7</b>	<b>30,762.8</b>	<b>31,762.0</b>
<b>Operating Results</b>	<b>610.4</b>	<b>-272.4</b>	<b>-139.4</b>
Plus Passthroughs or Appropriations	48.1	49.1	49.8
Other Changes Affecting NOR	500.0	-1.6	-1.6
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Transfers	500.0	-1.6	-1.6
<b>Net Operating Results</b>	<b>1,158.5</b>	<b>-224.9</b>	<b>-91.2</b>
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	-239.3	44.2	0.0
Prior Year Accumulated Operating Results	228.2	1,102.3	921.6
Retained Accumulated Operating Results	45.1	0.0	830.4
<b>Accumulated Operating Result</b>	<b>1,102.3</b>	<b>921.6</b>	<b>0.0</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund (DWWCF)**  
**Energy Management Activity Group**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**

**FUNCTIONAL DESCRIPTION**

The Defense Logistics Agency (DLA) Energy provides comprehensive worldwide energy solutions to the Department of Defense (DoD) and other authorized customers. The 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. The 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 2020 and Fiscal Year 2021 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.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Total Operations	\$547.3	\$670.3	\$666.8

### **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-Automated Data Processing Equipment (ADPE) (operating). The Fiscal Year 2021 Budget request includes funding to support and sustain increased mission requirements driven by the Red Hill Bulk Fuel Storage Facility on Joint Base Pearl Harbor-Hickam, Hawaii. These requirements are necessary to fulfill the Administrative Order on Consent No. RCRA 7003-R9-2015-01 between DLA and the United States Environmental Protective Agency.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
SRM Program	\$663.9	\$712.9	\$799.4

### **Transportation**

The 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 increases driven by payments to the Military Sealift Command.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Transportation	\$468.1	\$494.3	\$504.2

### **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. FY 2020 funding includes an increase to establish additional Defense Fuel Support Points (DFSPs) at Darwin, Australia and Eielson Air Force Base (AFB), Alaska. Fiscal Year 2021 includes funding to establish additional DFSPs at Loch Striven and Campbeltown, Scotland and to establish JP5 Storage in the Oceania region of the South Pacific. Adding additional DFSPs in these locations will provide strategic fuel locations that are critical to supporting the warfighter.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
TOPS	\$479.3	\$618.8	\$505.2

## **Environmental**

The 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. The Fiscal Year 2021 budget request includes additional funding to support requirements at the Red Hill Bulk Fuel Storage Facility.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Environmental	\$166.3	\$84.7	\$100.6

## **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 2019	FY 2020	FY 2021
AE Sales	\$56.9	\$51.9	\$45.4
AE Obligations	\$55.4	\$41.3	\$48.0

## **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 DLA uses historical sales volumes to estimate requirements for other authorized customers.

(Barrels in Millions)	FY 2019	FY 2020	FY 2021
Net Sales	94.2	98.2	97.7

### **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.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Revenue	\$12,361.0	\$12,301.4	\$11,619.5
Expenses	\$11,447.0	\$12,527.0	\$11,622.4
Operating Results	\$914.0	(\$225.6)	(\$2.8)
Other Changes Affecting NOR	\$0.0	(\$1.0)	(\$1.0)
Transfers	\$0.0	(\$1.0)	(\$1.0)
Capital Surcharge	\$0.0	\$0.0	\$0.0
Appropriations	\$0.0	\$0.0	\$0.0
Net Operating Results	\$914.0	(\$226.6)	(\$3.8)
Prior Year Accumulated Operating Results (AOR)	(\$1,844.1)	(\$857.9)	(\$1,084.5)
Other Changes Affecting AOR	\$72.2	\$0.0	\$1,088.3
AOR	(\$857.9)	(\$1,084.5)	\$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 2019	FY 2020	FY 2021
Disbursements	\$11,332.2	\$12,408.7	\$11,575.1
Collections	\$12,154.7	\$12,301.4	\$11,619.4
Net Outlays	(\$822.5)	\$107.3	(\$44.4)
Direct Appropriation	\$0.0	\$0.0	\$0.0
OCO Appropriation	\$0.0	\$0.0	\$0.0
Transfers	\$0.0	(\$1.0)	(\$1.0)
Total Change in Cash	\$822.5	(\$108.3)	\$43.4

## **ENERGY PRICING (PETROLEUM)**

The DoD petroleum pricing is based on refined product forecasts provided by the Office of Management and Budget (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 2019 through Fiscal Year 2021.

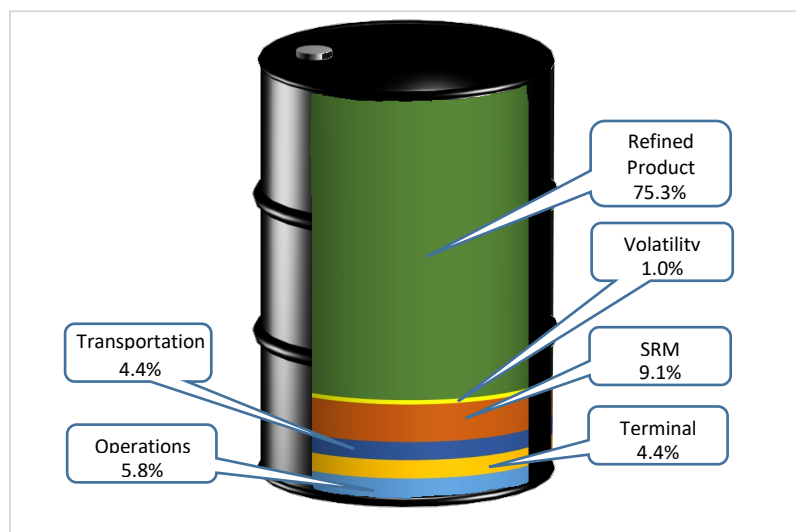
The market volatility factor captures the delta between product-related costs and the product portion of the standard price such as market volatility and losses.

The composite standard price per barrel in Fiscal Year 2019 was \$125.16 per barrel. The composite standard price of \$125.16 is an increase from the President's FY 2019 budgeted price of \$104.16 per barrel. The standard price is \$124.32 in Fiscal Year 2020. The projected standard price is \$118.02 in Fiscal Year 2021.

The non-product cost increase in Fiscal Year 2021 is primarily due to increased Environmental, Terminal Operations (TOPS), and Sustainment, Restoration, and Modernization (SRM) requirements.

(Dollar per Barrel)	FY 2019	FY 2020	FY 2021
Petroleum Refined Cost	\$100.62	\$97.16	\$88.85
Petroleum Non-Product Cost	\$23.69	\$25.75	\$27.95
Market Volatility Factor	\$.85	\$1.41	\$1.22
Standard Price	\$125.16	\$124.32	\$118.02

### Standard Price Expense Allocation



Reflects percentages based on PB 21 Fiscal Year 2021 Standard Fuel Price

## **INVENTORY**

The DLA Energy's Fiscal Year 2021 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 2019	FY 2020	FY 2021
<u>Beginning Inventory</u>	<u>55.5</u>	<u>52.0</u>	<u>54.1</u>
Peacetime Operating	21.0	17.5	19.6
WRM	34.5	34.5	34.5
Receipts	92.5	101.3	98.7
Net Sales	(94.2)	(98.2)	(97.7)
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (normal)	(1.8)	(1.0)	(1.0)
Combat Losses	0.0	0.0	0.0
<u>Ending Inventory</u>	<u>52.0</u>	<u>54.1</u>	<u>54.1</u>
Peacetime Operating	17.5	19.6	19.6
WRM	34.5	34.5	34.5

## **MANPOWER**

The following table reflects the personnel numbers included in this submission.

(Manpower)	FY 2019	FY 2020	FY 2021
End Strength			
Military	66	72	72
Civilian	1,363	1,399	1,399
Total	1,429	1,471	1,471
FTEs			
Military	66	72	72
Civilian	1,274	1,344	1,344
Total	1,340	1,416	1,416

## **CAPITAL**

The capital budget reflects projects exceeding the \$250,000 expense investment threshold for the Automated Data Processing Equipment (ADPE), non-ADPE, software development, and minor construction categories. Minor construction is limited to projects valued less than \$2 million but in excess of \$250,000.

The Non-ADP Equipment requirement includes Automated Fuel Handling Equipment installations and lifecycle upgrades at Naval Air Station (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 2019	FY 2020	FY 2021
Equipment (non-ADP)	\$2.4	\$17.3	\$12.5
Software Development	\$0.0	\$0.0	\$0.0
Minor Construction	\$28.2	\$45.3	\$46.3
Total	\$30.6	\$62.6	\$58.8

## **OVERSEAS CONTINGENCY OPERATIONS (OCO) REQUIREMENT**

The DLA Energy will use prior year OCO operating authority to fund Fiscal Year 2020 and Fiscal Year 2021 requirements. The OCO requirement is in support of operations in Afghanistan, primarily NATO Support and Procurement Agency (NSPA), which provides fuel-related services in theater. The USCENTCOM/NATO Acquisition Cross Servicing Agreement provides the authority for this critical fuel support in country via NATO fuel procurement. Fiscal Year 2020 and Fiscal Year 2021 estimates reflect DLA Energy's share of support from NSPA.

(Dollars in Millions)	FY 2019	FY 2020	FY 2021
Combat Fuel Losses	\$0.0	\$0.0	\$0.0
Fuel Transportation, TOPS & AE (Operations)	\$44.4	\$35.8	\$40.0
Total OCO	\$44.4	\$35.8	\$40.0

DEFENSE LOGISTICS AGENCY  
 Defense-Wide Working Capital Fund  
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 Fiscal Year (FY) 2021 Budget Estimates  
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 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	12,285.534	12,285.534	15,885.505	0.000	0.000	15,885.505	30.594	0.000	15,916.099
AEROSPACE	56.857	56.857	66.946	0.000	0.000	66.946	0.000	0.000	66.946
REIMBURSABLE	(1.784)	(1.784)	8.755	0.000	0.000	8.755	0.000	0.000	8.755
TOTAL	12,340.607	12,340.607	15,961.206	0.000	0.000	15,961.206	30.594	0.000	15,991.800

SM 1 - Energy Summary

DEFENSE LOGISTICS AGENCY  
 Defense-Wide Working Capital Fund  
 Energy Management Activity Group  
 Supply Management Summary by Division  
 Fiscal Year (FY) 2021 Budget Estimates  
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 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	13,057.780	0.000	0.000	13,057.780	62.569	5,220.533	18,340.882
AEROSPACE	51.919	51.919	41.280	0.000	0.000	41.280	0.000	0.000	41.280
REIMBURSABLE	0.000	0.000	30.766	0.000	0.000	30.766	0.000	0.000	30.766
TOTAL	12,260.889	12,260.889	13,129.826	0.000	0.000	13,129.826	62.569	5,220.533	18,412.928

SM 1 - Energy Summary

DEFENSE LOGISTICS AGENCY  
 Defense-Wide Working Capital Fund  
 Energy Management Activity Group  
 Supply Management Summary by Division  
 Fiscal Year (FY) 2021 Budget Estimates  
 February 2020  
 FY 2021  
 (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	11,532.678	11,532.678	11,036.998	0.000	0.000	11,036.998	58.811	4,210.365	15,306.174
AEROSPACE	45.374	45.374	48.034	0.000	0.000	48.034	0.000	0.000	48.034
REIMBURSABLE	0.000	0.000	31.368	0.000	0.000	31.368	0.000	0.000	31.368
TOTAL	11,578.052	11,578.052	11,116.400	0.000	0.000	11,116.400	58.811	4,210.365	15,385.576

SM 1 - Energy Summary

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Inventory Status - Energy  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
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)	-896.2	-556.9	-339.3	0.0
c. Inventory Reclassified and Repriced	4,592.3	1,729.1	2,863.1	0.0
3. PURCHASES	9,190.3	9,190.3	0.0	0.0
4. GROSS SALES AT COST	-9,586.5	-9,586.5	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 (+)	228.4	228.4	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)	(182.9)	(182.9)	0.0	0.0
Retail/Wholesale Losses	-182.9	-182.9	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	45.6	45.6	0.0	0.0
6. INVENTORY - End of Period (EOP)	4,241.6	1,378.5	2,863.1	0.0
7. INVENTORY ON ORDER EOP	4,241.6	1,378.5	2,863.1	0.0
8. Narrative (Explanation of unusual changes)				

SM 4 - Material Inventory Data



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Inventory Status - Energy**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2020**  
**(Dollars in Millions)**

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	4,241.6	1,378.5	2,863.1	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	1,014.3	525.4	488.9	0.0
c. Inventory Reclassified and Repriced	5,255.9	1,903.9	3,352.0	0.0
3. PURCHASES	9,874.3	9,874.3	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)	5,462.9	2,110.9	3,352.0	0.0
7. INVENTORY ON ORDER EOP	5,462.9	2,110.9	3,352.0	0.0
8. Narrative (Explanation of unusual changes)				

SM 4 - Material Inventory Data

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Inventory Status - Energy**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2021**  
**(Dollars in Millions)**

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	5,462.9	2,110.9	3,352.0	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-656.5	-369.8	-286.7	0.0
c. Inventory Reclassified and Repriced	4,806.4	1,741.1	3,065.3	0.0
3. RECEIPTS AT STANDARD	8,804.4	8,804.4	0.0	0.0
4. GROSS SALES AT COST	-9,248.6	-9,248.6	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 (+)	533.1	533.1	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)	(88.9)	(88.9)	0.0	0.0
Retail/Wholesale Losses	-88.9	-88.9	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	444.3	444.3	0.0	0.0
6. INVENTORY - End of Period (EOP)	4,806.4	1,741.1	3,065.3	0.0
7. INVENTORY ON ORDER EOP	4,806.4	1,741.1	3,065.3	0.0
8. Narrative (Explanation of unusual changes)				

