Fiscal Year 2023 Budget Estimates

Defense Logistics Agency

April 2022

Operation and Maintenance, Defense-Wide Summary ($ in thousands)
    Budget Activity (BA) 4: Administration and Service-wide Activities

	FY 2021 Actuals	Price Change	Program Change	FY 2022 Enacted	Price Change	Program Change	FY 2023 Request
DLA	412,657	11,898	2,709	427,264	8,869	-7,073	429,060

I. Description of Operations Financed:
The following is a description of the Defense Logistics Agency's (DLA) Operation and Maintenance (O&M) activities:

Administration and Service-Wide Activities: Includes contracts, supplies, equipment maintenance, communications, personnel costs, travel, and training. The two sub- categories are Department of Defense (DoD) Programs and Headquarters (HQ) DLA Programs:

DoD Programs – These include program offices under the Office of the Secretary of Defense direction for which DLA provides budget administration support. Assigned personnel work exclusively on their respective programs. The activity group, described below, includes:

1. Business Process Reengineering Center (BPRC)
2. Logistics Support Activities (LSA)
3. Defense Property Accountability System (DPAS)
4. Defense Standardization Program Office (DSPO)
5. Defense Business Systems Support Office (DBSSO)
6. Logistics Transformation
7. Property & Equipment Policy (P&EP)
8. DoD Enterprise Business Systems (DEBS)

1. Business Process Reengineering (BPR) Center (BPRC): BPRC focuses on a management analysis discipline that redesigns processes, organizations, and the culture of DoD activities through functional leaders who apply improvement tools and techniques. The BPR technique of redesign can be radical or incremental to achieve dramatic improvements. BPRC achieves results by analyzing processes through a cross-functional, integrated analysis of multiple activities or functions. BPRC is chartered to support the Office of the Under Secretary of Defense for Acquisition & Sustainment (OUSD (A&S)), and includes services to carry out activities such as:
   - Strategic planning, outlining vision and goals;
   - Activity modeling of current and future processes, including cross-functional and integration analyses;
   - Data modeling (including data standardization) associated with activity modeling;
   - Benchmarking to identify and evaluate best practices and their application to DoD;
   - Development of functional economic analyses;
   - Planning for BPR implementation and assessment;

I. Description of Operations Financed: (Cont.)
- Analysis leading to the selection of migration systems following BPR; and,
- Development and identification of BPR tools.

2. <u>Logistics Support Activities (LSA)/Classified Program</u>: In accordance with DoD Directive 5111.1 and DoD Directive 5111.13, the Defense Continuity & Mission Assurance (DC&MA) was established to consolidate continuity-related policy and oversight activities within DoD in order to ensure the Secretary of Defense, the Deputy Secretary of Defense and their senior and supporting staffs, and the DoD Components in coordination with the Chairman of the Joint Chiefs of Staff can perform their mission essential functions under all circumstances.

The DC&MA provides the DoD with policy, plans, oversight of crisis management and Continuity of Operations (COOP). The DC&MA's primary mission is to support the continued execution of the Department's mission essential functions across the full spectrum of threats. The threats range from major natural disasters to weapons of mass destruction in major metropolitan areas, as well as large-scale terrorist attacks. The Executive Director for the DLA J32 Mission Support in coordination with the Deputy Assistant Secretary of Defense (DASD) for the DC&MA oversees the implementation of Defense continuity policy and associated activities.

3. <u>Defense Property Accountability System (DPAS)</u>: The DPAS currently supports 60 million assets worth $181 billion. The DPAS is utilized as the DoD Enterprise Solution for tracking government furnished equipment and accountable general equipment in accordance with the DoD Instruction (DoDI) 4140.73, DoDM 4500.36, DoDI 5000.64 and DoDI 5000.76 which provides accounting and accountability of DoD property and equipment for the Army, Air Force, Navy, Marine Corps, and 26 Defense Agencies. The DPAS analytics provide compliance statistics on multiple business requirements such as the Item Unique Identification (IUID) registry usage, Non-Tactical Vehicle Fleet Management Information to include zero emission vehicle migration, inventory frequency and compliance with industry standards, and capital asset reporting, as well as having audit capabilities on several life cycle stages. The DPAS interfaces with other DoD enterprise business systems, such as the Procurement Integrated Enterprise Environment (PIEE) modules. The interface with the PIEE/Wide Area Workflow (WAWF) is used to create initial accountable records from Defense Logistics Management Standards (DLMS) transactions, and the DPAS also interfaces with the PIEE/Government Furnished Property (GFP) module. Additionally, the DPAS programmers have established an initial interface for financial reporting to ADVANA, which is currently being expanded to report all asset level detail for asset visibility, readiness, and accountability/audit.

4. <u>Defense Standardization Program Office (DSPO)</u>: The DSPO is made up of the Defense Standardization Program (DSP) and the Government Industry Data Exchange Program (GIDEP) functions.

   a) <u>DSP</u> is authorized by Sections 2451-2457 of Title 10, USC, and the DoDI 4120.24, which implements DSP in the DoD. The DSPO is responsible for preparing and maintaining DoD policy and procedures for the DSP, to include the development and use of military specifications and standards; DoD adoption of non-Government standards; Diminishing Manufacturing Sources and Material Shortages (DMSMS); GIDEP; and a variety of related issues. DSPO represents the Department to other Federal agencies, international partners, and the private sector by providing tools, training, and outreach with materiel standardization products and services that enhance and facilitate understanding, communication, and coordination to improve interoperability and logistics readiness and reduce total ownership costs. DSPO also represents the United States on NATO materiel standardization policy committees.

I. Description of Operations Financed: (Cont.)

   b) <u>GIDEP</u> is a part of DSPO. GIDEP's mission is to foster and facilitate the exchange of technical information between Government agencies and industry to increase systems safety, reliability, and readiness while reducing systems development, production, and ownership costs. Member agencies include the DoD, DoD Components, the Department of Energy, and National Air and Space Administration. Information exchanged has been focused on nonconforming parts (including counterfeits), obsolescence management, product change, engineering, reliability/ maintainability, and metrology. GIDEP members provide information to the GIDEP database through a web interface and/or through custom reports. GIDEP has been designated by OMB Policy Letter 91-3 as the provider of the Government's central database for receiving and disseminating information about nonconforming products and materials (including suspected counterfeits) and by DoD as the DMSMS centralized database for sharing DMSMS information among DoD and Industry groups. GIDEP supports approximately 2,000 organizations, who have reported approximately $2 billion in savings and cost avoidance to date, through the use of this information exchange.

