

**DEFENSE COMMISSARY AGENCY
(DECA)**

**FISCAL YEAR (FY) 2023
BUDGET ESTIMATES**

OPERATING AND CAPITAL BUDGET



April 2022

DEFENSE COMMISSARY AGENCY (DeCA)

**Fiscal Year (FY) 2023 Budget Estimates
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OPERATING AND CAPITAL BUDGET

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**DEFENSE COMMISSARY AGENCY
DeCA WORKING CAPITAL FUND
FY 2023 EXECUTIVE SUMMARY**

OVERVIEW

The Defense Commissary Agency’s (DeCA) mission is to deliver a vital component of the military benefit system that provides grocery items at significant savings while enhancing quality of life and readiness. It is DeCA’s vision to be THE grocery provider of choice for our eligible patrons – delivering a vital benefit exclusively for our military community and their families. DeCA’s values are captured in the acronym “PASSION” (**P**ursue excellence, **A**ccountable to our patrons, **S**ense of commitment and urgency, relevant and high **S**tandards, **I**nspire trust and confidence, **O**wnership of our performance and behavior, and we are **N**ecessary to support our patrons) which represent our guiding principles and intent to inspire ownership of performance and behavior, aid us in making the right decisions and define our culture. The commissary benefit encompasses:

- Providing a safe, secure shopping environment stateside and overseas
- Providing brand name and private label groceries and household products at a significant savings
- Enhancing readiness by providing safe, reliable, and affordable access to quality food for troops and their families around the world
- Providing a “sense of community” for military personnel and their families

DeCA has the responsibility to ensure that the commissary benefit is available to all eligible patrons so that they may take advantage of the significant savings offered. It is our intent to meet and or exceed our patrons’ evolving expectations while operating as efficient as possible while we deliver this vital benefit in a way that optimizes the funding that is received.

I. OPERATING AND CAPITAL BUDGETS

DeCA’s budget includes three activities: Commissary Resale Stocks, Commissary Operations, and Surcharge Collections Trust Fund. Resale Stocks and Commissary Operations are managed in the DeCA working capital fund (WCF) (97X4930.004) while the Surcharge Collections account is managed through a separate trust revolving fund (97X8164).

The **Resale Stocks** business activity collects revenues from product sales in our commissary stores. Contract Authority provides the budget authority to replenish Resale Stocks and is based on annual sales projections in the most recent President’s Budget.

The **Commissary Operations** business activity finances the operating costs of commissaries, headquarters operations, and field operating activities. The primary revenue source for this activity group is a direct appropriation. For FY 2023, DeCA’s direct appropriation is \$1,211.2 million. Specific costs include civilian and military labor, labor contracts, transportation of commissary goods overseas, and other general and administrative support. Commissary Operations also receives limited additional revenues from manufacturers’ coupon redemption fees, handling fees for tobacco products, and reimbursements for other

support. These collections generate Reimbursable Authority within the business activity. In addition, Commissary Operations also receives revenue generated from business like activities that involve variable pricing of grocery items and private label goods.

DeCA's **Surcharge Collections Trust Fund** is primarily financed by the five percent surcharge applied to patron sales. The fund also derives revenue from prompt payment discounts to vendor, sale of recycled cardboard and plastic, and a return on the sale of used surcharge-purchased equipment when replaced in the stores. The surcharge revenue pays for sustainment, modernization and replacement of store-level construction, maintenance/repair, and equipment (including store level IT equipment).

II. WORKLOAD ASSUMPTIONS

The annual sales forecast for FY 2023 is \$4,429.8 million. Sales are the foremost driving factor in determining DeCA's workload. We establish our sales projections based on factors such as the number of authorized patrons, the number and location of commissaries, distribution systems, operating hours and days and other factors that impact similar retail operations.

a. **Patrons:** The DeCA patron base includes approximately 8.3 million households and nearly 70 million customer transactions annually. Authorized commissary patrons include active duty military members, Guard and Reserve component members, retired personnel and their families, 100 percent disabled veterans, Medal of Honor recipients, specified other military services organizations and activities, DeCA employees and DoD civilians stationed on installations in overseas areas. In addition, as of January 2020, DeCA's patron base expanded to include veterans with all levels of service-connected disabilities, Purple Heart recipients, former Prisoners of War and veteran caregivers registered in the official VA caregiver program.

b. **Organization:** The DeCA will begin FY 2023 with 236 commissaries, five Commissary and Exchange operations located overseas (NexMarts), eight distribution centers, and a meat processing plant located Overseas.

c. **Location:** DeCA's headquarters is located at Fort Lee, VA and operates a worldwide commissary system throughout the United States and in 13 countries.

d. **Hours of Operations:** Sales, patron demographics, and local installation needs, (which include consideration of families' needs during extended deployments) determine commissary operating hours and days of operation.

e. **Workforce:** In FY 2023, DeCA projects a full-time equivalent (FTE) level of 12,612. The DeCA uses a mix of full-time and part-time employees to provide scheduling flexibility required by commissaries. Military personnel strength level for FY 2023 is four.

Full-time Equivalent (FTEs)	FY22	FY23
Civilian FTEs	12,612	12,612
Direct Hire - US	10,941	10,941
Direct Hire - FN	547	547
Indirect Hire - FN	1,124	1,124
Military FTEs	4	4

f. **Sales:** Sales projections reflect historical and demographic data, sales days, tobacco sales, new store openings, and, outreach programs for onsite visits to Guard and Reserve locations, and the economics of the Commissary customer base.