SM 4 - Material Inventory Data

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**War Reserve Material (WRM) Stockpile**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**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)	(339.3)	(339.3)	0.0
3. Reclassification	2,863.1	2,863.1	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	2,863.1	2,863.1	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) 2021 Budget Estimates**  
**February 2020**  
**FY 2020**  
**(Dollars in Millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	2,863.1	2,863.1	0.0
2. Price Change (Memo)	488.9	488.9	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

SM 6 - War Reserve Material

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**War Reserve Material (WRM) Stockpile**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**February 2020**  
**FY 2021**  
**(Dollars in Millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,352.0	3,352.0	0.0
2. Price Change (Memo)	(286.7)	(286.7)	0.0
3. Reclassification	3,065.3	3,065.3	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	3,065.3	3,065.3	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

SM 6 - War Reserve Material

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>1. New Orders</b>			
<b>a. Orders from DoD Components</b>	<b>9,068.7</b>	<b>9,696.4</b>	<b>9,155.0</b>
<b>Army</b>	<b>1,240.7</b>	<b>1,197.8</b>	<b>1,136.8</b>
O&M, Army	1073.0	1035.8	983.1
O&M - Recovery Act, Army	0.0	0.0	0.0
O&M, Army Reserve	22.4	21.6	20.5
O&M - Recovery Act, Army Reserve	0.0	0.0	0.0
O&M, Army National Guard	88.2	85.1	80.8
Army National Guard	0.0	0.0	0.0
RDT&E, Army	31.8	30.7	29.1
RDT&E, Army, Recovery Act	0.0	0.0	0.0
Aircraft Procurement, Army	4.2	4.0	3.8
Missile Procurement, Army	0.3	0.3	0.3
Procurement of Weapons & Tracked Vehicles, Army	0.9	0.8	0.8
Procurement of Ammunition, Army	0.0	0.0	0.0
Other Procurement, Army	0.8	0.8	0.7
Military Construction, Army	2.2	2.1	2.0
Military Construction, Army Reserve	0.0	0.0	0.0
Military Construction, Army National Guard	0.3	0.3	0.3
Family Housing Construction, Army	0.1	0.1	0.1
Family Housing Construction, Recovery Act Army	0.0	0.0	0.0
Family Housing, O&M, Army	0.1	0.1	0.1
Military Personnel, Army	0.0	0.0	0.0
National Guard Personnel, Army	0.4	0.4	0.4
Reserve Personnel, Army	0.4	0.4	0.4
Salaries and Expenses, Cementerial Expenses, Army	0.0	0.0	0.0
Wildlife Conservation, etc., Military Reservations, Army	0.0	0.0	0.0
Restoration, Rocky Mountain Arsenal	0.0	0.0	0.0
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	0.0	0.0	0.0
Iraq Security Forces Fund	0.0	0.0	0.0
Counter Islamic ISIS Train & Equip Fund	0.3	0.3	0.3
Foreign Military Financing, Funds Appropriated to the President	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Army Other (non-interfund approp data not available)	15.4	14.8	14.1
<b>Navy</b>	<b>2,855.4</b>	<b>2,617.0</b>	<b>2,484.2</b>
O&M, Navy	2718.9	2491.8	2365.4
O&M, Navy Reserve	116.9	107.2	101.7
Aircraft Procurement, Navy	0.8	0.8	0.7
Weapons Procurement, Navy	1.3	1.2	1.1
Procurement of Ammunition, Navy & MC	0.0	0.0	0.0
Other Procurement, Navy	2.1	2.0	1.9
Shipbuilding & Conversion, Navy	0.5	0.5	0.5
RDT&E, Navy	6.4	5.9	5.6
RDT&E - Recovery Act, Navy	0.1	0.0	0.0
Military Construction, Navy & MC	0.0	0.0	0.0
Military Construction- Shipbuilding and Conversion	0.0	0.0	0.0
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
National Defense Sealift Fund, Navy	0.0	0.0	0.0
Military Personnel, Navy	0.0	0.0	0.0
Reserve Personnel, Navy	0.0	0.0	0.0
General Gift Fund, Navy	0.0	0.0	0.0
Wildlife Conservation, etc. Military Reservations, Navy	0.0	0.0	0.0
Navy Other (1160, 1819 & 6502)	0.0	0.0	0.0
Navy Other (non-interfund approp data not available)	8.3	7.6	7.3

Fund 11 - Source of Revenue

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Air Force</b>	<b>4,853.5</b>	<b>5,535.3</b>	<b>5,200.5</b>
O&M, Air Force	3301.3	3765.0	3537.3
O&M, Air Force Reserve	394.4	449.8	422.6
O&M, Air National Guard	1063.2	1212.5	1139.2
RDT&E, Air Force	79.3	90.5	85.0
Air Force Procurement Accounts	0.0	0.0	0.0
Aircraft Procurement, Air Force	1.1	1.2	1.2
Missile Procurement, Air Force	0.1	0.1	0.1
Space Procurement, Air Force	0.5	0.6	0.6
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	0.5	0.6	0.5
Military Personnel, Air Force	0.0	0.0	0.0
Reserve Personnel, Air Force	0.0	0.0	0.0
National Guard Personnel, Air Force	0.0	0.0	0.0
International Military Education and Training	0.0	0.0	0.0
Air Force Other	0.0	0.0	0.0
Air Force Other (non-interfund approp data not available)	13.1	15.0	14.1
<b>Marine Corps</b>	<b>45.7</b>	<b>74.6</b>	<b>70.8</b>
O&M, MC	43.1	70.3	66.7
O&M, MC Reserve	1.2	1.9	1.8
Procurement, MC	-0.8	-1.3	-1.3
Military Personnel, MC	0.0	0.0	0.0
Reserve Personnel, MC	0.1	0.1	0.1
Other, MC (Part of O&M, Navy)	2.2	3.6	3.5
Family Housing, O&M, Navy & MC (MC only)	0.0	0.0	0.0
RDT&E, Navy (part of USMC)	0.0	0.0	0.0
MC Other (non-interfund approp data not available)	0.0	0.0	0.0
<b>DoD Appropriated Accounts</b>	<b>73.4</b>	<b>271.8</b>	<b>262.6</b>
O&M, Defense Wide, Defense Agencies	20.5	76.1	73.5
RDT&E, Defense-Wide	1.9	7.1	6.8
Procurement, Defense-Wide	0.2	0.7	0.6
Defense Health Program, Defense	11.8	43.7	42.3
National Guard & Reserve Equipment, Defense	0.0	0.0	0.0
Military Construction, Defense-Wide	0.0	0.0	0.0
Family Housing, Defense-Wide	0.0	0.0	0.0
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 (0510)	3.6	13.4	12.9
DoD, Base Closure Account (0512)	0.0	0.0	0.0
Defense Emergency Response Fund, Defense	1.9	6.9	6.7
Humanitarian Assistance, Defense	0.2	0.8	0.8
Support for International Sporting Competitions, Defense	0.9	3.4	3.2
Employee & Employer Contributions, Foreign Govt Social Security & Related P	0.0	0.0	0.0
DoD Other (non-interfund approp data not available)	32.3	119.8	115.7
DoD, Acquisition Workforce Development Fund	0.0	0.0	0.0

Fund 11 - Source of Revenue

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>b. Orders from Other Activity Groups</b>	<b>1,632.5</b>	<b>1,898.2</b>	<b>1,790.3</b>
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	0.3	0.0	0.0
Army Working Capital Funds	6.5	72.2	68.6
Navy Working Capital Funds	691.0	613.5	582.4
Air Force Working Capital Funds	928.5	1212.5	1139.3
DLA, Defense Working Capital Fund	2.1	0.0	0.0
DFAS, Defense Working Capital Fund	0.0	0.0	0.0
DECA, Defense Working Capital Fund	0.0	0.0	0.0
Chemical Agent & Munitions Destruction, Defense (APPN DESC)	0.1	0.0	0.0
Pentagon Reservation Maintenance Revolving Fund	0.0	0.0	0.0
Other Working Capital Funds	1.1	0.0	0.0
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	0.1	0.0	0.0
Foreign Military Financing, Funds Appropriated to the President	0.0	0.0	0.0
DoD-VA Health Care Sharing Incentive Fund	0.0	0.0	0.0
Humanitarian Assistance, Defense	0.0	0.0	0.0
Lease of DoD Real Property	0.0	0.0	0.0
Department of the Army General Gift Fund	0.0	0.0	0.0
Other DoD (no system report)	2.9	0.0	0.0
<b>c. Total DoD</b>	<b>10,701.2</b>	<b>11,594.6</b>	<b>10,945.2</b>
<b>d. Other Orders:</b>	<b>1,232.1</b>	<b>1,412.3</b>	<b>1,340.9</b>
Other Federal Agencies	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0
Foreign Military Sales	0.1	0.0	0.0
Credit Card Purchases	0.0	0.0	0.0
Other (non-interfund approp data not available)	1231.9	1412.3	1340.9
<b>e. Total New Orders</b>	<b>11,933.3</b>	<b>13,006.8</b>	<b>12,286.2</b>
<b>2. Other Adjustments (used for year of execution only)</b>	<b>696.06</b>	<b>0.0</b>	<b>0.0</b>
Claims Receivable	185.74	0.0	0.0
Manual Credit	-18.75	0.0	0.0
Manual Invoice	7.84	0.0	0.0
JV's	320.5	0.0	0.0
Other	200.8	0.0	0.0
<b>3. Total Gross Orders</b>	<b>12,629.3</b>	<b>13,006.8</b>	<b>12,286.2</b>
<b>4. Carry-Out Orders (-)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>5. Sales Proceeds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>6. Gross Sales (-)</b>	<b>12,629.3</b>	<b>13,006.8</b>	<b>12,286.2</b>
<b>7. Credits &amp; Allowances (-)</b>	<b>-288.7</b>	<b>-745.9</b>	<b>-708.1</b>
<b>8. Net Sales</b>	<b>12,340.6</b>	<b>12,260.9</b>	<b>11,578.1</b>
<b>9. Reimbursable Sales/Other Income</b>	<b>20.4</b>	<b>40.5</b>	<b>41.4</b>
<b>10. Total Revenue</b>	<b>12,361.0</b>	<b>12,301.4</b>	<b>11,619.5</b>

Fund 11 - Source of Revenue



Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Revenue and Expenses  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)

<b>Revenue:</b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Gross Sales @ Standard	12,629.3	13,006.9	12,286.5
Operations	12,573.2	12,954.8	12,238.0
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	56.2	52.1	48.5
Other Income	20.4	40.4	41.2
Refunds/Discounts (-)	-288.7	-745.9	-708.1
Total Income	12,361.0	12,301.4	11,619.5
Adjusted Income	0.0		
<b>Total Income (allocated)</b>	<b>12,361.0</b>	<b>12,301.4</b>	<b>11,619.5</b>
<b>Expenses:</b>			
Cost of Materiel Sold from Inventory	9,399.9	9,570.2	8,715.5
Inventory Gains/Losses	182.9	304.1	88.9
Salaries and Wages:	200.5	210.9	214.9
Military Personnel Costs	14.3	13.6	13.8
Civilian Personnel Compensation	186.2	197.4	201.1
Travel & Transportation of Personnel	6.7	9.8	9.9
Materials & Supplies (For internal use)	0.5	0.6	0.7
Equipment	0.0	1.8	2.0
Other Purchases from Revolving Funds	318.9	373.0	362.5
Transportation of Things	407.6	500.1	510.5
Capital Investment Recovery	56.2	52.1	48.5
Printing and Reproduction	0.0	0.5	0.5
Advisory and Assistance Services	7.5	22.8	23.3
Rent, Communication, and Utility	0.8	14.0	14.2
Other Purchased Services	865.6	1,467.0	1,631.1
Total Expenses (System)	11,447.0	12,527.0	11,622.4
Allocated Expenses			
<b>Total Expenses (Allocated)</b>	<b>11,447.0</b>	<b>12,527.0</b>	<b>11,622.4</b>
<b>Operating Results</b>	<b>914.0</b>	<b>-225.6</b>	<b>-2.8</b>
Plus Passthroughs or Other	0.0	0.0	0.0
Other Changes Affecting NOR	0.0	-1.0	-1.0
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Transfers	0.0	-1.0	-1.0
<b>Net Operating Results</b>	<b>914.0</b>	<b>-226.6</b>	<b>-3.8</b>
Prior Year AOR	-1,844.1	-857.9	-1,084.5
Other Changes Affecting AOR (Retained AOR)	72.2	0.0	1,088.3
<b>Accumulated Operating Results (AOR)</b>	<b>-857.9</b>	<b>-1,084.5</b>	<b>0.0</b>

Fund 14 - Revenue and Expenses

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)  
FY 2019

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$155.77	\$0.8
AVGAS (OCONUS) - 100 (LL)	0.0	\$428.09	\$1.2
Diesel Fuel:			
Distillates - F76	12.5	\$125.88	\$1,576.8
High Sulfur - DF1	0.0	N/A	\$0.0
Generic (High Sulfur) - DF2	1.2	\$113.13	\$138.9
Ultra Low Sulfur - DS1	0.3	\$125.84	\$35.6
Ultra Low Sulfur - DS2	1.0	\$115.76	\$118.5
Burner Grade - FS1	0.0	\$126.57	\$5.9
Burner Grade - FS2	0.2	\$105.34	\$19.6
Biodiesel - BDI	0.1	\$119.36	\$7.1
Jet Fuel:			
JP8 & JA1	21.8	\$128.34	\$2,799.9
JAA	31.2	\$123.88	\$3,862.1
JP5	9.5	\$126.47	\$1,206.6
JTS	0.1	\$194.29	\$16.3
Kerosene - KS1	0.0	\$116.76	\$1.3
Motor Gasoline:			
Regular, Unleaded - MUR	0.4	\$98.25	\$37.6
Midgrade, Unleaded - MUM	0.3	\$112.03	\$32.9
Premium, Unleaded - MUP	0.0	\$136.65	\$0.8
Gasohol - GUM	0.0	\$116.70	\$1.4
Ethanol - E85	0.1	\$97.02	\$12.3
Residual:			
Burner Grade - FS4	0.0	\$79.38	\$0.6
Residual (Burner Grade) - FS6	0.0	N/A	\$0.0
FOR	0.1	\$36.78	\$2.5
Bunkers - Marine - MGO	1.4	\$125.47	\$177.3
Bunkers - Intermediate Grade - 180, 380	0.1	\$90.68	\$6.5
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.3	\$140.95	\$603.8
Non-Contract - Jet Fuel - NA1, NAA	1.1	\$159.16	\$172.9
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$129.73	\$48.3
Afganistan - NNJ	2.0	\$234.93	\$478.8
Afganistan - NNF	0.2	\$243.16	\$57.0
Rounding Factor & Other Products	5.8	N/A	\$862.2
<b>TOTAL</b>	<b>94.2</b>	<b>\$128.34</b>	<b>\$12,285.5</b>