5. <u>Defense Business Systems Support Office (DBSSO)</u>: The DBSSO program minimizes purchase card related fraud, waste, and abuse and enables the transition to a procurement portfolio e-business environment. The OUSD(A&S) provides program management oversight.

6. <u>Logistics Transformation</u>: The program facilitates efforts to develop and implement effective supply chain management and logistics processes in the Department, from sources of supply to operational customers, and from early acquisition planning through sustainment and disposal.

7. <u>Property & Equipment Policy (P&EP)</u>: P&EP office is the lead OUSD(A&S) office for equipment accountability, policy, and audit readiness. P&EP office mission areas include:

    - Working to improve equipment life-cycle visibility from initial acquisition through final disposition processing;
    - Examining Department policies and establishing improvement plans to obtain a higher
     degree of asset visibility;
    - Establishing requirements for Accountable Property Systems of Record (APSR);
    - Managing Federal fleet management requirements as implemented within the Department;
    - Setting Internal Use Software (IUS) accountability requirements; and
    - Leveraging Proper Financial Accounting Treatment for General Equipment (PFAT4GE)
     contract structuring with the use of Wide Area Workflow (WAWF) and the Item Unique
     Identification (IUID) Registry to collect valuable equipment information.

In addition, P&EP is the responsible office for DoD Instruction (DoDI) 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," which sets accountability policy for equipment, special tools, special test equipment, or other accountable property, and DoDI 5000.76, "Accountability and Management of Internal Use Software," which provides accountability requirements for IUS as a subset of General PP&E.

8. <u>DoD Enterprise Business Systems (DEBS)</u>: With the disestablishment of the Business Transformation Agency (BTA), the DLA O&M assumed responsibility on August 1, 2011, for 15 systems collectively referred to as DEBS. Since that date: Synchronized Pre-Deployment Operational

I. Description of Operations Financed: (Cont.)

Tracker (SPOT) was transferred to the Defense Human Resources Activity (DHRA) in FY 2012; Virtual Interactive Processing System (VIPS) was terminated in FY 2013; Glob-al Exchange (GEX) and Electronic Document Access (EDA) transferred in FY 2013 and Wide Area Workflow (WAWF) transferred in FY 2014) to the Defense Working Capital Fund (DWCF); Business Enterprise Information System (BEIS) was transferred to the Defense Finance and Accounting Service (DFAS) in FY 2015; and the Defense Travel System (DTS) and the Defense Information System for Security (DISS) transferred to the Defense Human Resources Activity in FY 2016. Currently, the five remaining systems and DEBS Infrastructure are managed under the DEBS portfolio as follows:

a) Defense Agencies Initiative (DAI): The Defense Agencies Initiative (DAI) is a financial management system of nine integrated business processes that provides real time, web-based access for over 115 thousand personnel records, auditors, and other DoD employees including over 80 thousand users who make sound business decisions in support of the Warfighter. DAI Program Management Office (PMO) supports these business processes at 28 DoD organizations. The primary goal is to deploy a standardized system solution to improve overall financial management and comply with Business Enterprise Architecture (BEA), Standard Financial Information Structure (SFIS)/Standard Line of Accounting (SLOA), and Office of Federal Financial Management (OFFM) requirements.

   Common business functions within budget execution include: Budget to Report (B2R); Procure to Pay (P2P) with enhancements facilitating SFIS/SLOA and DoD procurement data standards and direct Treasury disbursing; Acquire to Retire (A2R) (real property lifecycle accounting only); Hire to Retire (H2R) (Time and Labor reporting and absence management only); Order to Cash (O2C); Proposal to Reward (P2R) (Grants financial management and accounting only; a phased implementation of Governance, Risk, and Compliance (GCR) capabilities supporting audit readiness; Defense Working Capital Fund accounting; and Re-Sale Accounting (for Defense Commissary Agency (DeCA).

b) DoD Enterprise Business System (DEBS) Infrastructure: This consolidated support provides key skill sets that can be shared among the programs (DAI, JCCS, SPS), reducing overall unique program costs and using standard and repeatable processes to manage programs throughout all phases of the acquisition life cycle.

c) Joint Contingency Contract System (JCCS): JCCS is the primary source for Iraq and Afghanistan vendor information. JCCS is provides a capability to register host nation vendors in English and Arabic, vendor past performance information, and to allow posting of Iraqi/Afghani reconstruction solicitations. In addition, JCCS provides a capability for vendors to submit proposals, track historical reconstruction contract data, and allow oversight of in-theatre contracts to monitor cost, schedule, performance, and vendor activities. 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. JCCS produces a myriad of contract and financial reports to support the warfighter's overall acquisition forecasting. JCCS is also a platform for web services delivery of expeditionary and contingency business applications to include SPS, SPOT, EDA, GEX, and FPDS-NG, TBC, cASM, OCONTRAX and WAWF. JCCS supports contingency initiatives to include the 3in1 Handheld Device and ACSA-Global Acquisition Tracking Reporting Tool - AGATRS and Theater Business Clearance.

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I. Description of Operations Financed: (Cont.)

    d) <u>Standard Procurement System (SPS)</u>: SPS is the DoD contract writing system used by 27,000 procurement professionals, in over 500 contracting offices, in each military Service and 16 Defense agencies world-wide. It automates the contracting process from procurement request, through award and administration, to final closeout. SPS accomplishes three main functions: contract placement, procurement, and contract administration.