III. HIGHLIGHTS

The DeCA embodies a culture of efficiency, strength, relevancy and resiliency. It is a priority to continually seek to be good stewards of the taxpayer dollar while providing an exclusive benefit to the most deserving group of patrons. In FY 2023, DeCA aims to reaffirm our commitment to superior customer service, providing items that our patrons want and need, and delivering on the mandated 23.7% savings. To achieve success, DeCA’s clear and intentional vision is fully support by lines of efforts (LOE) that identify specific actions needed. These LOEs will create positive change, offer more opportunities for our eligible patrons, improve our patron’s shopping experience and strengthen the delivery of the benefit. This game plan is anchored in several key elements:

1. Savings to our deserving patrons
2. Full grocery shelves
3. Increased availability of the benefit
4. Premier customer service
5. Increased revenue generation
6. Clean, modern stores
7. Engaged workforce

Remaining laser focused on our game plan along with other efforts to seek efficiencies will provide the foundation for a success and propel DeCA forward as THE grocery provider of choice to our soldiers, their families and other authorized shoppers.

“Your Commissary, it is worth the trip!”

**FY 2023 President's Budget
DEFENSE COMMISSARY AGENCY
WORKING CAPITAL FUND
COMMISSARY OPERATIONS**

FUNCTIONAL DESCRIPTION

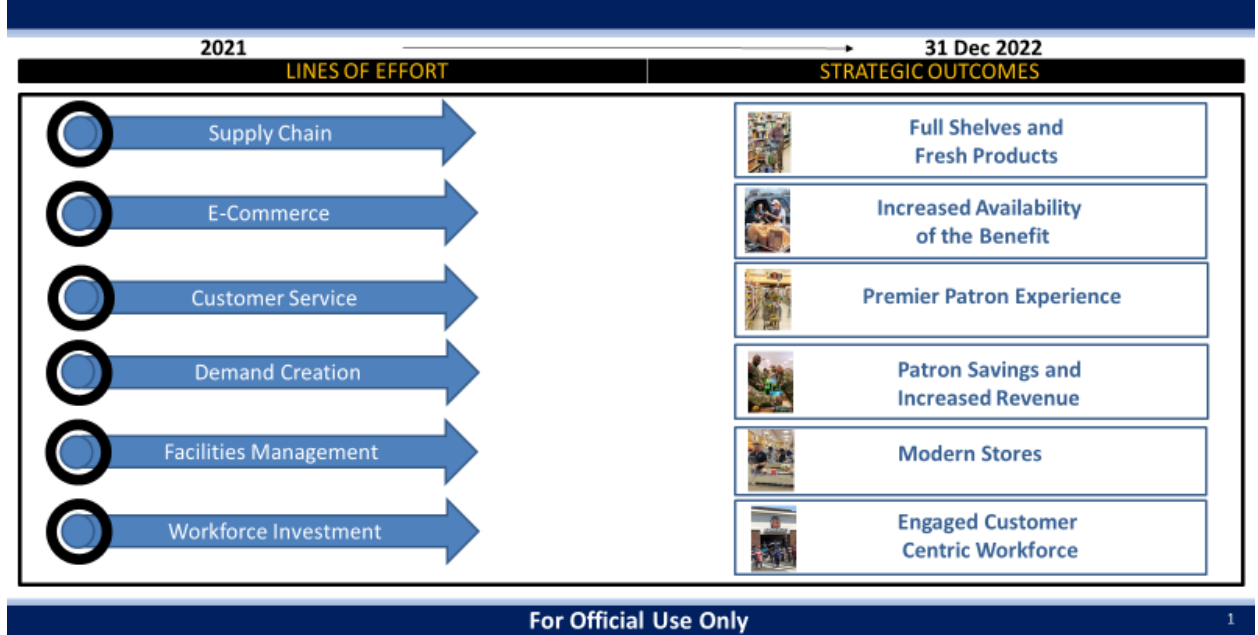
The DeCA Working Capital Fund (WCF) Commissary Operations activity provides appropriated resources for personnel costs, headquarters and administrative costs and other operating support costs associated with the 236 commissaries, along with eight distribution centers and a meat processing plant located overseas. In addition, DeCA supports five joint Commissary and Exchange operations (NEXMARTS) located overseas. Commissary Store Operations is divided into five area groups with a dedicated area director who assists commissary stores to respond quickly to patron needs and installation command requirements. Overall DeCA oversight is provided by representatives from each of the Military Services who serve on the DeCA Board of Directors. The Board conducts meetings two times a year to review and approve performance and financial information, the status of construction projects, and proposed changes to operations.

The primary cost categories for the DeCA WCF are labor, both continental U.S. and foreign national civilian personnel, commercial service contracts, second destination transportation for inventory products shipped overseas, utilities, and miscellaneous store supplies. The DeCA also pays DoD service providers such as the Defense Finance and Accounting Service (DFAS), the Defense Information Systems Agency (DISA), the U.S. Transportation Command (USTRANSCOM), and base operations support at installations worldwide where commissary stores are located.

A direct appropriation of \$1,211.2 million in FY 2023 provides DeCA's commissary operations funds. The appropriation supports providing patrons access to fully-stocked shelves of high-quality products in a clean and safe facility that offers exceptional customer service each and every day. In addition to the appropriation, other revenue of approximately \$168.0 million is generated through sources such as fees paid by the grocery industry for redemption of manufacturers' coupons, cost recovery fees for selling tobacco in commissaries, reimbursement for vendor stocking, along with margin from private label goods and variable pricing. Provisions of the Status of Forces agreements with Korea and Japan provide labor and utility burden sharing costs in the operation of commissary stores in those countries.