Fund -15 Fuel Data

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)  
FY 2020

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$175.66	\$0.9
AVGAS (OCONUS) - 100 (LL)	0.0	\$519.02	\$1.6
Diesel Fuel:			
Distillates - F76	13.1	\$125.88	\$1,643.9
High Sulfur - DF1	-	\$109.44	\$0.0
Generic (High Sulfur) - DF2	1.3	\$116.89	\$149.6
Ultra Low Sulfur - DS1	0.3	\$134.76	\$39.7
Ultra Low Sulfur - DS2	1.1	\$125.32	\$133.8
Burner Grade - FS1	0.0	\$120.89	\$5.9
Burner Grade - FS2	0.2	\$105.99	\$20.5
Biodiesel - BDI	0.1	\$122.72	\$7.6
Jet Fuel:			
JP8 & JA1	22.7	\$124.32	\$2,827.6
JAA	32.5	\$124.29	\$4,039.9
JP5	9.9	\$126.65	\$1,259.8
JTS	0.1	\$193.36	\$16.9
Kerosene - KS1	0.0	\$112.83	\$1.3
Motor Gasoline:			
Regular, Unleaded - MUR	0.4	\$114.63	\$45.8
Midgrade, Unleaded - MUM	0.3	\$125.51	\$38.4
Premium, Unleaded - MUP	0.0	\$141.22	\$0.9
Gasohol - GUM	0.0	\$128.82	\$1.6
Ethanol - E85	0.1	\$108.82	\$14.4
Residual:			
Burner Grade - FS4	0.0	\$69.23	\$0.6
Residual (Burner Grade) - FS6	-	\$60.61	\$0.0
FOR	0.1	\$50.55	\$3.6
Bunkers - Marine - MGO	1.5	\$129.57	\$190.9
Bunkers - Intermediate Grade - 180, 380	0.1	\$90.95	\$6.8
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.5	\$143.46	\$640.8
Non-Contract - Jet Fuel - NA1, NAA	1.1	\$171.93	\$194.7
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$134.29	\$52.1
Afganistan - NNJ	2.1	\$325.21	\$691.1
Afganistan - NNF	0.2	\$361.50	\$88.4
Rounding Factor & Other Products	6.1	N/A	\$89.9
<b>TOTAL</b>	<b>98.2</b>	<b>\$124.32</b>	<b>\$12,209.0</b>

Fund -15 Fuel Data

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
(Dollars in Millions)  
FY 2021

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$166.76	\$0.8
AVGAS (OCONUS) - 100(LL)	0.0	\$492.72	\$1.5
Diesel Fuel:			
Distillates - F76	13.0	\$119.50	\$1,552.9
High Sulfur - DF1	0.0	\$103.89	\$0.0
Generic (High Sulfur) - DF2	1.3	\$110.97	\$141.3
Ultra Low Sulfur - DS1	0.3	\$127.93	\$37.5
Ultra Low Sulfur - DS2	1.1	\$118.97	\$126.4
Burner Grade - FS1	0.0	\$114.76	\$5.6
Burner Grade - FS2	0.2	\$100.62	\$19.4
Biodiesel - BDI	0.1	\$116.50	\$7.2
Jet Fuel:	0.0		
JP8 & JA1	22.6	\$118.02	\$2,671.0
JAA	32.3	\$117.99	\$3,816.1
JP5	9.9	\$120.23	\$1,190.0
JTS	0.1	\$183.56	\$16.0
Kerosene - KS1	0.0	\$107.11	\$1.2
Motor Gasoline:			
Regular, Unleaded - MUR	0.4	\$108.82	\$43.2
Midgrade, Unleaded - MUM	0.3	\$119.15	\$36.3
Premium, Unleaded - MUP	0.0	\$134.06	\$0.9
Gasohol - GUM	0.0	\$122.29	\$1.5
Ethanol - E85	0.1	\$103.31	\$13.6
Residual:			
Burner Grade - FS4	0.0	\$65.72	\$0.5
Residual (Burner Grade) - FS6	0.0	\$57.54	\$0.0
FOR	0.1	\$47.99	\$3.4
Bunkers - Marine - MGO	1.5	\$123.00	\$180.3
Bunkers - Intermediate Grade - 180, 380	0.1	\$86.34	\$6.4
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.4	\$136.19	\$605.3
Non-Contract - Jet Fuel - NA1, NAA	1.1	\$163.22	\$183.9
Non-Contract - Ground Fuel - NLS, NMU	0.4	\$127.48	\$49.2
Afganistan - NNJ	2.1	\$308.73	\$652.8
Afganistan - NNF	0.2	\$343.18	\$83.5
Rounding Factor & Other Products	6.0	N/A	\$85.0
<b>TOTAL</b>	<b>97.718</b>	<b>\$118.02</b>	<b>\$11,532.7</b>

Fund -15 Fuel Data

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**(Dollars in Millions)**  
**FY 2019**

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
<b>Hydrazine Products</b>				
Non-HPH	-	\$0.00		\$0.0
HPH Only	9,605	\$129.00		\$1.2
<b>N2O (Tetroxide) Products</b>	5,973	\$125.40		\$0.7
<b>Bulk Helium Products</b>	2,358	\$325.89		\$0.8
<b>Nitrogen Products</b>				
Non-Vandenberg	-	\$0.00		\$0.0
Vandenberg	-	\$0.00		\$0.0
<b>Helium Products</b>	142,333	\$28.81		\$4.1
<b>Other Products</b>				
Aviator's Breathing Oxygen	3,007,409	\$1.67		\$5.0
Liquid Nitrogen (4769)	1,094,799	\$1.33		\$1.5
Other	See Complete Price List			\$9.2
<b>Total DoD</b>				<b>\$22.5</b>
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
<b>Hydrazine Products</b>				
Non-HPH	26,756	\$122.10	0.00	\$3.3
HPH Only	20,699	\$117.29	30.00	\$3.0
<b>N2O (Tetroxide) Products</b>	34,467	\$133.53	8.17	\$4.9
<b>Bulk Helium Products</b>	6,767	\$132.28	177.55	\$2.1
<b>Nitrogen Products</b>				
Non-Vandenberg	107,486	\$1.74	6.58	\$0.9
Vandenberg	280,017	\$10.31	8.05	\$5.1
<b>Other Products</b>	See Complete Price List			\$15.0
<b>Total Non-DoD</b>				<b>\$34.3</b>
<b>Total</b>				<b>\$56.9</b>

Fund -15 Fuel Data

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**(Dollars in Millions)**  
**FY 2020**

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

Fund -15 Fuel Data

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2021 Budget Estimates**  
**(Dollars in Millions)**  
**FY 2021**

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
<b>Hydrazine Products</b>				
Non-HPH	1,824	\$89.00		\$0.2
HPH Only	605	\$110.15		\$0.1
<b>N2O (Tetroxide) Products</b>	3,733	\$100.63		\$0.4
<b>Bulk Helium Products</b>	9,127	\$318.30		\$2.9
<b>Nitrogen Products</b>				
Non-Vandenberg	5,674	\$8.63		\$0.0
Vandenberg	2,920	\$18.65		\$0.1
<b>Helium Products</b>	107,123	\$25.43		\$2.7
<b>Other Products</b>				
Aviator's Breathing Oxygen	3,071,933	\$1.68		\$5.2
Liquid Nitrogen (4769)	1,209,825	\$1.45		\$1.8
Other	See Complete Price List			\$6.3
<b>Total DoD</b>				<b>\$19.5</b>
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
<b>Hydrazine Products</b>				
Non-HPH	8,932	\$80.15	8.85	\$0.8
HPH Only	12,148	\$80.15	24.00	\$1.3
<b>N2O (Tetroxide) Products</b>	9,766	\$99.00	1.63	\$1.0
<b>Bulk Helium Products</b>	5,360	\$142.25	176.05	\$1.7
<b>Nitrogen Products</b>				
Non-Vandenberg	317,703	\$2.44	6.18	\$2.7
Vandenberg	289,246	\$10.57	8.07	\$5.4
<b>Other Products</b>	See Complete Price List			\$13.0
<b>Total Non-DoD</b>				<b>\$25.9</b>
<b>Total</b>				<b>\$45.4</b>

Fund -15 Fuel Data

**Defense Logistics Agency  
Defense Wide Working Capital Fund (DWWCF)  
DLA Document Services  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020**

**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 Publishing 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 was completed on 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.



	<b>FY 2019 Actual</b> (\$ in Millions)	<b>FY 2020 Estimate</b> (\$ in Millions)	<b>FY 2021 Estimate</b> (\$ in Millions)
Army	39.918	40.473	40.389
Navy	70.365	71.344	71.198
USMC	25.151	25.501	25.449
USAF	26.490	26.858	26.804
DoD	80.409	81.528	81.360
Other Federal	45.864	46.502	46.408
Non-Federal	15.541	15.758	15.725
<b>Total New Orders</b>	<b>303.738</b>	<b>307.964</b>	<b>307.333</b>

### **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.

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. 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**

### **Unit Cost per In-house Production Unit**

FY 2019 Goal

\$0.1803

FY 2019 Actual

\$0.2258

DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services actual FY 2019 unit cost was greater than the goal, due to less than anticipated workload in In-House Production. Actual in-house costs were 9% lower than planned (\$71.1 million actual versus \$77.9 million planned).

### **Composite Customer Rate Change**

FY 2019 Goal

1.87%

FY 2019 Actual

1.57%

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. The Commercial program, which includes services that do not have a standard rate per item such as Equipment Management Solutions (EMS), Government Publishing Office (GPO) orders, and Electronic Data Content Management (EDCM), DLA Document Services charges customers at cost and applies an overhead rate in percentage form. 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 2019 was lower prices, and lower than projected workload in commercial programs.

<b>Unit Cost</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Goal</b>	<b>FY 2021 Goal</b>
In-House Production Units	313.9(M)	349.1(M)	350.2(M)
In-House Production Rate	\$0.2264	\$0.2137	\$0.1966
Customer Rate	\$0.1612	\$0.1338	\$0.1873
Composite Customer Rate Change	1.57%	0.50%	0.65%

## **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.

DLA Document Services ended FY 2019 with a near break-even Net Operating Result.

	<b>FY 2019 Actual</b>	<b>FY 2020 Estimate</b>	<b>FY 2021 Estimate</b>
(\$ In millions)			
Revenue	297.750	307.964	307.336
Cost of Goods Sold	297.405	301.366	305.386
Cash Surcharge	0.000	0.000	0.000
Capital Surcharge	0.000	0.000	0.000
Inventory Surcharge	0.000	0.000	0.000
Other Changes Affecting NOR	0.000	0.000	0.000
Net Operating Results	0.345	6.598	1.950
Prior Year Accumulated Operating Results	(9.055)	(8.548)	(1.950)
Non-Recoverable Adjustment Impacting AOR	0.163	0.000	0.000
Ending Accumulated Operating Result	(8.548)	(1.950)	0.000

**OUTLAYS:** Net outlays measure the difference between collections and disbursements. Positive net outlays reflect collections in excess of disbursements. Negative 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.

(In millions)	<b>FY 2019 Actual</b>	<b>FY 2020 Estimate</b>	<b>FY 2021 Estimate</b>
Expense (less CIR)	297.405	301.366	305.386
Capital Disbursements	0.049	0.081	0.043
Accounts Payable Change	-13.034	-6.322	-2.555
Disbursements	307.296	305.118	306.933
Revenue	297.750	307.964	307.336
Accounts Receivable Change	-13.553	0.273	-0.651
Collections	280.694	305.748	305.720
Net Outlays	-26.602	0.630	-1.213

**FY 2019:** The overall net outlays reflect negative NOR/AOR at the end of Fiscal Year 2019, due to disbursements exceeding collections (-26.602 million).

**FY 2020:** The projected cash gain is due collections exceeding disbursements 0.630 million. This submission projects increased requirements in Government Publishing Office (GPO), and Equipment Management Solutions (EMS) programs.

**FY 2021:** The projected cash loss is due to disbursements exceeding collections (-1.213 million). This submission reflects the goal of meeting zero AOR, which results in overall cash neutral budget impact to DWWCF.

**PERSONNEL:** This submission reflects full-time equivalents required to produce the projected workload. DLA Document Services anticipates ending FY 2020 with 423 FTEs. Additional decreases related to the Document Services transformation will further reduce FTEs to 412 by FY 2021.

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Civilian End Strength	439	412	412
Civilian Full-Time Equivalents	453	423	412

**CAPITAL BUDGET:** DLA Document Services asset requirements in FY 2019 - FY 2021 are anticipated to cost less than the capitalization threshold of \$250,000, which will require no additional capital investment funding.