    The SPS Joint Program Management Office (JPMO) manages the acquisition of SPS software and support, which is distributed to and operated by the DoD Components and maintains the suite of applications by providing version releases approximately once per year. Since the program is in the sustainment phase, version releases are limited to security updates, policy updates, technology updates, and product defect fixes. SPS JPMO also provides help desk services, deployment support, and integration support to its customers. The SPS Milestone Decision Authority is the DLA Program Executive Officer. The Director of Defense Procurement and Acquisition Policy (DPAP) is the Principal Functional Proponent.

HQ DLA Programs includes programs associated with the DLA logistics mission as well as Departmental programs. DLA provides budget administrator support and is responsible for program oversight and policy guidance for these programs, described in the paragraphs that follow:

1. Audit Readiness
2. Contingency Logistics
3. Continuing Health
4. Data Loss Prevention (DLP)
5. Defense Critical Infrastructure Program (CIP)
6. Defense Finance and Accounting Service (DFAS)
7. Defense Information System Network (DISN)
8. Disability Compensation
9. Homeless Blankets
10. Law Enforcement Support Office (LESO)
11. Logistics and Manufacturing Technology
12. Managerial Support
13. Mapping
14. Military Global Positioning System (GPS) User Equipment (MGUE):
15. Morale, Welfare and Recreation (MWR)
16. Unemployment Compensation
17. Warstopper

1. <u>Audit Readiness</u>: This funding supports the audit activities of the DLA General Fund appropriations. This includes: 1) Audit readiness support; 2) Business Process Controls (BPC) support to include Process Cycle Memorandum Review, BPC identification and testing, Corrective Action Plans (CAP), Request for Change (RFC) and CAP validation and documentation remediation; 3) Service provider support which will include updated

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I. **Description of Operations Financed: (Cont.)**
Memorandum of Agreements, Memorandum of Understanding, or Service Level Agreements and Defense Information Systems Agency (DISA) support; and 4) Other systems and micro applications, CAPs, RFCs, CAP validation and update System Assertion Work Products.

2. Contingency Logistics: The Contingency Logistics program supports military unique (DoD-Mandated) tasks, such as readiness support, that a commercial distribution company would not experience. Contingency Logistics helps to keep the DLA's prices competitive with those of the private sector, which do not include overhead for DoD unique costs. For example, a commercial operation would either dispose of inventory demanded only in wartime (War Reserve Materiel) or charge the customer for the costs of retaining this inventory. By funding the cost of retaining this inventory outside customer prices, DLA can reduce the materiel surcharge (Cost Recovery Rate) to achieve more comparable pricing. The baseline includes peacetime contingency planning and Command and Control Center costs, and the Department's hazardous and ozone depleting substances programs.

3. Continuing Health: The Continuing Health program provides coverage for DLA employees affected by reductions-in-force and Base Realignment and Closure (BRAC).

4. Data Loss Prevention (DLP): The Data Loss Prevention program provides enterprise-wide stewardship for the warfighters' and government employees' Personal Identifiable Information (PII) to minimize the risk of PII being lost, stolen, or compromised within information systems operated by the DLA. This program complies with statutory and regulatory requirements to implement a risk reduction strategy using DLP technologies, which will detect and protect unsecured PII on shared drives, e-mails, websites, and throughout the information lifecycle of records containing PII.

5. Defense Critical Infrastructure Program (DCIP): The DCIP supports DoD-wide risk management decisions by enabling responsible authorities to execute a wide variety of mission essential functions in support of national security objectives. The Defense Logistics Infrastructure Sector Lead Agent funding was realigned from ASD (Homeland Defense & Americas Security Affairs) in FY 2009 to DLA. This allows Logistics DCIP program management to take place closer to the execution source. DLA facilitates the identification, assessment, and risk management of DoD-wide logistics critical assets. This information is shared with the Combatant Commands, Services, and other Defense Agencies via a DCIP shared data environment for integrated, DoD-wide DCIP risk management. This enables the prioritization of scarce Component resources for remediation of infrastructure vulnerabilities, mitigation of impact of incidents upon infrastructure, and reconstitution of DoD infrastructure capabilities by allowing resources to be applied to Defense critical infrastructure assets essential to project, support, and sustain military forces and operations.

6. Defense Finance and Accounting Service (DFAS): These funds reimburse DFAS for accounting services provided to the General Fund activities (DoD Programs and HQ DLA Programs).

7. Defense Information System Network (DISN): These funds reimburse DISA for the DISN services.

8. Disability Compensation: The Disability Compensation program provides required funding for disability compensation for the Clothing Factory (Troop Support) closed by BRAC 1993.

I. Description of Operations Financed: (Cont.)

9. <u>Homeless Blankets</u>: The Stewart B. McKinley Homeless Assistance Act of 1987 enables DLA to provide blankets to qualified US 501(C)3 organizations working with the homeless. Homeless shelters request blankets, which are issued on a first-come, first-served basis up to the amount of funding.

10. <u>Law Enforcement Support Office (LESO)</u>: LESO administers the transfer of excess DoD personal property suitable for use by other Federal and State agencies in law enforcement activities, including preference to the Department of Homeland Security, counter-drug/counter terrorism and border security activities, as prescribed in the under Section 1033 of the FY 1997 National Defense Authorization Act (NDAA) (10 USC 2576a); LESO provides information and training on the process and procedures of the excess property program to Federal and State agencies annually in accordance with Section 1401 of the FY 2003 NDAA (10 USC 380). The 1033 Program has transferred $7 billion in materiel since the program's inception and $276 million in FY 2018. Approximately 8,000 law enforcement agencies nationwide currently participate in this highly visible program that enhances law enforcement capabilities while saving the taxpayer dollars. LESO has consultation and coordination of authority with the OSD, Department of Justice (DoJ), and the Office of National Drug Control Policy (ONDCP) in an effort to aide in the National Military Strategy and the National Drug Control Strategy.

11. <u>Logistics and Manufacturing Technology</u>: Program funds Headquarters Research, Development, Technology, and Evaluation (RDT&E) expenses for standard and repeatable program management oversight as required by the Financial Management Regulation (FMR) and transitional sustainment of successful R&D projects for operational use until sponsoring organization's funding (O&M or DWCF) is available, thereby avoiding the "valley of death" for R&D projects.

12. <u>Managerial Support</u>: Program funds Director's coins, interest, investigative support, Official Representation Funds, and expenses incurred against inactive programs.

13. <u>Mapping</u>: DLA serves as the DoD Integrated Materiel Manager and Distributor of approximately 70,000 map items that transferred from the National Geospatial-Intelligence Agency. DLA provides a unified world-wide tailored distribution system for all geospatial products; which are no longer strictly hard copy map products but also include a wide variety of classified and unclassified hydrographic, topographic, aeronautical and digital maps, charts and various publications required to support the warfighter.

14. <u>Military Global Positioning System (GPS) User Equipment (MGUE)</u>: MGUE are modernized receiver platforms used in hundreds of military equipment items and critical weapon systems. Recently, the trusted foundry responsible for the production of Application-Specific Integrated Circuits (ASICs) that are integrated into the GPS provided end-of-life notification to the Department of Defense. The DLA has been tasked by the Department to conduct the end-of-life procurement of all remaining ASIC units and to provide oversight for their storage and distribution, which will provide a stable supply of these circuits to the Military Services over the course of the next 8 years, or until the next incremental ASIC is developed and produced. The O&M funds only provides oversight for MGUE.

15. <u>Morale, Welfare and Recreation (MWR)</u>: MWR provides programs and services designed to foster readiness, and enhance lives of Warfighters, Families, Civilians, Retirees and other eligible patrons. This work is vital to DLA in support of the total well-being of over 25,000 personnel to

I. Description of Operations Financed: (Cont.)
better serve the Warfighter and our Nation. Included are family programs, child and youth programs, recreation and sports programs, and leisure activities. Funding is based on program operational requirements and DoD funding standards for MWR activities.

16. Unemployment Compensation: The DLA pays the Unemployment Compensation bill for all Defense Agencies.

17. Warstopper Program: The Warstopper Program implements industrial preparedness measures and preserves critical industrial capabilities to support the Department's readiness requirements and meets requirements of the Defense Production Act of 1950, Section 103 of Executive Order 13603, and the NDAA 1992-1993 Conference Report requirements directing DLA to maintain industrial readiness for critical "War stopper" items. These industrial readiness measures are applied to vulnerable industrial base items within the DLA supply chains such as chemical protective suits, nerve agent antidote auto-injectors, meals-ready-to eat, aging aircraft spares, specialty fuels, the nuclear enterprise and some specialty steels. Peacetime demand for these items is inadequate to sustain an industrial base sufficient to meet mobilization requirements. DLA uses a rigorous business case evaluation to obtain a return on investment that maximizes warfighter benefits. The Warstopper Program is the single Agency program for the preservation of essential production capability. It provides the means to invest in improving industry responsiveness, typically without purchasing finished goods inventory. The Warstopper Program has led to cumulative DoD inventory, War Reserve Materiel, costs avoidance of nearly $7 billion through the investment of approximately $1 billion over the program's lifetime (1993).

Fiscal Year (FY) 2023 Overseas Operations Costs funding accounted for in the Base budget include:

- Operation INHERENT RESOLVE (OIR) [$0 thousand].
- Operation European Deterrence Initiative (EDI) [$0 thousand].
- Other theater requirements and related missions [$0 thousand].

DLA

II. Force Structure Summary:
Not Applicable.

III. Financial Summary ($ in Thousands):

A. BA Subactivities	FY 2021 Actuals	Budget Request	FY 2022 Congressional Action Amount	Percent	Appropriated	Current Enacted	FY 2023 Request
BA4 Administration and Service-Wide Activities: DoD Programs	**$72,061**	**$87,982**	**$0**	**0.00%**	**$87,982**	**$87,982**	**$92,519**
Business Process Reengineering Center	$3,491	$2,448	$0	0.00%	$2,448	$2,448	$2,549
Defense Business Systems Support Office (DBSSO)	$2,237	$2,567	$0	0.00%	$2,567	$2,567	$2,652
Defense Property Accountability System	$14,066	$18,023	$0	0.00%	$18,023	$18,023	$18,594
Defense Standardization Program Office	$9,261	$7,745	$0	0.00%	$7,745	$7,745	$8,170
Logistic Support Activities (LSA)	$34,578	$48,219	$0	0.00%	$48,219	$48,219	$51,206
Logistics Transformation	$7,534	$7,949	$0	0.00%	$7,949	$7,949	$8,279
Property & Equipment Policy	$894	$1,031	$0	0.00%	$1,031	$1,031	$1,069
BA4. Administration and Service-Wide Activities: DoD Programs - DoD Enterprise Business Systems	**$94,166**	**$102,819**	**$0**	**0.00%**	**$102,819**	**$102,819**	**$107,460**
Defense Agencies Initiative	$61,892	$69,062	$0	0.00%	$69,062	$69,062	$80,512
Defense Retiree and Annuitant System 2	$36	$0	$0	0.00%	$0	$0	$0
DoD Enterprise Business Systems Infrastructure	$8,055	$9,169	$0	0.00%	$9,169	$9,169	$9,549
Enterprise Funds Distribution	$7,348	$7,875	$0	0.00%	$7,875	$7,875	$0
Joint Contingency Contract System	$1,953	$1,834	$0	0.00%	$1,834	$1,834	$1,930
Standard Procurement System	$14,882	$14,879	$0	0.00%	$14,879	$14,879	$15,469
BA4. Administration and Service-Wide Activities: HQ DLA Programs	**$246,430**	**$212,063**	**$24,400**	**11.51%**	**$236,463**	**$236,463**	**$229,081**
Audit Readiness	$3,452	$3,548	$0	0.00%	$3,548	$3,548	$3,698
Contingency Logistics	$45,636	$51,021	$0	0.00%	$51,021	$51,021	$84,457
Continuing Health	$111	$113	$0	0.00%	$113	$113	$117