STRATEGIC DIRECTION:

DeCA's current vision clearly identifies the intended strategic direction for the Agency to ensure that we deliver one of the most valued benefits to our most deserving patrons. The path forward is "to be THE grocery provider of choice for our eligible patrons" which is fully supported by intentional actions defined as lines of effort (LOE). While not all inclusive, there are six primarily LOEs that will result in improving how we deliver the benefit. See the table below for a description of each LOE and its outcome.



CASH MANAGEMENT:

Upper and Lower Operating Ranges: The upper and lower operating ranges on the Fund-13b are reflective of the highest and lowest cash balance points on the Fund-13a. The balances reflected on the Fund 13 are based on historical rates of disbursement in comparison to funding levels.

Rate of Disbursement: The rate of disbursement was calculated using the average amount disbursed between collection cycles. It is calculated by dividing the total amount of disbursements planned for the year by the number of collection cycles planned for the year.

Range of Operation: The range of operation is the delta between the upper and lower estimates of the operating range based on budget assumptions and past experience. We have reviewed historical trends, changes in operation, and the AOR to estimate future cash flows and balances.

Risk Mitigation: Is the amount we have determined that is required to mitigate any upward adjustments for known requirements, contingencies, contract adjustments, and operational changes.

Reserves: Reserves requirements include funding for the liquidation of unexpended appropriations, the liquidations of unpaid obligations, and planned capital investments.

Total Disbursements: Disbursement figures on the Fund-13a are actuals up to the point that actuals are known. Where actuals are not yet known, an estimate is entered based on historical disbursement data based on our level of funding.

FY21 Baseline:

-The data displayed on the Fund-13 are actuals and in accordance with the figures shown on the September 2021 SF133.

Changes from FY21 to FY22:

-Total disbursements changed based on historical disbursement data based on our level of funding.

-The Upper and Lower Operating Range is based on historical rates of disbursement in comparison to funding levels and transfers in from Resale.

Changes from FY22 to FY23:

-Total disbursements changed based on historical disbursement data based on our level of funding.

-The Upper and Lower Operating Range is based on historical rates of disbursement in comparison to funding levels and transfers in from Resale.

BUDGET HIGHLIGHTS:

DeCA’s appropriation is funded by Services via a devolvement rate (based on usage) and is transferred to DeCA in the year of execution. The devolvement rate is assessed quarterly and adjustments made in time for the appropriate budget cycles. Below table provides the applicable Service transfer based on the published devolvement rate to date:

Service Reimbursement (\$ Millions)	FY2022	FY2023
Transferred		
Total Appropriation	1,162.1	1,211.2
Previous Transfers		
Services Transfer (Appropriation request)		1,175.3
Army (37.5%)		440.1
Air Force (34.2%)		401.4
Navy (20.7%)		243.8
Marines (7.7%)		90.0

Summary Overview	<u>FY21</u> <u>(\$K)</u>	<u>FY22</u> <u>(\$K)</u>	<u>FY23</u> <u>(\$K)</u>
Revenue	1,277,462.2	1,303,288.5	1,379,206.1
Cost	1,315,277.0	1,360,206.3	1,483,391.0
NOR	(37,814.8)	(57,012.2)	(104,184.8)
AOR	161,197.0	104,184.8	-
Cash Collections	4,346.0	22,503.0	39,100.0
Appropriations	1,146,660.0	1,162,071.0	1,211,208.0
Disbursements	1,288,458.0	1,344,522.0	1,386,185.0
Transfers	108,500.0	118,715.0	128,900.0
Net Outlays	28,952.0	41,233.0	6,977.0
Ending Cash	368,612.0	327,379.0	320,402.0
Civilian FTEs	12,659.0	12,612.0	12,612.0
Military End Strength	4.0	4.0	4.0
Average Military Strength	4.0	4.0	4.0
Capital Program Authority	3,245.0	3,110.0	13,145.6
Estimated Annual Capital Cash Outlays	8,063.0	7,834.0	6,447.0

FY 2023 President's Budget
Defense Commissary Agency
Commissary Operations
Changes in the Costs of Operation
(\$ in Millions)

	<u>Costs</u>
1. FY 2021 Actual	1,315.3
2. FY 2022 in President's Budget Submission	1,360.2
3. Pricing Adjustments	0.0
4. Program Changes	0.0
5. Productivity Initiatives and Other Efficiencies	0.0
6. Other Changes	0.0
7. FY 2022 Current Estimate:	1,360.2
8. Pricing Adjustments:	
General Purchase Inflation	17.9
Pay Inflation	38.9
9. Program Changes:	
Transformation Initiatives	59.1
PCS Adjustment	2.0
Minimum Wage Salary Increase	2.1
Minimum Wage Contracts Increase	3.2
10. Productivity Initiatives and Other Efficiencies	0.0
11. Other Changes	0.0
12. FY 2023 Estimate:	1,483.4

FY 2023 President's Budget
Defense Commissary Agency
Commissary Operations Capital Investment Summary
(\$ in Millions)

Line Number	Item Description	FY 2021		FY 2022		FY 2023	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	PY requires Line Item detail for all categories						
	Non-ADPE Equipment						
	- Vehicles						
	- Material Handling						
	- Installation Security						
	- Quality Control Security						
	- Medical Equipment						
	- Machinery						
2000	ADPE & Telecomm Equipment						
	- Computer Hardware (Production)						
2003	Corp Server III	1	2.984	1	2.500	1	2.500
2005	Enterprise Business Solution	1	0.000	1	0.110	1	0.464
2008	Enterprise Data Warehouse (EDW)					1	6.172
2010	Network Infrastructure	1	0.261			1	1.200
	- Computer Hardware (Network)						
	- Computer Software (Operating System)						
2003	Corp Server III			1	0.500	1	0.500
2005	Enterprise Business Solution	1	0.000				
2008	Enterprise Data Warehouse (EDW)					1	2.310
	Software Development >250K						
	- Internally Developed						
	- Externally Developed						
	Minor Construction						
	- Replacement						
	- Environmental						
	TOTAL OBLIGATIONS *	4	3.245	3	3.110	6	13.1456
	Total Capital Outlays		8.063		7.834		6.447
	Total Depreciation Expense		3.445		12.037		6.217
	* Differences are due to rounding						