(In millions)	FY 2019	FY 2020	FY 2021
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	0.000	0.000
Minor Construction	0.000	0.000	0.000
Total	0.000	0.000	0.000

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Changes in the Cost of Operation  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020

	<u>Cost</u>
FY 19 Actual:	297.8
FY 20 Estimate in President's Budget	400.2
Estimated Impact in FY 19 of Actual	
FY 19 Experience	
Civilian Personnel	2.1
Travel of Persons	(0.8)
Material & Supplies	(0.5)
Commercial Equipment Purchases	(2.5)
Other Purchased Services from Revolving Fund	(8.4)
Transportation of things	(0.5)
Printing and Reproduction	(27.5)
Advisory and Assistance Services	0.3
Rent, Communications, Utilities, and Misc	(47.1)
Other Purchased Services	(18.7)
Capital Investment Recovery	(0.0)
Pricing Adjustments:	
Annualization of FY 19 Pay Raise	0.0
FY 20 Pay Raise	1.3
General Purpose Inflation	(1.4)
Program Changes:	
Civilian Personnel	8.1
Travel of Persons	(0.3)
Material & Supplies	1.8
Commercial Equipment Purchases	(0.8)
Other Purchased Services from Revolving Fund	(6.4)
Transportation of things	(0.3)
Printing and Reproduction	(33.8)
Advisory and Assistance Services	(0.1)
Rent, Communications, Utilities, and Misc	(19.2)
Other Purchased Services	(47.9)
Capital Investment Recovery	0.0
FY 20 Current Estimate	301.4
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.0
FY 21 Pay Raise	(0.3)
General Purpose Inflation	(0.9)
Program Changes:	
Civilian Personnel	6.7
Travel of Persons	(0.2)
Material & Supplies	1.8
Commercial Equipment Purchases	0.2
Other Purchased Services from Revolving Fund	(6.8)
Transportation of things	(0.2)
Printing and Reproduction	(32.5)
Advisory and Assistance Services	(0.2)
Rent, Communications, Utilities, and Misc	(25.6)
Other Purchased Services	(48.9)
Capital Investment Recovery	0.0
FY 21 Current Estimate	305.4

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020  
Source of New Orders and Revenue  
(\$ in Millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
1. New Orders			
a. Orders from DoD Components	207.788	210.678	210.248
Department of the Navy	95.516	96.845	96.647
Operations and Maintenance, Navy	60.344	61.184	61.059
Operations and Maintenance, Marine Corps	25.129	25.479	25.427
O&M, Navy Reserve	1.898	1.924	1.920
O&M, Marine Corps Reserve	0.022	0.022	0.022
Aircraft Procurement, Navy	0.644	0.653	0.652
Shipbuilding & Conversion, Navy	0.815	0.826	0.825
Research, Development, Test & Eval, Navy	0.425	0.431	0.430
Military Construction, Navy	0.000	0.000	0.000
Other Navy Appropriations	1.557	1.579	1.575
Credit Card Purchases, Navy	4.682	4.747	4.737
Department of the Army	39.918	40.473	40.389
Army Operation and Maintenance	33.277	33.740	33.671
O&M, Army Reserve	0.548	0.556	0.554
Army National Guard	0.608	0.616	0.615
Army Res, Dev, Test & Eval Accounts	0.779	0.790	0.788
Army Procurement Accounts	0.276	0.280	0.279
Army Other	0.031	0.031	0.031
Credit Card Purchases, Army	4.399	4.460	4.451
Department of the Air Force	26.490	26.858	26.804
Air Force Operation & Maintenance	20.138	20.418	20.377
O&M, Air Force Reserve	0.863	0.875	0.873
Air Force National Guard	1.750	1.774	1.771
Air Force Res, Dev, Test & Eval Accounts	0.270	0.274	0.273
Air Force Procurement Accounts	0.556	0.564	0.563
Air Force Other	0.106	0.107	0.107
Credit Card Purchases, Air Force	2.807	2.846	2.840
DoD Appropriated Accounts	45.864	46.502	46.408
Operation & Maintenance Accounts	11.071	11.225	11.202
Res, Dev, Test & Eval Accounts	1.024	1.038	1.036
Procurement Accounts	0.025	0.025	0.025
Military Construction, Defense	0.000	0.000	0.000
Defense Health Program	30.444	30.868	30.805
DoD Other	0.134	0.136	0.136
Credit Card Purchases, Defense	3.166	3.210	3.204
b. Orders from other Fund Activity Groups	80.409	81.528	81.360
Navy	9.066	9.192	9.173
Army	0.361	0.366	0.365
Air Force	0.548	0.556	0.554
Other DoD	70.434	71.414	71.268
c. Total DoD	288.197	292.206	291.608
d. Other Orders	15.541	15.758	15.725
Other Federal Agencies	15.358	15.572	15.540
Credit Card Purchases	0.039	0.040	0.039
Non-Federal Agencies and Other	0.144	0.146	0.146
Total New Orders	303.738	307.964	307.333
2. Carry-In Orders	27.715	33.703	33.703
3. Total Gross Orders	331.453	341.667	341.036
4. Funded Carry-Over	33.703	33.703	33.700
5. Total Gross Sales	297.750	307.964	307.336

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Revenue and Cost  
Fiscal Year (FY) 2021 Budget Estimates  
February 2020

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Revenue			
Gross Sales	297.750	307.964	307.336
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:	297.750	307.964	307.336
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	40.547	43.481	42.830
Travel & Transportation of Personnel	0.240	0.817	0.832
Materials & Supplies (For Internal Operations)	14.864	17.265	17.596
Equipment Purchases	6.638	8.997	10.176
Other Purchases from Revolving Funds	10.432	12.885	12.887
Transportation of Things	1.186	1.417	1.414
Capital Investment Recovery	0.049	0.081	0.043
Printing and Reproduction	72.607	62.809	65.959
Advisory and Assistance Services	0.820	0.401	0.408
Rent, Communications, Utilities, & Misc. Charges	68.633	101.380	100.093
Other Purchased Services	81.798	51.833	53.148
Total Expenses:	297.814	301.366	305.386
Operating Result	(0.064)	6.598	1.950
Net Operating Result	(0.064)	6.598	1.950
Prior Year Adjustments			
Prior Year AOR	(9.055)	(8.548)	(1.950)
Accumulated Operating Result	(9.119)	(1.950)	0.000
Non-Recoverable Adjustment Impacting AOR:			
Deferred Operating Results and Depreciation	0.572		
Accumulated Operating Results for Budget Purposes	(8.548)	(1.950)	0.000

Fund 14 - Revenue and Expenses



Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Activity Capital Purchase Justification  
February 2020  
(Dollars in Millions)

		FY 2019		FY 2020		FY 2021	
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)		\$ -		\$ -		\$ -
2b	- Computer Hardware (Network)		\$ 8.2		\$ 9.6		\$ 12.2
2c	- Computer Software (Operating System)		\$ -		\$ -		\$ -
2d	- Telecommunications		\$ 0.4		\$ 2.0		\$ 1.8
2e	- Other Support Equipment		\$ -		\$ -		\$ -
3	Software Development						
3a	- Internally Developed		\$ 0.4		\$ 8.6		\$ 3.2
3b	- Externally Developed		\$ 0.6		\$ 6.8		\$ 0.8
4	Minor Construction Capabilities						
4a	- Replacement		\$ -		\$ -		\$ -
4b	- New Construction		\$ 0.8		\$ 3.4		\$ 2.4
4c	- Environmental		\$ -		\$ -		\$ -
	<b>TOTAL OBLIGATIONS</b>		<b>\$ 10.5</b>		<b>\$ 30.4</b>		<b>\$ 20.4</b>
	<b>Total Capital Outlays</b>		<b>\$ 16.9</b>		<b>\$ 20.4</b>		<b>\$ 19.9</b>
	<b>Total Depreciation Expense</b>		<b>\$ 31.9</b>		<b>\$ 35.1</b>		<b>\$ 34.7</b>

Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Capital Purchase Justification  
ADPE Telecom  
February 2020

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)			<b>D. Activity Identification</b> A. ELAN		
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Enterprise Local Area Network (ELAN)					\$ 7,503			\$ 5,629
								\$ 8,400
<b>Narrative Justification:</b> 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. FY21 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. Key subprojects included Network Hardware Sustainment, Storage Sustainment, Virtualization Sustainment, F5 Big IP Refresh, DFAS VPN Refresh, Electronic Fax Refresh, and Enterprise Monitoring and Analysis. FY20 funds will focus on hardware refresh of several security infrastructure components that could potentially reach vendor end of life. Key subprojects include Network Hardware Sustainment, Storage Sustainment, and Virtualization Sustainment. \$30K of FY19 funds were for the completion of FY18 ELAN project.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)			<b>D. Activity Identification</b> B. Security		
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
B. Security					\$ 735			\$ 3,969
								\$ 3,750
<b>Narrative Justification:</b> 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. FY21 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 FY20 include Web Content Filtering, Continuous Monitoring, and Security Toolset.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2d - Telecommunications			<b>D. Activity Identification</b> A. Unified Communications (UNCOMM)		
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Unified Communications (UNCOMM)					\$ 444			\$ 2,000
								\$ 1,800
<b>Narrative Justification:</b> 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. FY21 funding will be used to replace infrastructure components that are approaching end of life and support to enhance Video Teleconferencing (VTC) capability by adding additional end points. For FY20, funding is requested to replace or expand VTC capabilities, meet requirements in the telephony infrastructure, and Call Centers and secure are all accounted for in our funding.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates			<b>D. Activity Identification</b> A. DCPS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed					
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Defense Civilian Payroll System (DCPS)					\$ 393			\$ -
<b>Narrative Justification:</b> A. 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 was 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.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates			<b>D. Activity Identification</b> B. RLS Cash Accountability - DCAS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed					
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
B. Reduced Legacy System ( RLS) Cash Accountability - Defense Cash Accountability System (DCAS) (HQARS/DDARS/DCMS-IBOP)					\$ -			\$ 4,670
<b>Narrative Justification:</b> B. 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.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates			<b>D. Activity Identification</b> C. DIFMS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed					
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
C. Defense Industrial Financial Management System (DIFMS)					\$ -			\$ 1,299
<b>Narrative Justification:</b> C. 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.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates			<b>D. Activity Identification</b> D. MOCAS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed					
<b>Element of Cost</b>			<b>FY 2019</b>			<b>FY 2020</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
D. Mechanization of Contract Administration Services (MOCAS) (Prompt Pay for MOCAS Mid-Tier)					\$ -			\$ 870
<b>Narrative Justification:</b> D. 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.								

Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Capital Purchase Justification  
Software  
February 2020

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020						C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification E. CDS					
Element of Cost						FY 2019			FY 2020			FY 2021		
						Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
E. Centralized Disbursing System (CDS)							\$	-			\$ 616			\$ -

**Narrative Justification:**

E. 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.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b>				<b>A. Budget Submission</b>					
(\$ in Thousands)				Fiscal Year (FY) 2021 Budget Estimates					
<b>B. Component/Business Area/Date</b>				<b>C. Line No and Item Description</b>				<b>D. Activity Identification</b>	
Defense Finance and Accounting Service (DFAS)				3- Software Development				F. SCRT	
February 2020				3a - Internally Developed					
<b>Element of Cost</b>				<b>FY 2019</b>			<b>FY 2020</b>		
				<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
F. Standard Contract Reconciliation Tool (SCRT)						\$ -			\$ 375
									\$ -

**Narrative Justification:**

F. 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.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)				<b>A. Budget Submission</b> Fiscal Year (FY) 2021 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) February 2020				<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed				<b>D. Activity Identification</b> G. ADS	
<b>Element of Cost</b>				<b>FY 2019</b>		<b>FY 2020</b>		<b>FY 2021</b>	
				<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
G. ADS (SFIS/SLOA)						\$ -			\$ 753
									\$ -

**Narrative Justification:**

G. FY20 funds will be used to move ADS's reporting capabilities from a monthly process to a daily process, bringing the system capabilities in compliance with the Government-Wide Accounting modernization project. These funds will also be used to align ADS with the OUSD(C memorandum (STandard Transaction Broker Financial Management Reengineering) which outlines the requirement for DFAS to establish the Global Exchange (GEX) as the standard transaction broker to support the Treasury daily reporting initiative.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification H. LMS					
Element of Cost				FY 2019			FY 2020			FY 2021		
				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
H. Learning Management System (LMS)						\$ -			\$ -			\$ 2,100

**Narrative Justification:**

H. DFAS needs a stable and simplified environment for the Human Resources (HR) line of business to assess and develop competencies and skillsets required to meet emerging demands and sustain DFAS as a leader in financial management. The current processes must be maintained using My Training Dashboard and multiple applications that require excessive manual intervention and manipulation of data. The FY21 funds will be used for a single tool to manage skillsets/competency alignment efforts; track budget, scheduling, and certifications; provide aggregate reporting; and oversee succession planning, mentoring.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates			D. Activity Identification		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3a - Internally Developed			I. IWMS		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
I. Interactive Workplace Management Suite (IWMS)					\$ -			\$ -
								\$ 1,137

**Narrative Justification:**  
I. FY21 funds will be used to implement a Space Management module of an IWMS system to provide Hoteling & Room Reservations functionality to meet DFAS' demands for managing mobile employees who split work between the office and telework. Office hoteling enables individual employees to reserve space temporarily, such as a cubicle or office, that they can access for a few hours, the day, or the week. Room Scheduling is used for locating and reserving suitable spaces for employee and team functions.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates			D. Activity Identification		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3b - Externally Developed			A. SMAS		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Standard Material Accounting System (SMAS)					\$ 600			\$ -
								\$ 345

**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. FY21 funding will be used to transfer from IAPS to SMAS the local purchase functionality in continuation of the prototype effort. The scope is mainly limited to this new functionality being placed into SMAS, but functional testing of critical interfaces is required since the end points will change.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates			D. Activity Identification		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3b - Externally Developed			B. CMIS		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Configuration Management Information System (CMIS)					\$ -			\$ 1,474
								\$ -

**Narrative Justification:**  
B. 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. FY20 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.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates			D. Activity Identification		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3b - Externally Developed			C. REMEDY		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Remedy Action Request System (REMEDY)					\$ -			\$ 1,400
								\$ -

**Narrative Justification:**  
C. 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. FY20 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.

Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Capital Purchase Justification  
Software  
February 2020

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification D. CEDMS		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Corporate Electronic Document Management System (CEDMS)					\$ -			\$ 3,100
Narrative Justification:								
D. 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. FY20 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) 2021 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020			C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification E. ERM		
Element of Cost			FY 2019			FY 2020		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
E. Enterprise Risk Management Toolset (ERM)					\$ -			\$ 800
Narrative Justification:								
E. FY21 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. FY20 funding will be used for the planning of the implementation and configuration of an Enterprise Risk Management Toolset (ERM).								

Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Capital Purchase Justification  
Minor Construction  
February 2020

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates						
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2020		C. Line No and Item Description 4 - Minor Construction Capabilities				D. Activity Identification		
Element of Cost		FY 2019			FY 2020			FY 2021
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity   Unit Cost   Total Cost
4b - New Construction								
A. Limestone				\$ 62			\$ 1,000	\$ 850
B. Columbus				\$ 693			\$ 550	\$ -
C. Cleveland				\$ -			\$ 1,430	415
D. Indianapolis				\$ 54			\$ 430	\$ 1,142
Total New Construction				\$ 809			\$ 3,410	\$ 2,407
<b>Narrative Justification:</b>								
<p>A. FY21 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 (\$1,000K) will 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.</p> <p>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.</p> <p>C. FY21 funds (\$415K) will be used to convert rooms into break out rooms and break rooms. The estimate includes roughly 12 rooms on multiple floors in the AJC. The rooms would be reconstructed to provide the proper electrical requirements to house refrigerators/microwaves/coffee makers and any other break room items in a central location. The rooms would generally be configured the same and have the same aesthetic appearance i.e. tile color/type, cabinets, wall color, counters etc. FY20 funds (\$1,430K) 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. The funds will also be used to purchase a backup power solution to provide electricity, for an indefinite duration, to two DFAS datacenters, 50% of the facility's HVAC, and the single unit on the site operations center (SOC) datacenter when commercial power is interrupted.</p> <p>D. FY21 funds (\$1,142K) will be used to relocate and upgrade mechanical systems to include re-routing of HVAC supply and return lines, Security Manbars/Zducts/dielectric breaks for all ductwork, installation of data closet with stand alone equipment cooling system, relocation of fire suppression system and water lines; electrical systems relocation/upgrades to include the installation of new electrical power grid for the entire space, back up emergency power for critical mission systems and fire detection system upgrade. This project also includes the construction of 2 offices, conference room with an additional secure/non secure VTC room, installation of systems furniture, LAN/DATA lines supporting both secure and nonsecure communications and secure containers to house secure data equipment. The installation of security doors (STC 50 rated doors with High Security Locks and hinges) and entire security system to include Intrusion Detection System for above/below ceiling and video cameras at all entrances. FY20 funds (\$430K) 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.</p>								

Fiscal Year (FY) 2021 Budget Estimates  
Defense Finance and Accounting Service  
Capital Budget Execution  
February 2020  
(Dollars in Millions)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
<b>FY 2019</b>				
ADPE and Telecom	\$ 16.111	\$ 8.681	\$ (7.430)	Decrease due to ELAN FY19 requirements (F5 Big IP Refresh, Virtual Desktop Initiative, and UNIX Server Refresh) being less than budgeted. Security requirements decreased primarily due to Bluecoat Sustainment, Continuous Monitoring, and IDS/IPS Sustainment FY19 requirements. Decrease also due to the Enterprise Risk Management Toolset (ERM) no longer being an FY19 requirement, and the FY19 Teleservices requirement decreasing. This was partially offset by an increase for an FY18 ELAN requirement.
Software Development	\$ 8.736	\$ 0.993	\$ (7.743)	Decrease due to Defense Departmental Reporting System (DDRS) and Electronic Document Management (EDM) no longer being an FY19 requirement. Enterprise Risk Management Toolset (ERM); a portion is being carried over to FY20 and a portion is being requested in FY21 due to changes in timing of project. REMEDY, Configuration Management Information System (CMIS), and the Corporate Electronic Document Management System (CEDMS) are no longer a requirement in FY19 (these were approved as carryover to FY20). This was partially offset by increases for the following requirements; Standard Material Accounting System (SMAS), Automated Disbursing System (ADS) (SFIS/SLOA), and Defense Civilian Payroll System (DCPS).
Minor Construction	\$ 0.700	\$ 0.809	\$ 0.109	Change due to an increase to complete the FY18 collateral space buildout, and an increase to complete the FY16 Client Services - 2 construction. There was an increase for the design fees of the FY20 - Limestone Automatic Transfer Switch (ATS) project. There was also an increase for the design fees of the FY20 - Indianapolis 034G Secure Workspace. This was partially offset by a decrease to the Columbus kitchen & cafeteria redesign that came in lower than PB.
<b>Total FY 2019</b>	<b>\$ 25.547</b>	<b>\$ 10.483</b>	<b>\$ (15.064)</b>	
<b>FY 2020</b>				
ADPE and Telecom	\$ 10.850	\$ 11.598	\$ 0.748	Increase due to ELAN requirements being expanded and new requirements being identified.
Software Development	\$ 9.896	\$ 15.357	\$ 5.461	Increase due to FY19 carryover for Corporate Electronic Document Management System (CEDMS), Remedy Action Request System (REMEDY), Configuration Management Information System (CMIS), Enterprise Risk Management Toolset (ERM) and Automated Disbursing System. These increases were partially offset by a decrease for Reduced Legacy Systems (RLS) and Defense Information Financial Management System (DIFMS).
Minor Construction	\$ 2.945	\$ 3.410	\$ 0.465	Increase due to requirement for Cleveland to purchase and install a backup power solution to provide electricity, for an indefinite duration, to two DFAS datacenters. There was also an increase in the estimate for Indianapolis to expand collateral work space within their Site Operations Center. Additionally, there was a partially offsetting decrease in the estimate of the purchase and installation of a single automatic transfer switch to allow full use of generator capabilities at DFAS Limestone.
<b>Total FY 2020</b>	<b>\$ 23.691</b>	<b>\$ 30.365</b>	<b>\$ 6.674</b>	
<b>FY 2021</b>				
ADPE and Telecom	\$ 13.950	\$ 13.950	\$ -	
Software Development	\$ 4.082	\$ 4.082	\$ -	
Minor Construction	\$ 2.407	\$ 2.407	\$ -	
<b>Total FY 2021</b>	<b>\$ 20.439</b>	<b>\$ 20.439</b>	<b>\$ -</b>	



**Activity Group Capital Investment Summary**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

	FY 2019 Quantity	FY 2019 Total Cost	FY 2020 Quantity	FY 2020 Total Cost	FY 2021 Quantity	FY 2021 Total Cost
<b>Non-ADPE Equipment</b>	<b>11.000</b>	<b>\$33.179</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>
<b>Replacement Equipment</b>	<b>11.000</b>	<b>\$33.179</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>
EMSS Gateway HVAC Replacement	1.000	\$0.000	0.000	\$0.000	0.000	\$0.000
Facilities Equipment	10.000	\$33.179	0.000	\$0.000	0.000	\$0.000
<b>ADPE &amp; Telecom Equipment Capabilities</b>	<b>0.000</b>	<b>\$0.000</b>	<b>26.000</b>	<b>\$269.889</b>	<b>26.000</b>	<b>\$194.102</b>
<b>Telecom-</b>	<b>0.000</b>	<b>\$0.000</b>	<b>2.000</b>	<b>\$60.742</b>	<b>0.000</b>	<b>\$0.000</b>
Fourth Estate Network Optimazation	0.000	\$0.000	1.000	\$60.098	0.000	\$0.000
PES-HI	0.000	\$0.000	1.000	\$0.644	0.000	\$0.000
<b>Other Support Equipment</b>	<b>0.000</b>	<b>\$0.000</b>	<b>22.000</b>	<b>\$206.013</b>	<b>24.000</b>	<b>\$187.887</b>
EMSS Gateway Evolution	0.000	\$0.000	4.000	\$12.478	1.000	\$1.340
Perimeter Defense	0.000	\$0.000	1.000	\$1.451	1.000	\$27.482
Public Key Infrastructure	0.000	\$0.000	1.000	\$1.934	1.000	\$1.972
DISN Critical Infrastructure	0.000	\$0.000	1.000	\$13.000	1.000	\$4.000
DISN Survivable Networking	0.000	\$0.000	1.000	\$61.175	1.000	\$53.710
DISN Internet Protocol (IP) Optimization	0.000	\$0.000	1.000	\$56.553	1.000	\$55.383
EMSS DTCS Next	0.000	\$0.000	0.000	\$0.000	1.000	\$5.000
EMSS Managed Access	0.000	\$0.000	0.000	\$0.000	1.000	\$3.000
Facilities Support Equipment	0.000	\$0.000	13.000	\$59.422	16.000	\$36.000
Computer Hardware (Network)	0.000	\$0.000	2.000	\$3.133	2.000	\$6.215
RTB Equipment	0.000	\$0.000	1.000	\$2.618	1.000	\$4.677
P2P Equipment	0.000	\$0.000	1.000	\$0.515	1.000	\$1.538
<b>Software Development</b>	<b>2.000</b>	<b>\$2.460</b>	<b>7.000</b>	<b>\$18.945</b>	<b>3.000</b>	<b>\$7.183</b>
<b>Externally Developed</b>	<b>2.000</b>	<b>\$2.460</b>	<b>7.000</b>	<b>\$18.945</b>	<b>3.000</b>	<b>\$7.183</b>
Mainframe SMS Messaging as a Service - Phase II	0.000	\$0.000	0.000	\$0.000	1.000	\$3.383
New Financial System	0.000	\$0.000	1.000	\$1.800	1.000	\$2.200
IDEAS	1.000	\$1.600	1.000	\$1.600	1.000	\$1.600
EDMS Upgrade	1.000	\$0.860	0.000	\$0.000	0.000	\$0.000

**Activity Group Capital Investment Summary**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(Dollars in Millions)**

	FY 2019 Quantity	FY 2019 Total Cost	FY 2020 Quantity	FY 2020 Total Cost	FY 2021 Quantity	FY 2021 Total Cost
Fourth Estate Network Optimization (SW)	0.000	\$0.000	1.000	\$5.736	0.000	\$0.000
Mainframe MIAP Replacement	0.000	\$0.000	1.000	\$7.175	0.000	\$0.000
PES-HI - SW	0.000	\$0.000	1.000	\$0.056	0.000	\$0.000
DATAAPAS	0.000	\$0.000	1.000	\$0.578	0.000	\$0.000
IBM Software Modernization	0.000	\$0.000	1.000	\$2.000	0.000	\$0.000
<b>Minor Construction Capabilities</b>	<b>1.000</b>	<b>\$0.900</b>	<b>4.000</b>	<b>\$2.100</b>	<b>4.000</b>	<b>\$3.500</b>
<b>New Construction</b>	<b>1.000</b>	<b>\$0.900</b>	<b>4.000</b>	<b>\$2.100</b>	<b>4.000</b>	<b>\$3.500</b>
Minor Construction - Facilities	1.000	\$0.900	4.000	\$2.100	4.000	\$3.500
<b>Total</b>	<b>14.000</b>	<b>\$36.539</b>	<b>37.000</b>	<b>\$290.934</b>	<b>33.000</b>	<b>\$204.785</b>
<b>Total Capital Investment Recovery</b>		<b>\$44.872</b>		<b>\$57.037</b>		<b>\$85.340</b>
<b>Total Capital Outlays</b>		<b>\$90.375</b>		<b>\$181.730</b>		<b>\$192.384</b>

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Computing Services/ February 2020			C. Equipment			D. Defense Information Systems Agency			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE Equipment - Various	0.00	0.00	0.00	13.00	4,570.92	59,422.00	16.00	2,250.00	36,000.00
Non - ADPE Equipment - Various	8.00	4,147.38	33,179.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>8.00</b>	<b>4,147.38</b>	<b>33,179.00</b>	<b>13.00</b>	<b>4,570.92</b>	<b>59,422.00</b>	<b>16.00</b>	<b>2,250.00</b>	<b>36,000.00</b>
<p><b>Narrative Justification:</b> 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.</p> <p><b>Description and Purpose:</b> The capital investment authority requested in FY 2020 consists of various projects required to maintain DoD Core Data Center facilities. Examples of projects that will be executed include the following. Columbus requires an upgrade to the raised floor. Europe Site C will perform electrical and mechanical upgrades. Mechanicsburg will install a new distribution panel board for the computer room air handler (CRAH) unit power feeds. Montgomery will install a fuel tank for emergency generators. Ogden will upgrade the A/B bus tie, add furniture to the west administration area and install a solar photovoltaic system. Oklahoma City will rehab furniture. Ford Island will upgrade the building automation system (BAS), refresh commercial utility feeds and mechanical redundancy, and install a gaseous fire system. Yokota is scheduled for a UPS/generator/transformer upgrade.</p> <p>The capital investment authority requested in FY 2021 consists of various projects required to maintain DoD Core Data Center facilities. Examples of projects that will be executed include the following. Columbus requires an upgrade of the cold aisle/hot aisle containment and the condenser water filtration system and tech refresh of the security system. Europe Site C will perform electrical/mechanical upgrades. Mechanicsburg will install a condenser water filtration system and upgrade the raised floor. Montgomery will upgrade the cooling towers and install a condenser water filtration system. Ogden will upgrade the common access card security system. Oklahoma City will upgrade the critical utility feed. San Antonio will also upgrade the condenser water filtration system and replace furniture. Yokota is scheduled for a building automation system and a fire suppression system.</p> <p>All FY 2020 and FY 2021 capital projects comply with the agreed upon schedule with the DoD CIO for DISA facilities to be in compliance with the Core Data Center (CDC) Reference Architecture.</p> <p><b>Current Deficiency and/or Problem:</b> 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.</p> <p><b>Impact:</b> 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.</p> <p><b>Energy Savings:</b> Existing uninterrupted power supply (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 Presidential Executive Orders on green energy consumption. Electric consumption may be reduced between 10% and 30%.</p>									