DLA

III. Financial Summary ($ in Thousands): (Cont.)

A. BA Subactivities	FY 2021 Actuals	Budget Request	FY 2022 Congressional Action			Current Enacted	FY 2023 Request
			Amount	Percent	Appropriated		
Counter Drug	$587	$0	$0	0.00%	$0	$0	$0
Data Loss Prevention	$0	$0	$0	0.00%	$0	$0	$3,254
Defense Critical Infrastructure Program	$1,250	$1,126	$0	0.00%	$1,126	$1,126	$1,172
Defense Environmental Restoration Account	$7,585	$0	$0	0.00%	$0	$0	$0
Defense Finance & Accounting Service	$2,314	$3,013	$0	0.00%	$3,013	$3,013	$3,134
Defense Information System Network	$6,218	$6,456	$0	0.00%	$6,456	$6,456	$6,591
Disability Compensation	$811	$835	$0	0.00%	$835	$835	$839
Homeless Blankets	$1,848	$3,687	$0	0.00%	$3,687	$3,687	$3,868
Joint Contingency Acquisition Support Office (JCASO)	$3,601	$0	$0	0.00%	$0	$0	$0
Law Enforcement Support Office	$3,227	$3,347	$0	0.00%	$3,347	$3,347	$3,575
Logistics & Manufacturing Technology	$3,359	$3,910	$0	0.00%	$3,910	$3,910	$4,127
Managerial Support	$13	$25	$0	0.00%	$25	$25	$25
Mapping	$28,031	$28,521	$0	0.00%	$28,521	$28,521	$29,858
Maternity Uniform Pilot program	$10,000	$0	$0	0.00%	$0	$0	$0
Military Global Positioning System (GPS) User Equipment (MGUE)	$4,182	$5,580	$0	0.00%	$5,580	$5,580	$5,791
Morale, Welfare & Recreation	$25,364	$24,597	$0	0.00%	$24,597	$24,597	$25,675
Procurement Technical Assistance Program	$47,696	$25,612	$24,400	95.27%	$50,012	$50,012	$0
Unemployment Compensation	$4,401	$6,241	$0	0.00%	$6,241	$6,241	$5,905
Warstoppers	$46,744	$44,431	$0	0.00%	$44,431	$44,431	$46,995
Total	**$412,657**	**$402,864**	**$24,400**	**6.06%**	**$427,264**	**$427,264**	**$429,060**

III. <u>Financial Summary ($ in Thousands)</u>: (Cont.)

B. Reconciliation Summary	Change FY 2022/FY 2022	Change FY 2022/FY 2023
BASELINE FUNDING	**$402,864**	**$427,264**
Congressional Adjustments (Distributed)	24,400	
Congressional Adjustments (Undistributed)	0	
Adjustments to Meet Congressional Intent	0	
Congressional Adjustments (General Provisions)	0	
SUBTOTAL APPROPRIATED AMOUNT	**427,264**	
Fact-of-Life Changes (2022 to 2022 Only)	0	
SUBTOTAL BASELINE FUNDING	**427,264**	
Supplemental	0	
Reprogrammings	0	
Price Changes		8,869
Functional Transfers		-26,082
Program Changes		19,009
CURRENT ESTIMATE	**427,264**	**429,060**
Less: Supplemental	0	
NORMALIZED CURRENT ESTIMATE	**$427,264**	**$429,060**

DLA

III. Financial Summary ($ in Thousands): (Cont.)

FY 2022 President's Budget Request (Amended, if applicable)..**$402,864**

1. Congressional Adjustments $24,400

    a) Distributed Adjustments...$24,400

        1) Procurement Technical Assistance Program $24,400

    b) Undistributed Adjustments $0

    c) Adjustments to Meet Congressional Intent..$0

    d) General Provisions $0

FY 2022 Appropriated Amount **$427,264**

2. Supplemental Appropriations $0

    a) Supplemental Funding...$0

3. Fact-of-Life Changes... $0

    a) Functional Transfers..$0

    b) Technical Adjustments $0

    c) Emergent Requirements..$0

FY 2022 Baseline Funding...**$427,264**

4. Reprogrammings (Requiring 1415 Actions).. $0

DLA

III. Financial Summary ($ in Thousands): (Cont.)

a) Increases $0

b) Decreases $0

Revised FY 2022 Estimate...**$427,264**

5. Less: Item 2, Supplemental Appropriation and Item 4, Reprogrammings $0

a) Less: Supplemental Funding..$0

FY 2022 Normalized Current Estimate **$427,264**

6. Price Change $8,869

7. Functional Transfers ....$-26,082

a) Transfers In $0

b) Transfers Out... $-26,082

     1) Procurement Technical Assistance Program .... $-26,082
     Functional transfer of the Procurement Technical Assistance Program (PTAP) from the DLA to the Office of
     the Under Secretary of Defense for Acquisition & Sustainment (OUSD(A&S)), as directed by Section 852 of
     the National Defense Authorization Act (NDAA) for Fiscal Year 2020 (Public Law 116-92) which moves the
     management and oversight of the Procurement Technical Assistance Program (PTAP) from the DLA to the
     OUSD(A&S), effective October 1, 2021.
     (FY 2022 Baseline: $50,012 thousand)

8. Program Increases...$51,295

a) Annualization of New FY 2022 Program $0

b) One-Time FY 2023 Increases $0

DLA

III. Financial Summary ($ in Thousands): (Cont.)

c) Program Growth in FY 2023 ....$51,295

    1) $15 Minimum Wage for Federal Contractors (Contingency Logistics)... $23,558
    Additional funding to address the estimated impacts of Executive Order (E.O.) 14026, *Increasing the*
    Minimum Wage for Federal Contractors, dated April 27, 2021. E.O. 14026, Section 4(a) requires the
    Department of Labor to implement regulations to increase the minimum wage to $15 per hour by January 30,
    2022, on contracts covered by the Fair Labor Standards Act, the Service Contract Act (SCA), or the Davis
    Bacon Act (DBA). The E.O. also applies only to Federal Contractors and Subcontractors on new contract
    actions entered into on or after January 30, 2022.
    (FY 2022 Baseline: $0 thousand)

    2) Contingency Logistics $8,736
    The increase supports the military unique (DoD-Mandated) tasks, such as readiness support, that a
    commercial distribution company would not experience. Contingency Logistics helps to keep the DLA's prices
    competitive with those of the private sector, which do not include overhead for DoD unique costs. For example,
    a commercial operation would either dispose of inventory demanded only in wartime (War Reserve Materiel)
    or charge the customer for the costs of retaining this inventory. By funding the cost of retaining this inventory
    outside customer prices, the DLA can reduce the materiel surcharge (Cost Recovery Rate) to achieve more
    comparable pricing. The baseline includes peacetime contingency planning and Command and Control Center
    costs, and the Department's hazardous and ozone depleting substances programs. The increase to the
    Contingency Logistics program is required to support increasing demands aimed at 1) reducing or eliminating
    hazardous material and maintaining environmental safety and occupational health information, and 2)
    contracts for the review and test of sustainable products as required by Executive Order (EO) 13990, and the
    DoD Instruction 4105.72. Additional funding is also requested for the increasing complexity in high reliability
    microcircuits for production by the Generalized Emulation of Microcircuits (GEM) program.
    (FY 2022 Baseline: $51,021 thousand)

    3) Data Loss Prevention (DLP).. $3,254
    The increase provides enterprise-wide stewardship for the warfighters' and government employees' Personal
    Identifiable Information (PII) to minimize the risk of PII being lost, stolen, or compromised within information
    systems operated by the DLA. This program complies with statutory and regulatory requirements
    to implement a risk reduction strategy using DLP technologies, which will detect and protect unsecured PII
    on shared drives, e-mails, websites, and throughout the information lifecycle of records containing PII.
    (FY 2022 Baseline: $0 thousand)

DLA

III. Financial Summary ($ in Thousands): (Cont.)

4) Defense Agencies Initiative (DAI) $10,059

The increase supports the DAI mission to deliver auditability and comply with the Chief Financial Officers Act in the business environment for Defense customer organizations providing accurate, timely, authoritative financial data supporting the DoD goal of standardizing financial management practices, improving financial decision support, and supporting audit readiness. The DAI has replaced multiple non-compliant financial management systems supporting diverse operational functions and the warfighter in decision-making and financial reporting. The DAI currently provides the capability to produce timely, auditable reports as noted in four consecutive annual unmodified System and Organization Controls report (SOC-1). FY 2023 will be the first year that DAI will deploy Defense Information Systems Agency (DISA) Defense Working Capital Fund and Naval Special Warfare (NSWC) to meet Defense Finance and Accounting Service (DFAS) requirements. The increase supports the Oracle financial role-based software costs and application licenses, increased annual Enterprise software maintenance costs, and increase in the DISA data storage to support all DAI customer organizations.
(FY 2022 Baseline: $69,056 thousand)

5) DFAS Bill $79
DFAS increase is driven by the additional workload for contract payments
(FY 2022 Baseline: $3,013 thousand)

6) DoD Enterprise Business Systems (DEBS) Infrastructure..$301
The increase is for the consolidated support that provides key skill sets that can be shared among the programs (DAI, JCCS, SPS), reducing overall unique program costs and using standard and repeatable processes to manage programs throughout all phases of the acquisition life cycle. This increase is attributed to the additional support provide on the Strategic Capabilities and Processes (SCAP) contract. Business Capability Management via ServiceNow deployment will give business leaders the ability to reimagine processes and outcomes prior to Information Technology (IT) selection while providing a robust application rationalization process to standardize and quantify the business value and technical fit of IT assets. Enterprise Capability Management processes will drive continuous improvement in delivering business enabling IT solutions through a holistic view of enterprise capabilities, ensuring alignment with evolving business needs.
(FY 2022 Baseline: $9,169 thousand)

7) Logistics Support Activities (LSA) $1,989
This is a classified program.
(FY 2022 Baseline: $48,219 thousand)

DLA

III. <u>Financial Summary ($ in Thousands)</u>: (Cont.)

8) Mapping $1,058

The increase in Mapping is required by DLA Distribution to adequately support and operate the various Mapping sites; and to support the Mapping Enterprise Business System (MEBS) required system automation and data integration upgrade efforts. The DLA serves as the DoD Integrated Materiel Manager and Distributor of approximately 70,000 map items that transferred from a classified agency. The DLA provides a unified world-wide tailored distribution system for all geospatial products; which are no longer strictly hard copy map products but also include a wide variety of classified and unclassified hydrographic, topographic, aeronautical and digital maps, charts and various publications required to support the warfighter.
(FY 2022 Baseline: $28,521 thousand)

9) Morale, Welfare and Recreation (MWR) $586

The increase is required for lifecycle replacement purchases for aging program operational equipment for our Child Development Centers and Fitness Centers, as well as, some renovations that are needed in some facilities. This equipment and upgrades to our facilities is vital to providing the core programs and services designed to foster readiness, and enhance lives of Warfighters, Families, Civilians, Retirees and other eligible patrons. The MWR program enhances the DLA's readiness and resilience by offering services that reduce stress, promote self-confidence and foster strong esprit de corps.
(FY 2022 Baseline: $24,597 thousand)

10) Warstopper $1,675

The increase is due to additional requirement for the TF33 engine cold start supply chain analysis. This effort supports 6,800 sole source critical NATO Stock Numbers (NSNs) known to be in a cold supply chain status on six different weapons systems. The Warstopper Program implements industrial preparedness measures and preserves critical industrial capabilities to support the Department's readiness requirements. These industrial readiness measures are applied to vulnerable industrial base items within the DLA supply chains such as chemical protective suits, nerve agent antidote auto-injectors, meals-ready-to eat, aging aircraft spares, specialty fuels, the nuclear enterprise and some specialty steels.
(FY 2022 Baseline: $44,431 thousand)

9. Program Decreases .... $-32,286

a) Annualization of FY 2022 Program Decreases $0

b) One-Time FY 2022 Increases .... $-24,400

DLA

III. Financial Summary ($ in Thousands): (Cont.)

          1) Procurement Technical Assistance Program .... $-24,400

c) Program Decreases in FY 2023 .... $-7,886

          1) Compensation and Benefits - One Less Compensable Work Day .... $-14
          The number of compensable days for FY 2022 is 261 days (2,088 hours), and for FY 2023 is 260 (2,080 hours).
          (FY 2022 Baseline: $28,927 thousand)