Defense Commissary Agency CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FY 2023 President's Budget					
C. Line No & Item Description 2003. CORP Servers				D. Activity ID Defense Commissary Agency (DeCA)					
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE & Telecom Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Replacement) Project Name >=\$1M CORP Servers	1	2,984.1	2,984.1	1	2,500.0	2,500.0	1	2,500.0	2,500.0
Computer Software (Operating System) Project Name >=\$1M CORP Servers				1	500.0	500.0	1	500.0	500.0
Telecoms, Other Computer & Telecom Equip									
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p><u>Narrative Justification:</u> DeCA currently uses multiple HP-Unix servers and Dell server to run DeCA's critical financial and business applications, database and agency COOP operations. FY 2016 Capital funding was used to replace unsupported, EOL HP-Unix Itanium II) and end of life Dell servers. In FY 2018 and FY 2019 Capital funding will be used to replace EOL server hardware and adding to the agency storage capacity in support of the agency's growing VM and system space requirements. In FY 2020-2021 Capital funding will be used to continue replacement of EOL server hardware and adding to the agency storage capacity in support of the agency's growing VM and system space requirements. In FY22, Capital funding will be used to continue the Infrastructure Refresh for Data Center West at an estimated 2.5M. In FY23, no Capital funding is projected to be used due to the start of the DeCA Data Center closures initiative.</p> <p><u>Economic Analysis Summary:</u> Prior DeCA initiatives focused on replacing individual systems and/or addressing specific functional requirements, resulting in point based technical solution. CORP is bringing transformational changes through standardization, simplification, elimination of functional and systematic stovepipes, and enabling end-to-end business processes with the implementation of a redundant VM environment. This will significantly improve DeCA operations.</p> <p><u>Impact of Proposed Capital Investment Disapproval:</u> DeCA's Corp Servers are at End of Life (EOL) and continued usage places the agency at risk of failing their mission to provide the Commissary benefit to Armed Services patrons. DoD Information Assurance standards and policy cannot be supported with EOL hardware. Replacement of Corp Servers with new Virtual Machines is aligned with Federal Data Center Consolidation Initiative (FDCCI) to reduce energy costs and increase DeCA's security posture on the DoD Global Information Grid (GIG). DeCA will continue to incur increased maintenance and sustainment costs for outdated hardware; not reduce system integration complexities and redundancies; not compliant with business enterprise architecture standards; and will not support business process reengineering efforts. DOD and Agency requirements such as Time and Attendance (TAS), Warehouse Management (WMS), Guard and Reserve Sales, etc. will be shut down.</p>									

Defense Commissary Agency CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FY 2023 President's Budget					
C. Line No & Item Description 2005. Enterprise Business Solution System (EBS)				D. Activity ID Defense Commissary Agency (DeCA)					
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE & Telecom Capability									
Replacement									
Productivity									
New Mission									
Environmental									
ADPE and Telecommunications Capability									
Computer Hardware (Production)	1	0.0	0.0	1	110.0	110.0	1	464.0	464.0
Project Name >=\$1M EBS									
Computer Software (Operating System)	1	0.0	0.0						
Project Name >=\$1M EBS									
Telecoms, Other Computer & Telecom Equip									
Software (Named Line Items > \$1M)									
Computer Software (Operating System)									
Project Name >=\$1M EBS									
Minor Construction Capability									
Replacement									
Productivity									
New Mission									
Environmental									
<p><u>Narrative Justification:</u> The Enterprise Business Solution (EBS) modernizes and transforms DeCA financial and supply chain management capabilities of DeCA. Through BPR activities, DeCA determined that current business processes and systems are neither integrated nor interoperable. Information systems contain redundant and inconsistent data and lack adequate business analytics and reporting capabilities across the enterprise. Furthermore, the technology that supports the core business systems is old and inflexible, with resources to maintain it becoming scarce. EBS addresses resale supply chain management: all E2E processes associated with the cataloging, ordering, receiving and inventory management of resale items and consumable supplies including space management, promotions, electronic and mobile commerce. It also addresses non-resale asset management that includes the purchase, management, accountability, maintenance, retirement and disposal of non-resale property. Constraints include the contractual structure of agreements with resale item vendors; compliance with laws, regulations and policies; legacy system limitations; lack of documentation.</p> <p><u>Economic Analysis Summary:</u> Rigid and inefficient processes lead to heavy reliance on manual processing which leads to inefficient resource utilization, repetitive data entry, information repository silos, rework due to errors, and manual, intensive error-prevention efforts. Aging business critical systems have serious shortcomings. DeCA faces daily challenges in managing data, information, analytics and reporting.</p> <p><u>Impact of Proposed Capital Investment Disapproval:</u> DeCA will continue to incur increased maintenance and sustainment costs for outdated legacy software; fail to reduce system integration complexities and redundancies; delay system interoperability through data standardization and business enterprise architecture standards; fall short in supporting business process reengineering efforts; would fail to meet public law, and e-government statutes. EBS will result in elimination of stove-pipe applications and redundant systems, improved business performance management, improved data accuracy and integrity, improved information access and visibility across the enterprise and improved analytics to better support decision making.</p>									