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2021		
B. Computing Services/ February 2020				C. Software Development			D. Defense Information Systems Agency		
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Mainframe MIAP Replacement	0.00	0.00	0.00	1.00	7,175.00	7,175.00	0.00	0.00	0.00
Mainframe SMS Messaging as a Service - Phase II	0.00	0.00	0.00	0.00	0.00	0.00	1.00	3,383.00	3,383.00
EDMS Upgrade	1.00	860.00	860.00	0.00	0.00	0.00	0.00	0.00	0.00
DoD Automated Time and Attendance Production System	0.00	0.00	0.00	1.00	578.00	578.00	0.00	0.00	0.00
IBM Software Modernization	0.00	0.00	0.00	1.00	2,000.00	2,000.00	0.00	0.00	0.00
Total	1.00	860.00	860.00	3.00	3,251.00	9,753.00	1.00	3,383.00	3,383.00
Narrative Justification:									
To accomplish DISA's mission as an enterprise computing service provider, DISA must deliver systems that assure availability, capacity, continuity, and security. 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. These systems require software investments to eliminate functionally equivalent products, streamline the inventory, and create the most secure and efficient processing environment for the customer.									
Description and Purpose:									
Mainframe Short Messaging Service (SMS) – This project will provide a Short Messaging Service (SMS) with the capability for mission partners 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.									
Mainframe MIAP Replacement - This project will replace the current Multi-Host Internet Access Protocol architecture. The new solution of MIAP architecture will provide a secure, web-based access point to enhance and modernize the mainframe user's experience. This new solution will assist in enabling a Graphic User Interface (GUI) to replace the need to know command line verbiage.									
DoD Automated Time and Attendance Production System (ATAAPS) – ATAAPS has a new requirement to add 86,000 accounts for the Dept. of Health and Human Services (HHS). This represents a 20% growth in ATAAPS workload, and new infrastructure is required to meet the new demand. HHS will begin onboarding in FY 2020 and continue through FY 2021. The new infrastructure will be completed in FY 2020.									
IBM Software Modernization - The IBM software will enable DISA to more efficiently grow mission partner agreements, optimize costs and lower rates for customers, rapidly deliver new services, reduce timelines, modernize services portfolio, and offer services such as hybrid cloud, cloud Paks-Open Shift, blockchain, messaging as a service, pervasive encryption, HATS, etc.									
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.									
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.									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Computing Services/ February 2020			C. Minor Construction - Facilities			D. Defense Information Systems Agency			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction - Facilities	2.00	450.00	900.00	4.00	525.00	2,100.00	4.00	875.00	3,500.00
Total	2.00	450.00	900.00	4.00	525.00	2,100.00	4.00	875.00	3,500.00
<b>Narrative Justification:</b> 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.									
<b>Description and Purpose:</b> The FY 2020 capital investment program authority request is comprised of three minor construction projects at the DoD Core Data Centers. Columbus will add a fuel tank for Emergency Generators. Ogden will repair warehouse space in Bldg. 800 and Ogden will add a solar photovoltaic farm.									
The FY 2021 capital investment program authority request is comprised of three minor construction projects at the DoD Core Data Centers. Mechanicsburg will add a Duct Bank. San Antonio will install enhancements to include a barrier at the base of the perimeter fence line and hydraulic bollards at vehicle access gates and an interior barrier system. Oklahoma City will add an external warehouse building.									
<b>Current Deficiency and/or Problem:</b> 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.									
<b>Impact:</b> 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.									
<b>Energy Savings:</b> 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 %.									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2021		
B. Telecommunications Services /February 2020				C. ADPE and Telecom - Equipment			D. Defense Information Systems Network (DISN) Infrastructure and Cybersecurity		
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Perimeter Defense	0.00	0.00	0.00	1.00	1,451.00	1,451.00	1.00	27,482.00	27,482.00
Cross Domain Enterprise Services - RTB Equipment	0.00	0.00	0.00	1.00	2,618.00	2,618.00	1.00	4,677.00	4,677.00
Cross Domain Enterprise Services - P2P Equipment	0.00	0.00	0.00	1.00	515.00	515.00	1.00	1,538.00	1,538.00
Public Key Infrastructure	0.00	0.00	0.00	1.00	1,934.00	1,934.00	1.00	1,972.00	1,972.00
DISN Critical Infrastructure	0.00	0.00	0.00	1.00	13,000.00	13,000.00	1.00	4,000.00	4,000.00
DISN Survivable Networking	0.00	0.00	0.00	1.00	61,175.00	61,175.00	1.00	53,710.00	53,710.00
DISN Internet Protocol (IP) Optimization	0.00	0.00	0.00	1.00	56,553.00	56,553.00	1.00	55,383.00	55,383.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7.00</b>	<b>19,606.57</b>	<b>137,246.00</b>	<b>7.00</b>	<b>21,251.71</b>	<b>148,762.00</b>
<p><b>Narrative Justification:</b></p> <p>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 message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.</p> <p><b>Description and Purpose:</b></p> <p>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 the need for a one-to-one technology refreshment of all components but rather technology refreshment at service and capability layers. These projects will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. Key efforts include: Timing &amp; Synchronization of the packet-based IP networks and optical transport network, internet access point, next generation optical, operational support system refreshment, multi-protocol label switching, voice internet service provider, warehouse support, SIPRNet access migration, transmission security (TRANSEC), next generation access transport, SIPRNET technology refreshment, software-defined networking, Combatant Command (COCOM) infrastructure resiliency, implement National Cross Domain Strategy Management Office (NCDSMO)'s Raise-The-Bar (RTB) and Point-To-Point (P2P) compliance, and DISN service delivery node resiliency. Capital authority is also required for technology refresh of IP voice infrastructure equipment which is approaching end of life / end of support.</p> <p>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 Information Network (DoDIN). The cybersecurity investments provide solutions to harden the network by: (1) reducing the exposed attack surface and gaps that potential adversaries can exploit to disrupt communications; (2) providing vital situational awareness to senior decision-makers and network defenders to enable attack detection and diagnosis; (3) supporting safe sharing of information with allies and mission partners; (4) publishing security guidelines and assessing compliance; (5) providing training to the DoD community; and (6) Implementing Software Defined Networking to enable network agility for faster response times to mission need and improved deterrence against cyber attacks. Key efforts in include technology refreshment of equipment providing web content filtering, the NIPRNet Federated Gateway (NFG), Zero-Day Network Defense - Email (ZND Email), RTB technology refreshment of equipment to enhance cybersecurity and capacity for Cross Domain Enterprise Service (CDES) capabilities, and test lab equipment for Public Key Infrastructure (PKI).</p> <p><b>Current Deficiency and/or Problem:</b></p> <p>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 must continue to procure the necessary hardware for reducing the attack surface of the DoD Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoD's classified and unclassified networks by reducing potential vulnerabilities and costly P2P networks.</p> <p><b>Impact:</b></p> <p>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.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Telecommunications Services / February 2020			C. ADPE Equipment			D. PES-HI Equipment Tech Refresh			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PES-HI Equipment Tech Refresh	0.00	0.00	0.00	1.00	644.00	644.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>644.00</b>	<b>644.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<p><b>Narrative Justification:</b>  The Network Management System (NMS) system provides essential and secure system management capability for the Pacific Enterprise Services - Hawaii (PES-HI) program. The NMS is a critical component in managing and maintaining all components of the system. The NMS is also used to apply critical security patches and configuration changes necessary to maintain the highest cybersecurity posture. Failure to implement these replacements will result in the inability to manage components of the PES-HI and maintain the current Approval To Operate.</p> <p><b>Description and Purpose:</b>  The purpose and objective of this NMS tech refresh project is to perform a network refresh in accordance with system development life cycle requirements. All assets impacted by this tech refresh are past vendor end-of-life/end-of-support, do not meet current DoD cybersecurity requirements, and can no longer obtain replacement parts.</p> <p><b>Current Deficiency and/or Problem:</b>  Current components are end-of-support and will no longer be receiving essential patches from the vendors to support Information Assurance Vulnerability Mitigations (IAVMs). Also, equipment that is end-of-life/end-of-support is no longer covered under vendor maintenance and cannot be repaired if a component fails.</p> <p><b>Impact:</b>  Without refreshing/upgrading devices, the PES-HI system and its customers are at high risk of future cybersecurity vulnerabilities which puts the program at risk of compromise by an external threat agent.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Telecommunications Services / February 2020			C. Software Development			D. PES-HI Tech Refresh			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PES-HI Tech Refresh - Software	0.00	0.00	0.00	1.00	56.00	56.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>56.00</b>	<b>56.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<p><b>Narrative Justification:</b> The Network Management System (NMS) system provides essential and secure system management capability for the Pacific Enterprise Services - Hawaii (PES-HI) program. The NMS is a critical component in managing and maintaining all components of the system. The NMS is also used to apply critical security patches and configuration changes necessary to maintain the highest cybersecurity posture. Failure to implement these replacements will result in the inability to manage components of the PES-HI and maintain the current Approval To Operate.</p> <p><b>Description and Purpose:</b> The purpose and objective of this NMS tech refresh project is to perform a network refresh in accordance with system development life cycle requirements. Software is required as part of the tech refresh.</p> <p><b>Current Deficiency and/or Problem:</b> Current components are end-of-support and will no longer be receiving essential patches from the vendors to support Information Assurance Vulnerability Mitigations (IAVMs). Also, equipment that is end-of-life/end-of-support is no longer covered under vendor maintenance and cannot be repaired if a component fails.</p> <p><b>Impact:</b> Without refreshing/upgrading devices, the PES-HI system and its customers are at high risk of future cybersecurity vulnerabilities which puts the program at risk of compromise by an external threat agent.</p>									

Fund 9B Capital Investment Justification



Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Telecommunications Services / February 2020			C. ADPE and Telecom - Equipment			D. EMSS Gateway Evolution			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Gateway Evolution	0.00	0.00	0.00	4.00	3,119.50	12,478.00	1.00	1,340.00	1,340.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4.00</b>	<b>3,119.50</b>	<b>12,478.00</b>	<b>1.00</b>	<b>1,340.00</b>	<b>1,340.00</b>
<p><b>Narrative Justification:</b> 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.</p> <p><b>Description and Purpose:</b> The purpose and objective of the Gateway Evolution Project and related activities is to facilitate the core mission of the Enhanced Mobile Satellite Services (EMSS) program (e.g., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service. FY 2020 and FY 2021 project include the following components: 1) phase II of the Gateway Infrastructure Equipment (GIE)/Operations Maintenance Center (OMC) which provides various routers/switches, patch panels and servers that provide operations and maintenance support and monitoring of the Iridium-provided gateway equipment; 2) Feeder-link Terminal (FLT) &amp; Teleport Controller (TPC) enclave which provides the FLT resources that connect the Iridium constellation with the EMSS Gateway; 3) Access Network Controller (ANC)/Gateway Location Server (GWLS) which provides the call processing (cellular base station) functionality for the Gateway; 4) Lucent 5ESS Replacement is a replacement for a class 5 telephone electronic switching system that provides switching and signaling functions; 5) UPS Replacement is a replacement for the current uninterruptible power backup, which increases the capacity of the current UPS system, allowing for longer periods of up-time in the event of a power outage; 6) OPS Console provides real-time information into the operational health status of the Iridium satellite constellation, as well as the status of the antennas and associated subsystems; and 7) a Resiliency project establishes a backup EMSS Gateway in the event that the primary is no longer available.</p> <p><b>Current Deficiency and/or Problem:</b> 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.</p> <p><b>Impact:</b> Failure to execute these projects will result in increased operational risk to users of the EMSS gateway.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021		
B. Telecommunications Services / February 2020			C. ADPE and Telecom - Equipment			D. EMSS DTCS - NEXT		
Element of Cost	FY 2019			FY 2020			FY 2021	
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost
EMSS DTCS - NEXT	0.00	0.00	0.00	0.00	0.00	0.00	1.00	5,000.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	1.00	5,000.00
<p><b>Narrative Justification:</b> The purpose of this effort is to update the core architecture of which the Distributed Tactical Communications System (DTCS) is built upon. This update will allow for DTCS to be used on greater modem sets that Iridium employs and allow for virtualization of the DTCS application.</p> <p><b>Description and Purpose:</b> The Distributed Tactical Communications System (DTCS) is a push-to-talk (PTT) tactical voice and data service. The current iteration of the service uses tactical handheld radios that communicate in a netted architecture. An enhancement to the current DTCS architecture will expand the number of physical devices that DTCS can be used on. Additionally, it will virtualize the DTCS application, and allow users to communicate in a tactical net using a personal computer in a remote location. The cost of this implementation will mostly go towards to development, testing and installation of the key components of DTCS Next, such as an Operational Controller (OC) and Sub-Operational Controllers (Sub OCs).</p> <p>DTCS Global Services relies on a Geographic Broadcast Controller (GBC) to correctly schedule and route traffic from the EMSS Gateway to the distant user devices. In order to maintain the equipment's operational status, a hardware update is needed to enable OAM/EM7 alarm monitoring for security.</p> <p><b>Current Deficiency and/or Problem:</b> Currently, the DTCS system can only be used if the user has a physical DTCS "Radio Only (RO)" handset made by a particular vendor. This limits the functionality to what the vendor can and will do to evolve the handset for new features requested by DTCS users.</p> <p>Without the alarm monitoring, the Geographic Broadcast Controller does not have the ability to alert EMSS Gateway operators of unintended access or misuse of the system's ports and protocols, leaving open the possibility for security breach.</p> <p><b>Impact:</b> If this project is not completed, the EMSS program will miss a key window to leverage cost savings by following Iridium's commercial upgrade roadmap. Iridium will be implementing a similar system to DTCS NEXT for their commercial line of business. This failure could result in additional delays for the install of Government DTCS NEXT, and additional costs.</p>								