          2) Enterprise Funds Distribution (EFD) .... $-7,872
          With the completion of the EFD development, testing, and fielding in FY 2022, the program is realigned to the Defense Finance and Accounting Service (DFAS) for sustainment efforts in FY 2023 and out. The DFAS sustainment efforts for the EFD system will be funded on a reimbursable basis, based on the DFAS rate structure (i.e., working capital fund). The DLA internally realigned the EFD resources to the Contingency Logistics program in support of critical mission requirements.
          (FY 2022 Baseline: $7,875 thousand)

FY 2023 Budget Request **$429,060**

IV. <u>Performance Criteria and Evaluation Summary</u>:

All DoD Programs and HQ DLA Programs have performance evaluations primarily based on funding execution. Monthly Obligation Plans (MOP) are developed and actual execution is reported each month. Programs that are 3% off plan must provide senior management an explanation and corrective action plan with a projected completion date. The following programs have additional metrics for performance evaluations:

<u>Business Process Reengineering Center (BPRC)</u>: BPRC proposes redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. Metrics include execution of the planned redesign and streamline functions to reduce inefficiencies in OUSD (A&S).

<u>Defense Property Accountability System (DPAS)</u>: The DPAS currently supports 60 million assets worth $181 billion. DPAS is utilized as the solution for tracking government furnished equipment and accountable property in accordance with the DoD Instruction (DoDI) 5000.64, Accountability and Management of DoD Equipment and other Accountable Property, and for providing accounting and accountability of DoD property and equipment for the Army, Air Force, Navy, Marine Corps, and 26 Defense Agencies. DPAS metrics provide statistics on several categories such as Item Unique Identification (IUID) registry usage and compliance, inventory frequency and compliance with industry standards, and capital asset reporting, as well as having audit capabilities on several life cycle stages. In accordance with DoD Manual (DoDM) 4500.36, Acquisition, Management, and Use of DoD Non-Tactical Vehicles, DPAS reports to DoD Federal Automotive Statistical Tool (FAST), which ensures the DPAS users are in compliance with Executive Order 13514.

<u>Defense Standardization Program Office (DSPO)</u>: DSPO develops policies, procedures, and guidance ensuring standardized policy across the Military Departments and Defense Agencies. The qualitative performance indicators for the DSPO are:
- Effectiveness of the DSP as a single source for information exchange and coordination of all defense standardization efforts, measured by increased number of organizations participating in information exchange, and increased customer satisfaction based on survey results; and
- Success in institutionalized development and use of performance and Non-Government Standards (NGSs) in the DoD, measured by increased usage of performance and NGSs, and decreased usage of military-unique specifications and standards.

<u>Logistics Transformation</u>: Logistics Transformation is measured by the Department's wartime readiness to improve the Department's ability to prepare and oversee execution of a rigorous "To-Be" Capability Roadmap, in coordination with the Joint Staff, Military Departments, Combatant Commands, and Defense Agencies to include ongoing assessments stemming from the Quadrennial Review (QDR). The ability to monitor and enhance the Department's logistics performance and resource application, through continuous process improvement for the end-to-end value chain, will provide a cost-effective logistics and materiel readiness program. These metrics will provide the basis to issue, validate, and revise policy. The policies will provide guidance for the implementation of RFID (Radio Frequency Identification Tags) in the Supply Chain. This will support both the current active Intransient Visibility/Total Asset Visibility RFID capability in support of ongoing Combatant Command operations and future emerging passive RFID capabilities in support of improvements to the integrated end-to-end DoD Enterprise.

IV. <u>**Performance Criteria and Evaluation Summary**</u>:

<u>DoD Enterprise Business Systems (DEBS)</u>: Monthly program reviews are held with the DEBS programs' functional sponsors and the Program Executive Officer (PEO), along with semi-annual PEO Business Systems Reviews (BSR), under the assigned Acquisition Portfolio, to provide updates on the delivery of business capabilities for the respective programs within the agreed upon cost, schedule and performance parameters. Metrics include meeting Key Performance Parameters (KPP) for development programs; executing less than 10% rework on delivered capability releases, remaining within the established system availability goals and the DLA Information Operations standard ticket resolution rates. These forums also provide an opportunity to communicate extenuating circumstances that affect cost, schedule or performance to the PEO, and to leverage the applicable instructions and regulations, such as DoD Instruction 5010.43 (Continuous Process Improvement Program) and the Defense Federal Acquisition Regulation Supplement (DFARS) and Procedures, Guidance, and Information (PGI) 216.104 in the execution of Continuous Process Improvements; the Better Buying Power (BBP) initiatives, and DoDI 5000.75 Business Systems Requirements and Acquisition.

<u>Law Enforcement Support Office (LESO)</u>: This high visibility program will retain focus on inventory control and accountability through Program Compliance Reviews, identifying and implementing enhancements to the Federal Excess Property Management Information System (FEPMIS) and sustaining the inventory reconciliation process. On average, 26 Program Compliance Reviews are executed annually; each includes a minimum of 20% weapons inventory and 100% inventory on high visibility property such as Aircraft and Tactical Vehicles.

<u>Morale, Welfare & Recreation (MWR)</u>: MWR performance metrics track readiness support as it relates to family support programs (e.g. relocation assistance, deployer support, etc.), child development programs and recreational activities to include physical fitness centers. Non-Appropriated Fund (NAF) accountability and reinvestment; and customer service provided in the areas of recreation activities such as lodging, pools, dining facilities and information, ticketing and reservations are monitored through the FMWR One Fund Governance process which includes an agency wide Investment Review Board. Monthly program reviews using SMART metrics are conducted which monitor operations to ensure Key Performance Indicators (KPI) are on target with annual projections and in line with regulation. Administrative standards are set to ensure the fiduciary responsibility of NAF resources and prevention of loss or theft through Business Program Controls (BPC). FMWR conducts monthly reviews of financial statements and performs annual internal controls inspections as part of the Manager's Internal Controls Program (MICP). The FMWR One Fund as the DLA Nonappropriated Fund Instrumentality (NAFI) governing body is subjected annually to an external audit conducted by an independent entity in cooperation with Army G-9, in accordance with Generally Accepted Accounting Principles (GAAP). These standards are set forth by the Government Auditing Standards issued by the US Comptroller General.