Defense Commissary Agency CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FY 2023 President's Budget					
C. Line No & Item Description 2008. Enterprise Data Warehouse (EDW)				D. Activity ID Defense Commissary Agency (DeCA)					
FY 2021				FY 2022			FY 2023		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE & Telecom Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Project Name >=\$1M NI							1	6,171.6	6,171.6
Computer Software (Operating System) Project Name >=\$1M NI Telecoms, Other Computer & Telecom Equip							1	2,310.0	2,310.0
Software (Named Line Items > \$1M) Computer Software (Operating System) Project Name >=\$1M NI									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: The Enterprise Data Warehouse (EDW) is a corporate data repository, providing a single, unified view of product, sales and human resources data across DeCA allowing end users to make informed business decisions. EDW obtains data from DeCA human resources and business systems and then transforms the data into an appropriate format using business rules defined by functional experts. The transformed data provides quick access to required raw data, summary data and reports. As required, data is conveyed to DeCA s industry partners and other Department of Defense (DoD). In FY23 \$8.48M is scheduled to refresh the HW/SW required to provide improved performance, increased data availability and increased threshold of data storage.</p> <p>Economic Analysis Summary: The refresh recommendation was based on a comparison of previous hardware maintenance and operating costs versus a technology refresh with maintenance. DeCA required EDW hardware, software and support services be upgraded from an obsolete and aging production, test, and development environment that was cost prohibitive to support. The refresh facilitates DeCA s objectives for business continuance, legacy migration, and net-centric data storage while providing additional capacity for testing and production. Impact of Proposed Capital Investment Disapproval:</p> <p>Impact of Proposed Capital Investment Disapproval: The Agency's business operations and commissary patron information would be placed in jeopardy of potential unlawful compromise. Disapproval of this technology refresh would result in an increased risk to operations and maintenance of critical DeCA systems. DeCA's ability to continue to perform mission critical functions such as pricing, bill paying, inventory management and electronic commerce could be imperiled.</p>									

Defense Commissary Agency CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FY 2023 President's Budget					
C. Line No & Item Description 2010. Network Infrastructure (NI)				D. Activity ID Defense Commissary Agency (DeCA)					
FY 2021				FY 2022			FY 2023		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE & Telecom Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Project Name >=\$1M NI	1	261.2	261.2				1	1,200.0	1,200.0
Computer Software (Operating System) Project Name >=\$1M NI									
Telecoms, Other Computer & Telecom Equip									
Software (Named Line Items > \$1M) Computer Software (Operating System) Project Name >=\$1M NI									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: DeCA maintains a Network Security Operations Center as well as a Cybersecurity Service Provider (CSSP) accreditation through USCYBERCOM to ensure worldwide network monitoring, protection, and reaction to known malicious threats and vulnerabilities that could negatively impact the Agency's business operations and the DOD Information Network (DODIN). The purchase of additional Test Access Point (TAP) hardware in FY21, FY23, and FY25 will correct forecasted processing capacity limitations for existing Intrusion Detection Sensors/Intrusion Prevention (IDS/IPS) Sensors. These capabilities will enable the Agency to properly protect its business operations and ensure a safe and secure transaction medium for commissary patrons. The purchase of Cybersecurity Monitoring and Sensor (CMS) hardware and software in FY25 to refresh DeCA's network monitoring equipment will enable the collection, storage and analysis of DeCA's network traffic in real time as well as improve investigation of internal and external cyber events.</p> <p>Economic Analysis Summary: As an entity of the Department of Defense and a accredited CSSP, DeCA is mandated to maintained required network security and monitoring capabilities on a 24/7/365 basis. Failure to do so would result in DoD non-compliance and removal of the Agency's authority to operate (ATO) as a CSSP.</p> <p>Impact of Proposed Capital Investment Disapproval: The Agency's business operations and commissary patron information would be placed in jeopardy of potential unlawful compromise.</p>									

FY 2023 President's Budget
 Defense Commissary Agency
 Capital Budget Execution
 (\$ in Millions)

Major Category	<u>Initial Request</u>	<u>Current Proj Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
Non-ADPE	0.0	0.0	0.0	
ADPE and Telecom	4.7	3.2	0.0	
Software Development	0.0	0.0	0.0	
Minor Construction	0.0	0.0	0.0	
Total FY 2021	4.7	3.2	0.0	

Major Category	<u>Initial Request</u>	<u>Current Proj Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
Non-ADPE	0.0	0.0	0.0	
ADPE and Telecom	3.1	3.1	0.0	
Software Development	0.0	0.0	0.0	
Minor Construction	0.0	0.0	0.0	
Total FY 2022	3.1	3.1	0.0	

Major Category	<u>Initial Request</u>	<u>Current Proj Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
Non-ADPE	0.0	0.0	0.0	
ADPE and Telecom	13.1	0.0	0.0	
Software Development	0.0	0.0	0.0	
Minor Construction	0.0	0.0	0.0	
Total FY 2023	13.1	0.0	0.0	

FY 2023 President's Budget
 Defense Commissary Agency
 Commissary Operations
 Source of New Orders and Revenue
 (\$ in Thousands)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
1. New Orders			
a. Orders from DoD Components:			
Army Operations and Maintenance			
Air Force Operations and Maintenance			
Navy Operations and Maintenance			
Marine Corps Operations and Maintenance			
OSD Burdensharing Contribution, Defense	11,779.7	9,060.8	9,151.4
DoD Civilian Expeditionary Workforce Program	0.0	180.8	180.8
DAU Acquisition Services	0.0	47.0	45.0
b. Orders from other Fund Activity Group	4.5	762.0	775.0
c. Total DoD	11,784.2	10,050.6	10,152.2
d. Other Orders:			
Other Federal Agencies	5,555.1	3,976.5	3,029.7
Non Federal Agencies	113,462.9	127,190.4	154,816.2
Total New Orders	130,802.2	141,217.5	167,998.1
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	130,802.2	141,217.5	167,998.1