Fund 9B Capital Investment Justification

Information Services Activity Group Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Telecommunications Services / February 2020			C. ADPE and Telecom - Equipment			D. EMSS Managed Access			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Managed Access	0.00	0.00	0.00	0.00	0.00	0.00	1.00	3,000.00	3,000.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
<p><b>Narrative Justification:</b></p> <p>EMSS Managed Access is a planned service expected to be available in FY 2021 for Iridium's commercial line of business. Managed Access is a significant enhancement to the Iridium signaling protocol that provides greater efficiency and ability to customize user traffic on a case-by-case basis.</p> <p><b>Description and Purpose:</b></p> <p>This effort will fund the installation of ground-based subsystems that allow the EMSS Gateway to take advantage of the managed access service. Managed Access will allow specific users to send their traffic (voice, chat, PLI, file transfer, etc.) to a local controller (located at the EMSS Gateway), that can shape, encrypt, and direct that traffic in any way desired by the customer. The end result will be a much more efficient and direct way of routing customer traffic directly from the EMSS Gateway. Furthermore, the Codec 2 implementation will enable greater throughput, increases from 2.4kbps to estimated 9.6kbps.</p> <p><b>Current Deficiency and/or Problem:</b></p> <p>The EMSS system is reaching a point where one-size does not fit all mission partners. Currently, the users are forced to customize the traffic after they receive it. With the install of Managed Access, users can shape, encrypt and direct messages in a customizable manner. This flexibility is extremely valuable to customers who wish to get their traffic delivered in a very specific way.</p> <p><b>Impact:</b></p> <p>If this project is not completed, the EMSS program will miss a key window to leverage cost savings by following Iridium's commercial upgrade roadmap. Iridium will be implementing a similar system to Managed Access for their commercial line of business. This failure could result in additional delays for the install of Government Managed Access, and additional costs. Warfighters will not be able to utilize the additional throughput until Managed Access is implemented.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Telecommunications Services / February 2020			C. ADPE and Telecom - Equipment			D. Fourth Estate Network Optimization			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment	0.00	0.00	0.00	1.00	60,098.00	60,098.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>60,098.00</b>	<b>60,098.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<p><b>Narrative Justification:</b> As a result of an IT reform review, DISA will begin becoming the single service provider for all Fourth Estate Agencies' commodity IT functions in FY 2020. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.</p> <p><b>Description and Purpose:</b> Capital investment program authority is required to support Fourth Estate Agencies' commodity IT infrastructure as they migrate to DISA as the single service provider. 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><b>Current Deficiency and/or Problem:</b> 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><b>Impact:</b> 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. End of warranty equipment supporting the Fourth Estate local area network environments may remain on the network, resulting in a lack of support in the event of outages.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2021		
B. Telecommunications Services / February 2020				C. Software Development			D. Fourth Estate Network Optimization		
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software	0.00	0.00	0.00	1.00	5,736.00	5,736.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>5,736.00</b>	<b>5,736.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<p><b>Narrative Justification:</b> As a result of an IT reform review, DISA has been designated as the single service provider to support 14 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 will begin to transfer to DISA in FY 2020. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.</p> <p><b>Description and Purpose:</b> Capital investment program authority is required to support Fourth Estate Agencies' commodity IT infrastructure as they migrate to DISA as the single service provider. Key software efforts in FY 2020 include software licenses to support desktop management, network monitoring, 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><b>Current Deficiency and/or Problem:</b> 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><b>Impact:</b> Lack of network monitoring software will prohibit DISA from being able to meet service level agreements and rapidly identify critical issues impacting the last mile of network operations.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Enterprise Acquisition Services / February 2020			C. Software Development			D. Famis Account Management Information System (FAMIS)			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
FAMIS	0.00	0.00	0.00	1.00	1,800.00	1,800.00	1.00	2,200.00	2,200.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>1,800.00</b>	<b>1,800.00</b>	<b>1.00</b>	<b>2,200.00</b>	<b>2,200.00</b>
<p><b>Narrative Justification:</b> The DISA implemented a new enterprise financial system in 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.</p> <p><b>Description and Purpose:</b> 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. DISA is also in the process of consolidating two DWCF activity groups to a single activity group, which will require additional systems changes.</p> <p><b>Current Deficiency and/or Problem:</b> This authority is being requested to ensure DISA can consolidate financial operations to a single activity group and that any emerging deficiencies can be resolved timely.</p> <p><b>Impact:</b> If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.</p>									

Fund 9B Capital Investment Justification

Information Services Activity Group: Capital Investment Justification (\$ in thousands)						A. Fiscal Year 2021			
B. Enterprise Acquisition Services / February 2020			C. Software Development			D. IDEAS			
Element of Cost	FY 2019			FY 2020			FY 2021		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
IDEAS	1.00	1,600.00	1,600.00	1.00	1,600.00	1,600.00	1.00	1,600.00	1,600.00
<b>Total</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>
<p><b>Narrative Justification:</b> 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.</p> <p><b>Description and Purpose:</b> 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.</p> <p><b>Current Deficiency and/or Problem:</b> This authority is being requested to ensure any emerging change requests can be resolved timely.</p> <p><b>Impact:</b> If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.</p>									

Fund 9B Capital Investment Justification

**Capital Budget Execution**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**February 2020**  
**(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>
<b>FY 2019</b>					
	Equipment except ADPE and Telecommunications	45.900	33.179	(12.721)	Decrease due to delays / reductions in executing Mechanicsburg Next Generation UPS, Yokota CRAC & PDU's, and San Antonio CR3
	Equipment - ADPE and Telecommunications	14.600	0.000	(14.600)	Decrease due to elimination of GVS project and delays in EMSS
	Software Development	12.464	2.460	(10.004)	Decrease due to cancellation of CS SW projects
	Minor Construction	2.850	0.900	(1.950)	Decrease due to delays in Mechanicsburg Elevator project
	<b>TOTAL FY 2019</b>	<b>75.814</b>	<b>36.539</b>	<b>(39.275)</b>	
<b>FY 2020</b>					
	Equipment except ADPE and Telecommunications	60.000	0.000	(60.000)	All Non-ADPE Equipment was re-categorized to ADPE Equipment
	Equipment - ADPE and Telecommunications	177.797	269.889	92.092	Increase due to revised requirements for 4ENO as well as re-categorizing \$60M from Non-ADPE Equipment
	Software Development	9.100	18.945	9.845	Increase due to the addition of Mainframe MIAP replacement, IBM Software Modernization, 4ENO and the DWCF Financial System
	Minor Construction	2.100	2.100	0.000	
	<b>TOTAL FY 2020</b>	<b>248.997</b>	<b>290.934</b>	<b>0.000</b>	
<b>FY 2021</b>					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	194.102	194.102	0.000	
	Software Development	7.183	7.183	0.000	
	Minor Construction	3.500	3.500	0.000	
	<b>TOTAL FY 2021</b>	<b>204.785</b>	<b>204.785</b>	<b>0.000</b>	

Fund 9c - Capital Investment Execution



DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2021 BUDGET ESTIMATES  
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
(\$ IN MILLIONS)

Line Number	Item Description	FY 2019		FY 2020		FY 2021	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
MAT 200-01	Material Handling/Storage Space Utilization - Distribution	16	21.655	11	61.977	12	67.195
MAT 200-02	Material Handling/Storage Space Utilization - Materiel Supply Chain	1	5.508	2	3.450	0	0.000
IS 200-01	Installation Security - Materiel Supply Chain	1	0.714	1	0.425	3	1.110
MAD 200-01	Material Disposal - Disposition	6	3.565	3	2.000	2	1.840
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	24	31.442	17	67.852	17	70.145
TEL 100	Telecommunications - Distribution	3	6.887	1	3.000	1	3.000
PRD 100	Production Hardware - Materiel Supply Chain	0	0.000	3	5.910	1	2.480
NET 100	Network Hardware - Distribution	0	0.000	1	1.540	1	0.000
NET 200	Network Hardware - Materiel Supply Chain	5	11.697	1	5.734	1	5.636
	<u>TOTAL EQUIPMENT (ADP/T)</u>	8	18.584	6	16.184	4	11.116
SWD 200-01	Supply Chain Management - Enterprise Business System		2.035		12.417		3.143
SWD 200-02	Supply Chain Management - Defense Medical Logistics Standard System		2.397		2.397		2.397
SWD 200-03	Supply Chain Management - DoD EMALL/FedMALL		0.000		6.304		6.304
SWD 200-04	Supply Chain Management - Functional Executive Agent Medical Support		2.206		2.261		2.261
SWD 200-05	Supply Chain Management - FLIS		0.000		0.000		5.000
SWD 300-01	Net-Centric Hubs - Enterprise Software		2.783		6.110		1.637
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		9.421		29.489		20.742
REP 200-01	Minor Construction \$250,000 - \$2,000,000 (Materiel Supply Chain)		2.200		3.526		3.526
REP 200-02	Minor Construction \$250,000 - \$2,000,000 (Distribution)		5.322		9.002		9.002
REP 200-03	Minor Construction \$250,000 - \$2,000,000 (Disposition)		5.423		2.697		3.011
	<u>TOTAL MINOR CONSTRUCTION</u>		12.945		15.225		15.539
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	32	72.392	23	128.750	21	117.542
	Total Capital Outlays		40.393		97.775		106.111
	Total Capital Investment Recovery		53.013		101.449		83.740

Fund 9a - Capital Investment Summary

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020						<b>C. Line Number &amp; Item Description</b> MAT 200-01 Non-ADP Equipment				<b>D. Activity Identification</b> DLA Distribution		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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	16	1,353	21,655	11	5,634	61,977	12	5,600	67,195			
<p><b>Narrative Justification:</b></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>The equipment supports new mission or productivity related projects for which DLA has the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, with new systems or equipment to meet DLA requirements. The DLA targets on the modification of this equipment enhances safety for operators and standards for the 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>Expected projects for FY 2020 and FY 2021 include material handling vehicles, storage and rack systems and automation systems at various locations. The increase in cost for FY20 and FY21 is due to the Equipment Modernization initiative, which includes the modernization of largest DLA Distribution Center - the Eastern Distribution Center (EDC).</p>												

Fund 9B Capital Investment Justification

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020				C. Line Number & Item Description MAT 200-02 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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	1	5,508	5,508	2	1,725	3,450	0	0	0			
<p><b>Narrative Justification:</b></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 replaces 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 polices, 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>The equipment supports new mission or productivity related projects for which DLA has the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, with new systems or equipment to meet DLA requirements. The DLA targets on the modification of this equipment enhances safety for operators and standards for the 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 align="center"><b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)</p>										<p><b>A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates</b></p>		
<p><b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020</p>				<p><b>C. Line Number &amp; Item Description</b> IS 200-01 Non-ADP Equipment</p>						<p><b>D. Activity Identification</b> Materiel Supply Chain</p>		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>IS 200-01</u> Installation Security	1	714	714	1	425	425	3	370	1,110			
<p><b>Narrative Justification:</b></p> <p>These investment projects involve providing installation security related assets 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>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> MAD 200-01 Non-ADP Equipment						<b>D. Activity Identification</b> DLA Disposition Services		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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	6	594	3,565	3	667	2,000	2	920	1,840			
<p>Narrative Justification:</p> <p>These investment projects are for rough terrain, forklift and Shredders equipment that are used to aid in material disposal and 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>Expected projects for FY 2020 are for rough terrain container handler, 50k rough terrain forklift, and shredder</p> <p>Expected projects for FY 2021 20k rough terrain forklift, 40k rough terrain forklift, and a Reach Stacker</p>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> TEL 100 Telecommunications Equipment						<b>D. Activity Identification</b> DLA Distribution		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>TEL 100</u> Telecommunications	3	2,295	6,887	1	3,000	3,000	1	3,000	3,000			
<b>Narrative Justification:</b>  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, video teleconferencing hardware, and a trunked radio system.  The Physical Cable 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.  In FY20 and FY21 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).												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020				C. Line Number & Item Description PRD 100 Production Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware	0	0	0	3	1,970	5,910	1	2,480	2,480			
<p>Narrative Justification:</p> <p>This investment is for the 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 for sustainment interfaces into the DLA Enterprise Data Solutions core mission.</p>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> NET 100 Network Hardware						<b>D. Activity Identification</b> DLA Distribution		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>NET 100</u> Network Hardware	0	0	0	1	1,540	1,540	0	0	0			
Narrative Justification:  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. 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.												



<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020				C. Line Number & Item Description NET 200 Network Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>NET 200</u> Network Hardware	5	2,339	11,697	1	5,734	5,734	1	5,636	5,636			
Narrative Justification:  This investment is for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Primary Level Field Activities (PLFA). 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. 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.												