DLA

V. Personnel Summary:

	FY 2021	FY 2022	FY 2023	Change FY 2021/ FY 2022	Change FY 2022/ FY 2023
Civilian End Strength (Total)	**199**	**244**	**253**	**45**	**9**
U.S. Direct Hire	144	156	156	12	0
Total Direct Hire	**144**	**156**	**156**	**12**	**0**
Reimbursable Civilians	55	88	97	33	9
Active Military Average Strength (A/S) (Total)	**57**	**57**	**57**	**0**	**0**
Officer	17	17	17	0	0
Enlisted	40	40	40	0	0
Civilian FTEs (Total)	**199**	**244**	**253**	**45**	**9**
U.S. Direct Hire	144	156	156	12	0
Total Direct Hire	**144**	**156**	**156**	**12**	**0**
Reimbursable Civilians	55	88	97	33	9
Average Annual Civilian Salary ($ in thousands)	**183.3**	**185.4**	**186.0**	**2.1**	**0.5**
Contractor FTEs (Total)	**138**	**138**	**138**	**0**	**0**

Personnel Summary Explanations:
The DLA Average Annual Civilian Salary amount includes unemployment compensation for all of the Defense Agencies. The correct calculation for the DLA Average Annual Civilian Salary is: (Total Civilian Compensation – Unemployment Compensation)/U.S. Direct Hire FTEs

DLA

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

			Change from FY 2021 to FY 2022			Change from FY 2022 to FY 2023		
		FY 2021 Program	Price Growth	Program Growth	FY 2022 Program	Price Growth	Program Growth	FY 2023 Program
101	EXEC, GEN'L & SPEC SCHEDS	26,226	595	2,106	28,927	1,193	-1,111	29,009
106	BENEFIT TO FMR EMPLOYEES	168	4	-172	0	0	0	0
110	UNEMPLOYMENT COMPENSATION	4,401	100	1,740	6,241	257	-593	5,905
0199	**TOTAL CIVILIAN PERSONNEL COMPENSATION**	**30,795**	**699**	**3,674**	**35,168**	**1,450**	**-1,704**	**34,914**
308	TRAVEL OF PERSONS	361	11	113	485	10	302	797
0399	**TOTAL TRAVEL**	**361**	**11**	**113**	**485**	**10**	**302**	**797**
416	GSA SUPPLIES & MATERIALS	0	0	49	49	1	-1	49
0499	**TOTAL DEFENSE WORKING CAPITAL FUND SUPPLIES AND MATERIALS**	**0**	**0**	**49**	**49**	**1**	**-1**	**49**
647	DISA ENTERPRISE COMPUTING CENTERS	0	0	11,642	11,642	233	-727	11,148
679	COST REIMBURSABLE PURCHASE	0	0	37,542	37,542	0	-32,128	5,414
695	DFAS FINANCIAL OPERATIONS (DLA)	2,314	-118	817	3,013	49	72	3,134
0699	**TOTAL OTHER FUND PURCHASES**	**2,314**	**-118**	**50,001**	**52,197**	**282**	**-32,783**	**19,696**
771	COMMERCIAL TRANSPORT	169	5	-102	72	2	-1	73
0799	**TOTAL TRANSPORTATION**	**169**	**5**	**-102**	**72**	**2**	**-1**	**73**
912	RENTAL PAYMENTS TO GSA (SLUC)	0	0	2,201	2,201	46	-2	2,245
914	PURCHASED COMMUNICATIONS (NON-FUND)	4	0	411	415	9	-1	423
915	RENTS (NON-GSA)	0	0	737	737	15		752
921	PRINTING & REPRODUCTION	0	0	17	17	0		17
922	EQUIPMENT MAINTENANCE BY CONTRACT	0	0	5,492	5,492	115	-5,607	0
923	FACILITIES SUST, REST, & MOD BY CONTRACT	0	0	6,304	6,304	132	-17	6,419
925	EQUIPMENT PURCHASES (NON-FUND)	14,286	429	-14,715	0	0	0	0
930	OTHER DEPOT MAINTENANCE (NON-FUND)	9,856	296	1,128	11,280	237	-317	11,200
932	MGT PROF SUPPORT SVCS	8,688	261	-2,759	6,190	130	-7	6,313
933	STUDIES, ANALYSIS & EVAL	0	0	2,249	2,249	47	-2	2,294
934	ENGINEERING & TECH SVCS	62,045	1,861	9,104	73,010	1,533	-124	74,419

DLA

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

		FY 2021 Program	Change from FY 2021 to FY 2022		FY 2022 Program	Change from FY 2022 to FY 2023		FY 2023 Program
			Price Growth	Program Growth		Price Growth	Program Growth	
960	OTHER COSTS (INTEREST AND DIVIDENDS)	4	0	-1	3	0		3
985	RESEARCH & DEVELOPMENT, CONTRACTS	2,358	0	-2,358	0	0	0	0
987	OTHER INTRA-GOVT PURCH	228,751	6,863	-69,922	165,692	3,480	84,751	253,923
988	GRANTS	46,604	1,398	1,465	49,467	1,039	-50,506	0
989	OTHER SERVICES	6,422	193	9,621	16,236	341	-1,054	15,523
0999	**TOTAL OTHER PURCHASES**	379,018	11,301	-51,026	339,293	7,124	27,114	373,531
9999	**GRAND TOTAL**	412,657	11,898	2,709	427,264	8,869	-7,073	429,060

In FY 2023, we discovered a disconnect between object class lines in the OP-32 exhibit, where several programs budgeted in line 679 for "Cost Reimbursable Purchase" in FY 2022 and back; however, executed out of line 987 for "Other Intra-Gov't Purchases". To correct this, we realigned $32.1 million out of line 679 into line 987 in FY 2023.

DLA