FY 2023 President's Budget
Revenue and Expenses
Defense Commissary Agency
Commissary Operations
(Dollars in Thousands)

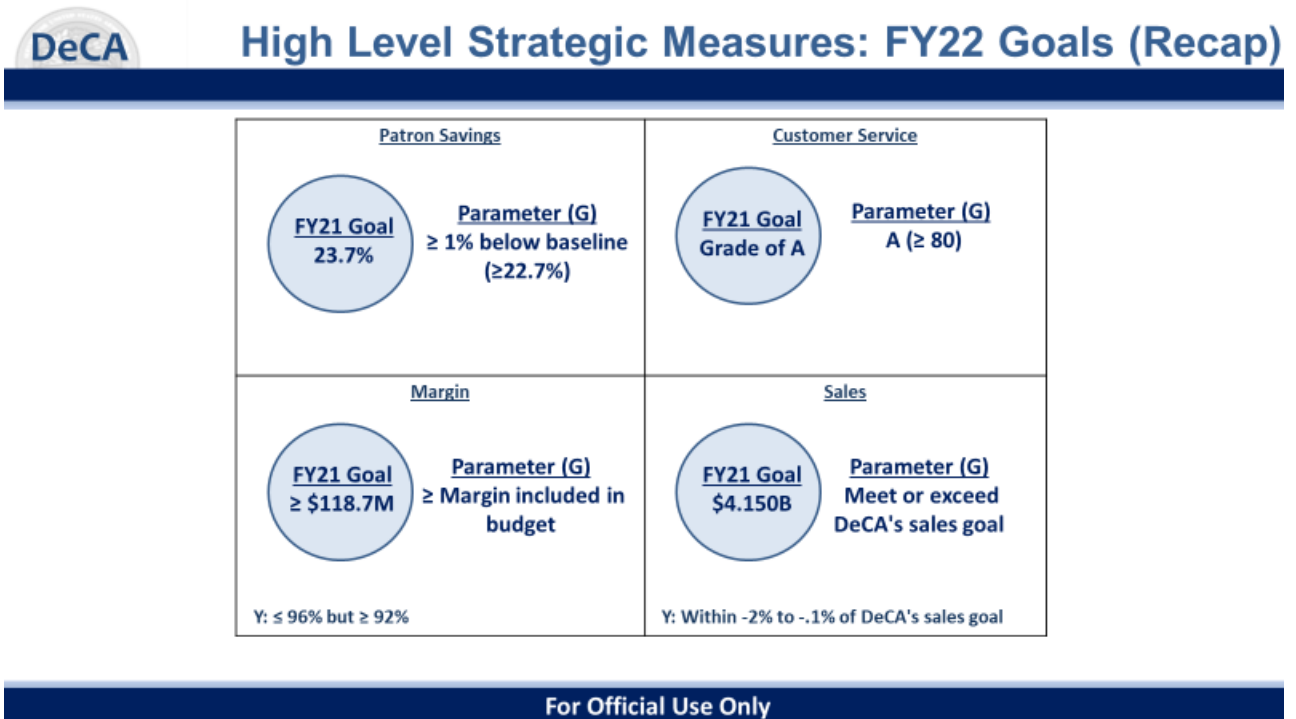
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Revenue:			
Operations			
Services Reimbursement	1,144,660.0	1,157,290.0	1,175,326.0
Army			440,159.6
Air Force			401,373.8
Navy			243,762.6
United States Marine Corps			90,030.0
Other Appropriation	2,000.0	4,781.0	35,882.0
Other Income	130,802.2	141,217.5	167,998.1
Total Income:	1,277,462.2	1,303,288.5	1,379,206.1
Expenses:			
Salaries and Wages:			
Military Personnel Compensation & Benefits	422.0	534.0	545.2
Civilian Personnel Compensation & Benefits	821,521.0	782,389.3	814,523.6
Travel & Transportation of Personnel	3,257.0	5,834.6	11,915.7
Materials & Supplies (for Internal Operations)	38,844.0	45,503.6	51,550.8
Other Purchases from Revolving Funds	37,361.0	42,202.9	41,668.8
Transportation of Things	93,906.0	92,717.2	94,506.0
Depreciation - Capital	3,666.0	12,037.0	6,216.6
Printing & Reproduction	233.0	285.0	291.0
Advisory & Assistance Services	0.0	0.0	0.0
Rent, Communication & Misc. Charges	112,512.0	131,203.2	139,492.0
Other Purchased Services	203,555.0	247,499.5	322,681.1
Total Expenses	1,315,277.0	1,360,206.3	1,483,391.0
Operating Result	(37,814.8)	(56,917.8)	(104,184.8)
Plus Other Revenues Affecting NOR/AOR	0.0	(94.4)	0.0
Net Operating Result	(37,814.8)	(57,012.2)	(104,184.8)
Accumulated Operating Result	161,197.0	104,184.8	0.0

**FY 2023 President’s Budget
 Defense Commissary Agency
 DECA Working Capital Fund
 Commissary Resale Stocks**

The Commissary Resale Stocks account directly supports the Defense Commissary Agency’s (DeCA) primary mission of providing food and household products for the military community worldwide.