Fund 9B Capital Investment Justification

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020						C. Line Number & Item Description SWD 200-01 Software Development \$1.0 and Over				D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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)			2,035			12,417			3,143			
Narrative Justification:  EBS continuously is modernize and refined in order 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. Since 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.  This investment includes the 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.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020				C. Line Number & Item Description SWD 200-02 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-02</u> Defense Medical Logistics Standard Support (DMLSS) Wholesale			2,397			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. This 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 design and implementation of product, sourcing, and pricing capabilities will consolidate and optimize management of multiple sources of back-end product and pricing, as well as associated contracts and pricing agreements.</p> <p>Subsequent releases of this product and pricing capability will provide an enhanced vendor item management interface for product &amp; pricing management during data inception processes and a robust application workflow will be developed to support vendor item price management activities between DMLSS and Vendors. This functionality will reduce time &amp; effort for government resources to manually evaluate, determine and correct invalid data presented by vendors, enabling these resources to increase efforts addressing more complex data resolution activities to increase products that are made available to Medical customers. This capability also streamlines the data synchronization process between the vendor and DLA Troop Support to provide quality authoritative data. Additionally, business processes surrounding Distribution and Pricing Agreements (DAPA) product sourcing functionality will be modernized to integrate with ECAT and Readiness product and pricing data. This capability will enhance the opportunities for DMLSS to enforce enterprise-centric business rules for product data management and will improve product and pricing alignment across all Medical programs to increase Acquisition awareness in negotiating product and pricing offerings. This capability will also strengthen all source catalog interfaces with the Medical Master Catalog (MMC) reducing duplicate and inconsistent product representations to customers.</p>												

Fund 9B Capital Investment Justification

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020				C. Line Number & Item Description SWD 200-03 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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			0			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) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group February 2020					C. Line Number & Item Description SWD 200-04 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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)			2,206			2,261			2,261			
<p>Narrative Justification:</p> <p>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 by developing Materiel solutions that enable enterprise transformation and optimize supply chain operations. The program support its chartered mission through the development of Medical Contingency Requirements Workflow (MCRW). This consistent of the following:</p> <p>Allow viewing and evaluation of National Stock Numbers (NSNs) embedded in the Federal Logistics Information System (FLIS) data for a set, kit, outfit based NSN in MCRW. Migrate and incorporate Marine Corps' Medical Logistics Online (MLO) authoritative data repository for all published Allowance Standards (AS) into MCRW. Army capability to plan Authorized Stockage Lists (ASLs) for Class VIIIA supply support units, e.g. MEDLOG Companies; Brigade Medical Supply Officers (BMSOs). Integrate Commercial long term backorder in JDF. Develop NSN Health push information service. Develop a Decision Support Capability (DSC) to monitor Defense Medical Logistics (DML) readiness through a portal that displays key data quality performance indicators. With the adoption of this capability, any Readiness Planner will be able to access authoritative source data to evaluate and quantify risks at each logistics node. Develop a single capability to execute and manage workflows for DML NSN standardization management and clinical approval. This capability will provide means for clinical and logistics SMEs to identify Clinically Derived Recommended and Standardized Products for operational usage, to include Joint Deployment Formulary (JDF), Patient Movement Item (PMI), Pest Management, Equipment, Joint Trauma, preventative medicine, and other standardized Medical / Surgical materiel items. This capability will support the Services to establish joint force medical planning capabilities that meet the Combat Commanders' operational planning requirements, which includes processes to standardize the interoperability of medical capabilities to support joint forces and provide a source of guaranteed, DLA-managed, sourceable and procurable materiel items. Develop an Allowance Standard (AS) meta-management capability that enables the Services to design and develop new assemblages, manage existing assemblage configuration, and conduct continuous update to NSNs supporting their respective assemblage portfolios. This new capability will give the Services a common repository to access, share, and review AS metadata, which will improve clinical interoperability, visibility, authoritative data, warfighter treatment, recovery and survivability, while reducing supply chain variation and cost.</p>												

Fund 9B Capital Investment Justification

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Activity Group/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> SWD 200-05 Software Development \$1.0 and Over						<b>D. Activity Identification</b> Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-05</u> Federal Logistics Information System (FLIS)			0			0			5,000			
<p><b>Narrative Justification:</b></p> <p>Federal Logistics Information System (FLIS) are suites of applications consists of eighteen separate applications enabling users to: create/view/modify/delete logistics data, track changes to that data over time, move/automate/track cataloging workload, and output logistic data/information. As each of the applications are separate and disparate, they require users to log into multiple systems and/or force a manual process to complete cataloging transactions, view data and collaborate with mission partners. Adding to these challenges, the FLIS suite of applications spans three different technical stacks (platforms), which further complicates issues from a development and sustainment perspective.</p> <p>FLIS serves a large, diverse, and global customer base. FLIS application currently struggles to keep up with emergent business requirements, a new workforce that requires a more streamlined intuitive (self-guided) user interfaces, and the need for more real-time predictive data analytics. As a result, the customer community is requesting changes faster than FLIS (with all its complexity and disjointed technical stacks) can manage. Given this trend, the LCDS portfolio requires an agile application development platform that enables the portfolio to keep up with current customer requirements while also leaning forward into future needs.</p> <p>Given growing infrastructure costs (Licensing &amp; Mainframe hosting), aging application platforms, and the need to meet evolving customer requirements it has been determined that a Cataloging Transformation is required to continue providing these critical capabilities for the Department of Defense (DoD). In this vein, the program office and its customers have spent the last several months completing market research in an effort to develop a technical road map for FLIS and identify what tools and technologies exist to modernize FLIS and facilitate Cataloging Transformation.</p> <p>This investment is for the development of a DoD Item Master capability resulting from the road map for Cataloging Transformation, establishing a single User experience for workflow, inquiry, collaboration, update, disseminate and reporting for all supply items in the Federal Catalog System.</p>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> SWD 300-01 Software Development						<b>D. Activity Identification</b> Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 300-01</u> Enterprise Software			2,783			6,110			1,637			
<b>Narrative Justification:</b> 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.												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> REP 200-01 Minor Construction						<b>D. Activity Identification</b> Materiel Supply Chain		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-01</u> Minor Construction			2,200			3,526			3,526			
<p><b>Narrative Justification:</b></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"> <li>1. Renovation and alteration of administrative facilities.</li> <li>2. Upgrades to utility systems to comply with environmental and fire protection standards.</li> <li>3. Additional paving for road networks and personnel parking to comply with the new Anti-Terrorism/Force Protection standoff distances.</li> <li>4. Incidental improvements associated with facilities repair projects.</li> <li>5. Security enhancements</li> <li>6. Americans with Disabilities Act enhancements (Site wide)</li> <li>7. Vehicle washing station</li> <li>8. Water storage for irrigation</li> </ol> <p>All of these projects are required to allow DLA missions to continuing be in safe, compliant, secure and efficient facilities.</p>												

Fund 9B Capital Investment Justification



<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> REP 200-02 Minor Construction						<b>D. Activity Identification</b> DLA Distribution		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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			5,322			9,002			9,002			
<p><b>Narrative Justification:</b></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 real property facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:</p> <ol style="list-style-type: none"> <li>1. Installing and upgrading fire suppression and alarm systems to meet current code requirements.</li> <li>2. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards.</li> <li>3. Adding new and improving areas for open storage, road networks and operational areas.</li> <li>4. Altering and expanding facilities to accommodate mission changes, consolidation and stock repositioning.</li> <li>5. Improvements to utilities to enhance reliability and resiliency.</li> <li>6. Incidental improvements associated with facilities repair projects and capital equipment projects.</li> <li>7. Replacement of existing facilities that cannot be repaired economically or have far exceeded their service life.</li> <li>8. Installing generators to provide backup power to support cold chain management of medical items and critical mission operations.</li> </ol> <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DLA Distribution mission.</p>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group February 2020				<b>C. Line Number &amp; Item Description</b> REP 200-03 Minor Construction						<b>D. Activity Identification</b> DLA Disposition Services		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-03</u> Minor Construction			5,423			2,697			3,011			
<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"> <li>1. Adding paving or concrete extensions to existing storage, road networks and operational areas</li> <li>2. Paving existing unpaved and un-graveled lots to be used for storage and scrap</li> <li>3. Upgrading utilities systems to accommodate mission changes, consolidation, and relocation</li> <li>4. Adding extensions to existing buildings which increases total foot print area of the building</li> <li>5. Replace entire facility that cannot be repaired economically is past its usage life expectancy</li> <li>6. Add new facilities to store equipment and material</li> </ol> <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DLA Disposition Services mission.</p>												

Fund 9B Capital Investment Justification

DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2021 BUDGET ESTIMATES  
CAPITAL BUDGET EXECUTION  
February 2020  
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	31.701	31.442	(0.259)	
ADPE & TELCOM Equipment:	13.000	18.584	5.584	Funding was reprogrammed from Software Development, in order to cover higher costs than anticipated for network equipment and
Software Development:	30.187	9.421	(20.766)	Projects originally programmed for FEDMAL and the Enterprise Business System (EBS) did not meet the capitalization requirements in execution.
Minor Construction:	15.145	12.945	(2.200)	Actual costs for Distribution projects were below original estimates.
<b>Total FY 2019</b>	<b>90.033</b>	<b>72.392</b>	<b>(17.641)</b>	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	68.127	67.852	(0.275)	Decreased cost projections for equipment enabled a partial reallocation of funds to Minor Construction.
ADPE & TELCOM Equipment:	16.184	16.184	0.000	
Software Development:	29.489	29.489	0.000	
Minor Construction:	15.025	15.225	0.200	Slight cost projection increases, primarily driven by investments supporting Disposition, to be covered with reallocated funds from Non-ADP Equipment.
<b>Total FY 2020</b>	<b>128.825</b>	<b>128.750</b>	<b>(0.075)</b>	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	70.145	70.145	
ADPE & TELCOM Equipment:	0.000	11.116	11.116	
Software Development:	0.000	20.742	20.742	
Minor Construction:	0.000	15.539	15.539	
<b>Total FY 2021</b>	<b>0.000</b>	<b>117.542</b>	<b>117.542</b>	

Fund 9c - Capital Investment Execution

DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
ENERGY MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2021 BUDGET ESTIMATES  
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
(\$ IN MILLIONS)

Line Number	Item Description	FY 2019		FY 2020		FY 2021	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
NEW/REP 200-01	Fuel Terminal Automation	5	2.420	3	13.300	4	8.000
NEW/REP 200-02	Inventory Accuracy	0	0.000	3	4.000	3	4.500
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	5	2.420	6	17.300	7	12.500
REP/ENV 200	Minor Construction \$250,000 - \$2,000,000		28.174		45.269		46.311
	<u>TOTAL MINOR CONSTRUCTION</u>		28.174		45.269		46.311
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	5	30.594	6	62.569	7	58.811
	Total Capital Outlays		43.222		48.423		54.148
	Total Capital Investment Recovery		56.162		52.110		48.464

Fund 9a - Capital Investment Summary

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group February 2020				C. Line Number & Item Description NEW 200 Non-ADP Equipment – New Mission/Replacement						D. Activity Identification DLA Energy		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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	5	484	2,420	3	4,433	13,300	4	2,000	8,000			
<p><b>Narrative Justification:</b></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 2020 – FY 2021:</p> <p>FY 2020 - NAVSTA Rota and Ramstein AB, MCAS Beaufort, Lemoore, FLC Craney FY 2021 - NAVSTA Rota, NAS Patuxent River and Naval Base Guam</p> <p>Substitution of installation sites may change, due to changing in the operating and construction requirements.</p>												

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group February 2020						C. Line Number & Item Description NEW 200 Non-ADP Equipment-New Mission/Replacement				D. Activity Identification DLA Energy		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NEW &amp; REP 200-02</u> Inventory Accuracy New Mission and Replacement	0	0	0	3	1,333	4,000	3	1,500	4,500			
Narrative Justification:  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.  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.												

Fund 9B Capital Investment Justification

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group February 2020				C. Line Number & Item Description Minor Construction Capability -Replacement/Environmental						D. Activity Identification DLA Energy		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP &amp; ENV 200</u> Minor Construction Replacement/Environmental			28,174			45,269			46,311			
<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"> <li>1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.</li> <li>2. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards.</li> <li>3. Incidental improvements associated with facilities repair projects</li> </ol> <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) 2021 BUDGET ESTIMATES  
CAPITAL BUDGET EXECUTION  
February 2020  
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	14.100	2.420	(11.680)	Carryover \$11M
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	36.343	28.174	(8.169)	Delay in approval to projects
<b>Total FY 2019</b>	<b>50.443</b>	<b>30.594</b>	<b>(19.849)</b>	

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

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	12.500	12.500	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	0.000	46.311	46.311	
<b>Total FY 2021</b>	<b>0.000</b>	<b>58.811</b>	<b>58.811</b>	

Fund 9c - Capital Budget Execution



DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
DLA DOCUMENT SERVICES ACTIVITY GROUP  
FISCAL YEAR (FY) 2021 BUDGET ESTIMATES  
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
(\$ IN MILLIONS)

Line Number	Item Description	FY 2019		FY 2020		FY 2021	
		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	0.000	0	0.000
	<u>TOTAL SOFTWARE DEVELOPMENT</u>	0	0.000	0	0.000	0	0.000
	MINOR CONSTRUCTION						
REP 200	Minor Construction \$250,000 - \$2,000,000	0	0.000	0	0.000	0	0.000
	<u>TOTAL MINOR CONSTRUCTION</u>	0	0.000	0	0.000	0	0.000
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	0	0.000	0	0.000	0	0.000
	Total Capital Outlays		0.000		0.000		0.000
	Total Capital Investment Recovery		0.049		0.081		0.043

Fund 9a - Capital Investment Summary

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2021</b> <b>Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Document Services February 2020				C. Line Number & Item Description SWD 100 Software Development \$1.0 and Over						D. Activity Identification DLA Document Services		
Element of Cost	FY 2019			FY 2020			FY 2021					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
SWD 100 Net-Centric Hubs Electronic Document Management			0			0			0			
<p><b>Narrative Justification:</b></p> <p>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.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2021 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Document Services February 2020				C. Line Number & Item Description Rep 200 Minor Construction						D. Activity Identification DLA Document Services		
Element of Cost	FY 2019			FY 2020			FY 2021					
	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			0			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"> <li>(1) Renovations and alterations of administrative facilities.</li> <li>(2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities.</li> </ul> <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) 2021 BUDGET ESTIMATES  
CAPITAL BUDGET EXECUTION  
February 2020  
(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 Mgmt
Minor Construction:	0.336	0.000	(0.336)	Reprogram to DLA Supply Chain Mgmt
<b>Total FY 2019</b>	<b>2.908</b>	<b>0.000</b>	<b>(2.908)</b>	

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	
<b>Total FY 2020</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	

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	
<b>Total FY 2021</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	

Fund 9c - Capital Investment Execution