DeCA provides significant savings over commercial grocery stores. Historically, DeCA measured savings across the enterprise by comparing prices for the entire country. To account for variances in cost of living, DeCA now measures savings regionally. DeCA facilities offer up to 25,000 product line items depending on store size and the number of locally procured items. Items available span an array of perishable and non-perishable foods and household goods. The Resale Stocks account funds the purchase of that inventory.

The commissary benefit fosters a sense of community within military installations and has become a core family support and quality-of-life benefit for active duty soldiers, Guard and Reserve, retirees, and their families. It is important for DeCA to be able to measure itself to ensure we remain consistent with the delivery of the commissary benefit. DeCA’s performance measures are focused on strategic outcomes and represent four primary areas that demonstrate accountable performance of the Agency. The Performance measures are reported quarterly to ensure progress is achieved as planned. The four primary areas are:



1. Patron Savings - Mandated by the FY 2016 NDAA, a new methodology was developed to provide a more detailed view into the patron savings level. The updated

measurement builds on DeCA's prior approach by incorporating a representative market basket of goods compared to local competitors. DeCA is required to maintain the established 2016 global baseline savings level of 23.7%.

2. Customer Service - DeCA's overall customer satisfaction is measured in a realtime format with the Customer Experience Purchaser Survey. This survey provides realtime customer service feedback through the use of the ForeSee survey platform and scoring methodology. The ForeSee framework modeling analysis uses a structural equation algorithm to evaluate customers' post-experience thought processes to examine how well the experience fulfilled the user's needs or desires; met the user's expectations; and compared to a hypothetical ideal experience for the user. This modeling analysis is used to derive an overall customer satisfaction score (CSAT).

3. Margin - Revenue estimates were included in DeCA's budget based on margin generation as a result of business reforms per FY 2016 and FY 2017 NDAs. Amounts displayed represent amounts included in the budget to offset appropriation.

4. Sales – To achieve and maintain positive sales trends, Marketing and Sales activities include: expanding CSB private label; Your Everyday Savings (YES) program; health and wellness focus; improved item availability; expansion of prepared meals, expansion of E-commerce options, collaboration and joint efforts with Exchanges, and increased marketing of the benefit through all social media channels to enable increased transactions. Outcome is to deliver a premier customer experience in every store by providing a relevant and vital benefit demonstrated through positive trends.

CASH MANAGEMENT:

Upper and Lower Operating Ranges: The upper and lower operating ranges on the Fund-13b are reflective of the buying pattern used by the agency to ensure the correct product is on the shelf at the right time.

Rate of Disbursement: The rate of disbursement was calculated using the average amount disbursed between collection cycles. It is calculated by dividing the total amount of disbursements planned for the year by the number of collection cycles planned for the year.

Range of Operation: The range of operation is the delta between the upper and lower estimates of the operating range. In FY22 and FY23, assumptions impacting the range of operation include seasonal peak buying and transfer of margin gains to Commissary Operations.

Risk Mitigation: Is the amount we have determined that is required to mitigate any upward adjustments on the cost of goods, contingencies, contract adjustments, and operational changes.

Reserves: We have determined that our reserves equate to the balance of our Accounts Payable and the minimal acceptable level to continue Resale operations.

Total Disbursements: Disbursement figures on the Fund-13a are actuals up to the point that actuals are known. Where actuals are not yet known, an estimate is entered based on historical disbursement data based on our sales.

FY21 Baseline:

-The data displayed on the Fund-13 are actuals and in accordance with the figures shown on the September 2021 SF133.

Changes from FY21 to FY22:

- Total disbursements changed based on historical disbursement data based on our estimated sales collections.
- The Upper and Lower Operating Range have changed based on updated anticipated disbursements, collections, and transfers out to Commissary Operations.

Changes from FY22 to FY23:

- Total disbursements changed based on historical disbursement data based on our estimated sales collections.
- The Upper and Lower Operating Range have changed based on updated anticipated disbursements, collections, and transfers out to Commissary Operations.

WORKLOAD INDICATORS:

DeCA’s demonstrated industry-leading efficiency and the continued standardization of store-level practices and procedures has improved store operations. Standardization practices have aided with improved inventory control levels.

<u>Workload Indicators</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Number of Commissaries (BOY)	236	236	236
Resale Stocks Sales (\$ Millions)	4,080.2	4,510.2	4,429.8
Ending Inventory On Hand (\$ Millions)	332.7	342.4	357.7

The Commissary Resale Stocks account provides a well-rounded inventory of products, one of the highest-valued, top-rated military non-pay benefits. DeCA continues to provide necessary and essential services for the military family with a touch of home in locations throughout the world where patrons have little or no alternative for obtaining U.S. grown and manufactured grocery and household supplies.

Summary Overview	<u>FY21</u> <u>(\$K)</u>	<u>FY22</u> <u>(\$K)</u>	<u>FY23</u> <u>(\$K)</u>
Revenue	4,080,119.0	4,516,247.0	4,435,774.0
Cost of Goods Sold	3,841,773.0	4,516,247.0	4,650,459.0
NOR	238,436.0	0.0	(214,685.0)
AOR	462,328.0	343,613.0	-
Cash Collections	4,104,332.0	4,516,247.0	4,435,774.0
Appropriations	-	-	-
Disbursements	3,995,458.0	4,427,958.0	4,293,552.0
Transfers	(108,500.0)	(118,715.0)	(128,900.0)
Net Outlays	(284.5)	30,426.0	(13,322.0)
Ending Cash	137,294.0	106,869.0	120,191.0

FY 2023 President's Budget
 Defense Commissary Agency
 Commissary Resale Stocks
 Revenue and Expense
 (\$ in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Revenue:			
Gross Sales	4,080.2	4,510.2	4,429.8
Operations	4,080.2	4,510.2	4,429.8
Capital Surcharge			
Depreciation excluding Major Construction			
Other Income			
Refunds/Discounts	(0.1)	6.0	6.0
Total Income:	4,080.1	4,516.2	4,435.8
Expenses:			
Cost of Material Sold from Inventory	3,841.8	4,516.2	4,650.5
Salaries and Wages:			
Military Personnel Compensation & Benefits			
Civilian Personnel Compensation & Benefits			
Travel & Transportation of Personnel			
Materials & Supplies (for Internal Operations)			
Equipment			
Transportation of Things			
Depreciation			
Printing & Reproduction			
Advisory & Assistance Services			
Rent, Communication, Utilities, & Misc. Charges			
Other Purchased Services			
Total Expenses	3,841.8	4,516.2	4,650.5
Operating Result	238.3	0.0	-214.7
Less Cash Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-108.0	-118.7	-128.9
Net Operating Result	130.3	-118.7	-343.6
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	462.3	343.6	0.0

FY 2023 President's Budget
 Defense Commissary Agency
 Commissary Resale Stocks
 Inventory Status

FY 2021		DIVISION		April 2022	
		Commissary Resale Stocks			
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT					
INVENTORY STATUS		TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1.	INVENTORY BOP	315.2		315.2	
2.	BOP INVENTORY ADJUSTMENTS				
	a. RECLASSIFICATION CHANGE (Memo)				
	b. PRICE CHANGE AMOUNT (Memo)				
	c. INVENTORY RECLASSIFIED AND REPRICED				
3.	RECEIPTS AT STANDARD	3,841.8		3,841.8	
4.	SALES AT STANDARD	4,080.2		4,080.2	
5.	INVENTORY ADJUSTMENTS				
	a. CAPITALIZATIONS + or (-)				
	b. RETURNS FROM CUSTOMERS FOR CREDIT +				
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
	d. RETURNS TO SUPPLIERS (-)				
	e. TRANSFERS TO PROPERTY DISPOSAL (-)				
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
	g. OTHER (LIST/EXPLAIN)	255.9		255.9	
	h. TOTAL ADJUSTMENTS				
6.	INVENTORY EOP	332.7		332.7	
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
	a. ECONOMIC RETENTION (Memo)				
	b. CONTINGENCY RETENTION (Memo)				
	c. POTENTIAL DOD REUTILIZATION (Memo)				
8.	INVENTORY ON ORDER EOP (Memo)	10.4		10.4	
9.	NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss					

FY 2023 President's Budget
 Defense Commissary Agency
 Commissary Resale Stocks
 Inventory Status

FY 2022		DIVISION		April 2022	
		Commissary Resale Stocks			
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT					
INVENTORY STATUS		TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1.	INVENTORY BOP	332.7		332.7	
2.	BOP INVENTORY ADJUSTMENTS				
	a. RECLASSIFICATION CHANGE (Memo)				
	b. PRICE CHANGE AMOUNT (Memo)				
	c. INVENTORY RECLASSIFIED AND REPRICED				
3.	RECEIPTS AT STANDARD	4,516.2		4,516.2	
4.	SALES AT STANDARD	4,510.2		4,510.2	
5.	INVENTORY ADJUSTMENTS				
	a. CAPITALIZATIONS + or (-)				
	b. RETURNS FROM CUSTOMERS FOR CREDIT +				
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
	d. RETURNS TO SUPPLIERS (-)				
	e. TRANSFERS TO PROPERTY DISPOSAL (-)				
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
	g. OTHER (LIST/EXPLAIN)	5.4		5.4	
	h. TOTAL ADJUSTMENTS				
6.	INVENTORY EOP	344.1		344.1	
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
	a. ECONOMIC RETENTION (Memo)				
	b. CONTINGENCY RETENTION (Memo)				
	c. POTENTIAL DOD REUTILIZATION (Memo)				
8.	INVENTORY ON ORDER EOP (Memo)	10.4		10.4	
9.	NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss					

FY 2023 President's Budget
 Defense Commissary Agency
 Commissary Resale Stocks
 Inventory Status

FY 2023		DIVISION		September 2021	
		Commissary Resale Stocks			
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT					
INVENTORY STATUS		TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1.	INVENTORY BOP	344.1		344.1	
2.	BOP INVENTORY ADJUSTMENTS				
	a. RECLASSIFICATION CHANGE (Memo)				
	b. PRICE CHANGE AMOUNT (Memo)				
	c. INVENTORY RECLASSIFIED AND REPRICED				
3.	RECEIPTS AT STANDARD	4,650.5		4,650.5	
4.	SALES AT STANDARD	4,429.8		4,429.8	
5.	INVENTORY ADJUSTMENTS				
	a. CAPITALIZATIONS + or (-)				
	b. RETURNS FROM CUSTOMERS FOR CREDIT +				
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
	d. RETURNS TO SUPPLIERS (-)				
	e. TRANSFERS TO PROPERTY DISPOSAL (-)				
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
	g. OTHER (LIST/EXPLAIN)	(242.7)		(242.7)	
	h. TOTAL ADJUSTMENTS				
6.	INVENTORY EOP	322.1		322.1	
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
	a. ECONOMIC RETENTION (Memo)				
	b. CONTINGENCY RETENTION (Memo)				
	c. POTENTIAL DOD REUTILIZATION (Memo)				
8.	INVENTORY ON ORDER EOP (Memo)	10.4		10.4	
9.	NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss					