

# **DEFENSE WORKING CAPITAL FUND**

## **DEFENSE-WIDE FISCAL YEAR (FY) FY 2023 BUDGET ESTIMATES**

### **OPERATING AND CAPITAL BUDGETS**



**APRIL 2022  
CONGRESSIONAL DATA**

**DEPARTMENT OF DEFENSE  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
DEFENSE-WIDE WORKING CAPITAL FUND**

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The estimated cost of this report or study for the Department of Defense is approximately \$38,000 for the 2022 Fiscal Year. This includes \$300 in expenses and \$38,000 in DoD labor.

**DEFENSE-WIDE WORKING CAPITAL FUND  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
April 2022**

**DEFENSE-WIDE SUMMARY**

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

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

Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the warfighters and those who support them. DISA is chartered to operate three business areas within the Defense-wide Working Capital Fund, including Computing Services, Telecommunications Services, and Enterprise Acquisition Services.

DFAS was formed in 1991 to standardize, consolidate, and improve accounting and financial functions throughout the Department of Defense. The mission of DFAS is to deliver financial excellence and quality pay services to its customers utilizing its core values of integrity, service, and innovation.

**DEFENSE-WIDE WORKING CAPITAL FUND CASH**

The table below displays the DWWCF cash balance at the end of FY 2021 and the estimated year end balances for FY 2022 and FY 2023. The plan projects a decrease of \$1,926.1 million in cash from the beginning of FY 2021 through the end of FY 2023 primarily because the DLA SCM activity plans to “earn” the remaining advance billing received in FY 2020 and in FY 2021 for purchasing and delivering Coronavirus Disease-19 (COVID-19) related materiel to the Department of Health and Human Services (HHS) and to the Federal Emergency Management Agency (FEMA).

Dollars in Millions	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Cash, Beginning of Period</b>	<b>\$4,369.8</b>	<b>\$3,196.6</b>	<b>\$2,538.6</b>
Disbursements	-\$52,360.9	-\$54,549.5	-\$53,788.6
Collections	\$51,137.9	\$53,766.4	\$53,685.3
<u>Net Outlays</u>	-\$1,223.0	-\$783.1	-\$103.3
<u>Appropriations (Title V)</u>	\$49.8	\$127.8	\$8.3
<u>Transfers</u>	\$0.0	-\$2.6	\$0.0
<b>Cash, End of Period</b>	<b>\$3,196.6</b>	<b>\$2,538.6</b>	<b>\$2,443.7</b>
Lower Operating Range		\$1,966.6	\$1,969.9
Upper Operating Range		\$6,067.3	\$4,318.3

Differences due to rounding.

**FY 2021 Cash:** The DWWCF Cash balance decreased \$1,173.2 million primarily due to DLA SCM earning the FY 2020 advance billings from HHS (\$1,872.5 million) and FEMA (\$97.5 million) for COVID-19 related support, increasing Disbursements. Disbursements were partially offset by Collections from other materiel sold. DLA SCM received +\$49.8 million in appropriations for the Reutilization, Transfer, and Disposal (RTD) of excess materials.

The total DWWCF net outlays were -\$1,223.0 million. DLA experienced cash losses of \$1,259.0 million from net outlays (-\$1,190.8 million for SCM, -\$36.0 million for Document Services, and -\$32.2 million for Energy). DFAS Financial Operations and DISA Information Services had cash gains from net outlays of +\$19.9 million and +\$16.1 million, respectively.

The FY 2021 ending cash balance was \$3,196.6 million. This cash balance includes \$552.2 million in unearned advance billing received from HHS and FEMA throughout FY 2021.

**FY 2022 Cash:** The DWWCF projects a cash decrease of \$658.0 million due to net outlays (-\$783.1 million). DLA SCM plans to "earn" the remaining advance billing received in FY 2021 for purchasing and delivering COVID-19 related materiel to HHS and to FEMA, resulting in a cash loss. All activities project a cash loss from operations: DLA SCM (-\$474.2 million), DLA Energy (-\$224.8 million), DISA Information Services (-\$37.1 million), DFAS Financial Operations (-\$29.6 million), and DLA Document Services (-\$17.4 million).

DLA received +\$127.8 million in appropriated funding for DLA SCM (+87.8 million for RTD costs, direct combat support expenses, and in-conus expenses) and DLA Energy (+\$40.0 million for direct combat support expenses). DLA projects a cash transfer of -\$2.6 million for the Indian Financing Act of 1974.

The projected FY 2022 ending cash balance is \$2,538.6 million.

**FY 2023 Cash:** The DWWCF projects a cash loss of \$94.9 million. The following activities project a cash loss from operations: DLA Energy (-\$245.3 million) and DISA Information Services (-\$76.4 million). A cash gain is projected for DLA SCM (+\$151.6 million), DLA Document Services (+\$58.3 million), and DFAS Financial Operations (+\$16.8 million).

This submission requests \$8.3 million in appropriations for DLA Energy for Installation Energy Resilience.

The projected FY 2023 ending cash balance is \$2,443.7 million.

## DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL

## SOURCE OF NEW ORDERS AND REVENUE

FISCAL YEAR (FY) 2023 BUDGET ESTIMATES

APRIL 2022

(Dollars in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
1. New Orders:			
a. Orders from DoD Components			
Army	7,781.8	8,187.2	8,745.3
Operations & Maintenance	4,717.8	5,355.8	5,617.1
Research Development Testing & Evaluation	109.5	131.0	130.0
Procurement	1,317.8	1,361.7	1,497.5
Military Construction	3.1	5.0	4.5
Family Housing	1.4	2.1	1.9
Military Personnel	1,102.9	1,068.1	1,220.9
Other	529.3	263.5	273.4
Navy	6,780.6	7,376.9	7,755.2
Operations & Maintenance	5,377.9	5,785.8	5,934.0
Research Development Testing & Evaluation	14.4	14.9	15.0
Procurement	542.1	526.0	600.7
Military Construction	1.7	2.9	3.2
Family Housing	0.0	0.0	0.0
Military Personnel	415.0	401.9	459.4
Other	429.5	645.4	742.9
Air Force	6,565.0	7,809.3	7,655.9
Operations & Maintenance	5,487.2	7,016.6	6,698.8
Research Development Testing & Evaluation	85.6	100.9	95.0
Procurement	297.0	579.8	647.3
Military Construction	0.0	0.0	0.0
Family Housing	0.3	2.2	2.2
Military Personnel	75.4	88.9	99.4
Other	619.5	20.9	113.2
Marine Corps	1,411.3	1,441.6	1,600.1
Operations & Maintenance	802.4	530.7	563.0
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	295.3	295.5	335.2
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	184.6	178.7	204.3
Other	129.0	436.7	497.6
Defense-Wide	9,187.8	9,581.9	10,636.7
Operations & Maintenance	2,003.1	2,111.9	2,237.0
Research Development Testing & Evaluation	244.9	279.1	285.2
Procurement	542.4	573.1	593.5
Military Construction	1.0	1.0	1.1
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	6,396.4	6,616.8	7,519.9

Other	300.1	-223.0	-110.7
Operations & Maintenance	4.0	4.8	7.3
Research Development Testing & Evaluation	1.6	1.9	2.9
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	294.5	-229.7	-120.9
<b>Total New Orders</b>	<b>32,026.6</b>	<b>34,173.9</b>	<b>36,282.5</b>
Operations & Maintenance	18,392.4	20,805.6	21,057.2
Research Development Testing & Evaluation	456.0	527.8	528.1
Procurement	2,994.6	3,336.1	3,674.2
Military Construction	5.8	8.9	8.8
Family Housing	1.7	4.3	4.1
Military Personnel	1,777.9	1,737.6	1,984.0
Other	8,398.2	7,753.6	9,026.1
<b>b. Orders from Other Fund Activity Groups</b>	<b>9,879.5</b>	<b>10,344.5</b>	<b>11,346.4</b>
Army	1,800.7	1,907.3	2,170.6
Navy	2,147.3	2,133.7	2,313.4
Air Force	4,975.8	5,371.6	5,829.7
Marine Corp	0.0	0.0	0.0
Defense-Wide	955.7	931.9	1,032.7
<b>c. Total DoD</b>	<b>41,906.1</b>	<b>44,518.4</b>	<b>47,628.9</b>
<b>d. Other Orders:</b>	<b>6,737.9</b>	<b>7,057.2</b>	<b>7,702.0</b>
Trust Fund	92.1	113.9	116.2
Federal Agencies	3,933.4	4,270.6	4,740.8
Non Federal Agencies	926.6	878.5	824.4
Exchange Activities	821.0	794.7	908.7
Foreign Military Sales	964.8	999.5	1,111.9
<b>2. Carry-In Orders</b>	<b>5,529.6</b>	<b>5,357.9</b>	<b>3,662.6</b>
<b>3. Total Gross Orders</b>	<b>54,173.6</b>	<b>56,933.5</b>	<b>58,993.5</b>
<b>4. Carry-Out Orders</b>	<b>-5,353.6</b>	<b>-3,658.5</b>	<b>-3,691.0</b>
<b>5. Funded Carry-over</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>6. Gross Sales</b>	<b>48,820.0</b>	<b>53,275.0</b>	<b>55,302.5</b>
Disposition Services - Sales Proceeds	99.9	84.7	84.7
<b>7. Credits &amp; Allowances</b>	<b>-233.1</b>	<b>-958.4</b>	<b>-908.3</b>
<b>8. Net Sales</b>	<b>48,686.8</b>	<b>52,401.3</b>	<b>54,478.9</b>
<b>9. Reimbursable Sales</b>	<b>21.8</b>	<b>49.2</b>	<b>49.9</b>
<b>11. Other Adjustments</b>	<b>2,680.1</b>	<b>103.5</b>	<b>103.5</b>
<b>12. Total Revenue</b>	<b>51,388.7</b>	<b>52,554.0</b>	<b>54,632.3</b>

Fund-11 Source of Revenue



**DEFENSE-WIDE WORKING CAPITAL FUND  
SUMMARY  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
REVENUE AND EXPENSES  
APRIL 2022  
(Dollars in Millions)**

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Revenue:</b>			
Gross Sales	49,345.6	50,809.4	52,719.2
Operations	49,223.9	50,592.9	52,478.3
Cash Surcharge	0.0	0.0	0.0
Capital Investment Recovery	121.7	216.5	240.9
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	2,408.7	2,703.0	2,825.6
Refunds/Discounts (-)	(365.6)	(958.4)	(912.5)
<b>Total Revenue</b>	<b>51,388.7</b>	<b>52,554.0</b>	<b>54,632.3</b>
<b>Expenses:</b>			
Cost of Materiel Sold from Inventory	32,515.7	32,691.0	32,485.1
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	52.1	63.0	66.5
Civilian Personnel Compensation & Benefits	4,431.6	4,651.4	4,918.3
Travel & Transportation of Personnel	10.3	78.9	73.0
Materials & Supplies (For Internal Oper)	144.7	101.1	104.6
Equipment	170.8	274.4	167.7
Other Purchases from Revolving Funds	658.1	691.0	657.3
Transportation of Things	742.8	1,062.6	1,084.2
Inventory Maintenance	85.1	100.0	87.5
Capital Investment Recovery	147.9	241.9	267.0
Printing & Reproduction	85.5	89.4	92.0
Advisory and Assistance Services	84.3	109.6	92.8
Rent, Communication, Utilities, & Misc.	2,648.6	2,417.7	2,458.7
Other Purchased Services	9,241.9	10,732.6	10,974.3
<b>Total Expenses</b>	<b>51,019.4</b>	<b>53,304.6</b>	<b>53,529.0</b>
<b>Operating Result</b>	<b>369.3</b>	<b>(750.6)</b>	<b>1,103.3</b>
Less Capital Surcharge Reservation	103.2	86.4	59.9
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	56.8	129.7	15.2
<b>Net Operating Result (NOR)</b>	<b>322.9</b>	<b>(707.3)</b>	<b>1,058.6</b>
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	12.3	0.7	349.7
Prior Year AOR	1,138.3	1,473.5	930.4
<b>Accumulated Operating Result (AOR)</b>	<b>1,473.5</b>	<b>766.9</b>	<b>2,338.7</b>
Non-Recoverable Adjustments Impacting AOR	0.0	163.5	(2,338.7)
<b>Accumulated Operating Results for Budget Purposes</b>	<b>1,473.5</b>	<b>930.4</b>	<b>0.0</b>

# **Defense Finance and Accounting Service**



**Fiscal Year (FY) 2023 Budget Estimates  
Defense Working Capital Fund (DWCF)  
President's Budget Submission  
April 2022**

## DEFENSE FINANCE AND ACCOUNTING SERVICE

### Overview

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

Established to leverage economies of scale and scope by centralizing various finance, accounting, human resources, and financial systems management services, DFAS effectively employs data transparency and customer collaboration to steadily and continually drive efficiencies. Since its inception, DFAS has consolidated more than 300 installation-level offices into ten sites and reduced the number of systems in use from 330 to 66.

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

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

DFAS pays all DoD military and civilian personnel, military retirees and annuitants, as well as major DoD contractors and vendors. DFAS also functions as a shared services provider, delivering services to federal customers outside the DoD. On behalf of all customers, DFAS makes over \$613 billion in disbursements each year, while providing a diverse range of accounting services, customer support, and financial reporting to assist customers in tracking funds and managing their budgets. The range and breadth of accounting, financial management, and support services provided to customers are briefly outlined below.

#### Audit Support Services:

DFAS is leading the way toward the Department's goal of achieving fully-auditable financial statements. DFAS has now sustained 22 consecutive unmodified opinions on the DFAS Working Capital Fund (WCF), 27 consecutive unmodified opinions on the Military Retirement Fund, six consecutive unmodified opinions on Non-Appropriated Fund (NAF) Financial Services, 19 consecutive modified opinions for the Medicare-Eligible Retiree

Health Care Fund, as well as achieved unmodified audit opinions on Statement on Standards for Attestation Engagements (SSAEs) for DFAS' internal functions of Military Payroll, Civilian Payroll, Disbursing, Contract Pay, Vendor Pay (One Pay), and ELAN. In addition, DFAS exceeded its Federal Information System Controls Audit Manual (FISCAM) goals, with a 96 percent system controls pass rate.

#### Military/Civilian Pay Services:

Annually, DFAS processes over 155 million pay transactions for more than six million payroll customers, and manages \$1.4 trillion in Military Retirement and Health Benefits Funds. DFAS pays all active and reserve military members, military retirees and annuitants, as well as DoD civilian personnel and non-DoD customers including the Department of Veterans Affairs and the Executive Office of the President.

DFAS is actively supporting the transfer of the Military Pay mission to the Services for better alignment of workload and to generate efficiencies from the integration of personnel and pay.

#### Commercial Pay Services:

DFAS processes nearly 12 million commercial invoices annually while reducing unit costs through increased use of electronic commerce (e.g. electronic receipt of contracts, invoices, and receiving reports). This, along with other process improvements, has resulted in reduced cycle times, fewer errors, and less rework, freeing up additional personnel and customer resources to support the warfighter.

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

#### Accounting Operations Services:

DFAS accounts for 1,411 active DoD appropriations by maintaining 77 million general ledger accounts. Accounting Operations provides responsive and professional financial management, accounting, analysis, and consultation services with a focus on helping the DoD and other customers become more audit ready every day. Accounting services provided on a Direct Billable Hour (DBH) basis include General Ledger (GL) reconciliations, Journal Voucher (JV) postings, United States Treasury reporting, billing, payment demand letters and collections, error clearing, problem disbursement work, systems access request processing, and many other accounting services.

#### Information Technology (IT) Services:

Robust investment in building and maintaining secure and audit-steady accounting, disbursing, and payroll systems is core to success of the DFAS mission. The constantly-evolving technological environment necessitates continuous management focus on IT

planning, development and maintenance of systems, evolving cybersecurity threats, and maintaining essential telecommunications and computing infrastructure.

DFAS is focused on investing in target environment systems to consolidate capabilities into a modernized systems base, to permit retirement of legacy systems, and to realize reduced systems maintenance costs. DFAS has successfully retired 20 legacy systems since FY 2017, and is partnering with customers to achieve additional legacy system retirements through FY 2026. Additionally, DFAS is continuing to test, validate, and update systems and processes in support of sustained auditability.

### **Budget Strategy**

DFAS builds and executes its budget mindful that every dollar counts and that resourcing the warfighter is the top priority. To ensure that accounting and financial management resources are directed to the most critical requirements, DFAS has outlined the FY 2023 budget to align with four key strategic priorities:

- **Strengthen Customer Partnerships:** DFAS will partner with customers to provide modernized shared services, increase standardization of business systems and processes, advance data analytics for business insights, and strengthen audit support to achieve the Department's audit goals.
- **Enhance Performance:** DFAS will work to achieve key cost, schedule, and performance metrics, and continuously improve productivity to remain a competitive shared service provider. Through customer collaboration, DFAS will actively work to identify and resolve process gaps, strengthen controls, and support delivery of efficient value-added services for its customers.
- **Modernizing the Business Environment:** DFAS is focused on reforming processes and systems to modernize, drive cost savings, and continue to provide competitive shared service value in the Department's financial management community. This focus will ensure valuable resources are dedicated to supporting a ready and capable force.
- **Investing in People:** Employees are DFAS' most important asset and the foundation for achieving the other strategic priorities. In support of its people, DFAS will establish a collaborative process where employees will, at the onset, develop, share, and replicate best practices, reaching across organization boundaries to implement enterprise-wide solutions. DFAS will focus on digital technologies, data analytics, and core financial expertise to provide value in an increasingly digital business environment.

### **Budget Assumptions**

DFAS bases budget assumptions and cost estimates on specific business needs required to meet customer workload forecasts. As a Working Capital Fund, DFAS has flexibility to adapt its execution plan in response to evolving customer requirements. Since

its inception in 1991, DFAS has continually achieved measurable improvements in productivity, which help offset growing workload requirements and the rising cost of labor.

The FY 2023 budget incorporates the following assumptions:

- Full resourcing in support of customer audit assertion and audit remediation as part of the DoD mandate to produce auditable financial statements and improve data integrity
- Reducing or eliminating legacy system expenses, while transitioning to a targeted systems environments
- Incorporates capital investments to modernize the Defense Retiree and Annuitant System (DRAS) due to the cancellation of DRAS2
- Full Military Pay mission support budgeted for the Army, Navy, and Marine Corps, as these Services work towards implementing personnel and pay systems beyond FY 2023
- Incorporates resourcing for Robotics Process Automation targeting manual processes to improve internal controls, increase speed and accuracy, and enhance standardization
- Retirement of eBiz financial system as DFAS migrates to the Defense Agencies Initiative (DAI) Enterprise Resource Planning (ERP) system
- Incorporates system investments for Identify, Credential, and Access Management (ICAM) access control interface development and Enterprise Funds Distribution (EFD) sustainment, as well as pricing increases for system hosting
- Provides FY 2023 resourcing support for Defense Advanced Research Projects Agency (DARPA) and Defense Threat Reduction Agency (DTRA) standalone audits
- The FY 2023 budget reflects a 4.6% civilian labor inflation assumption, in line with published guidance

### **Reform Initiatives**

DFAS is actively engaged in reform initiatives related to its mission and in support of the National Defense Strategy, in partnership with OSD, the Military Services, and Defense Agencies. Continuous partnership on Department sponsored efficiency initiatives has provided better alignment of resources to ensure greater buying power.

DFAS is the primary office responsible for one reform initiative, the reduction of legacy systems. The DFAS FY 2023 budget reflects savings from the Reduced Legacy Systems (RLS) initiative, which have been incorporated into customer rates. The below chart outlines DFAS' progress to date on its RLS plan:

Reform Operation Title	Item/Service or Category	Current Year	Current Year	Budget Year	Budget Year
		Projected Sales	Savings	Projected Sales	Savings
Reduce Legacy Systems - CRISPS, SNIPS, PMIS, DFRRS	People Pay Mission Area	\$ -	\$ 0.27	\$ -	\$ 0.50
Reduce Legacy Systems - ICPS, DRO	Disbursing Mission Area	\$ -	\$ 1.13	\$ -	\$ 1.27
Reduce Legacy Systems - TSS, OLRV	Commercial Pay Mission Area	\$ -	\$ 0.19	\$ -	\$ 0.90
Reduce Legacy Systems - TBO, CORAS, DIT, CRS, IBOP, RECERT, SAMS, CHOOSE, SID, DWAS, DRRT, DBMS, NFT, SS, MOCAS MT	Direct Systems Reimbursement	\$ -	\$ 3.00	\$ -	\$ 8.16
Total		\$ -	\$ 4.59	\$ -	\$ 10.83

(\$ in millions)

### Operating Budget Summary

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

#### Revenue and Expenses

(\$ in Millions)

	FY 2021	FY 2022	FY 2023
Revenue	\$1,463.3	\$1,452.6	\$1,555.7
Cost of Operations	<u>\$1,422.2</u>	<u>\$1,485.9</u>	<u>\$1,541.8</u>
Operating Results	\$41.0	(\$33.2)	\$13.9
Adjustment for Unfunded Depreciation on Non-DFAS Acquired PP&E	\$8.7	\$7.6	\$7.1
Other Adjustment to NOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable Net Operating Results (NOR)	\$49.7	(\$25.6)	\$0.0
Accumulated Operating Results (AOR) – Beginning	(\$36.9)	\$4.7	(\$20.9)
Real Property Transfers	(\$8.2)	\$0.0	\$0.0
Adjustment for Recoverable/Deferred AOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Recoverable AOR - Ending	\$4.7	(\$20.9)	\$0.0

The DFAS FY 2021 position reflects a Recoverable NOR of \$49.7M. Additional cost recovery was built into the rates to recoup prior year losses associated with unfunded pay inflation and agency contribution increases into FERS. Real property transfers to the Army and the Air Force and in FY 2021 resulted in an (\$8.2M) AOR impact. FY 2022 is projected to end with a (\$25.6M) operating loss, reducing the Recoverable AOR to (\$20.9M). The FY 2023 budget includes \$20.9M in rate recovery to bring the AOR to zero.

## Cash

	<b>PB 2023</b>
Operating Cash	\$200.5M
Risk Mitigation Cash	\$81.0M
Reserve Cash	\$0.0M

DFAS monitors its cash balance throughout the year and budgets to ensure the agency maintains a healthy balance to meet operating, capital investment, and other justified requirements throughout the year and into the subsequent year. The DFAS operating range is calculated based on an average of the highest net outlay point over the three previous fiscal years. The DFAS risk mitigation range is built to cover one month of non-discretionary labor disbursements (approximately 75% of total DFAS disbursements). DFAS operates on a monthly collection cycle and would utilize risk mitigation cash to maintain a positive daily cash balance until the next collection, if needed. DFAS utilizes cash reserves to return unplanned AOR in future years or for cash recovery, as needed.

## Personnel

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Direct Hire Civilian FTEs	10,596	10,674	10,822
Indirect Hire Foreign National FTEs	191	186	198
Civilian End Strength	10,848	10,931	11,075
Military End Strength	21	21	21

## **Capital Investment Program**

(\$ in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Total Obligations	\$9.7	\$88.2	\$9.6
Total Capital Outlays	\$17.8	\$14.7	\$21.9

A pre-investment economic analysis has been completed for all capital investments included in these budget exhibits.

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

The FY 2023 budget includes a project supporting Enterprise Local Area Network (ELAN) security to continue to provide enhanced functionality to assist the DFAS in meeting Federal and DoD mandates. The FY 2023 budget also includes enhancements to Call Center infrastructure through caller authentication and self-service capabilities in support of Federal and DoD teleservice and communication mandates.



The FY 2022 budget includes projects supporting ELAN and security to continue to provide enhanced functionality to assist the DFAS in meeting Federal and DoD mandates. The FY 2022 budget also includes infrastructure replacement to enhance video teleconferencing capabilities in support of Federal and DoD teleservice and communication mandates.

## **Software Development**

The FY 2023 software development includes a project for the Configuration Management Information System (CMIS). This project will configure the software integration Hub to allow the current system to interface with other systems while supporting both Unauthorized – Information Technology (U-IT) / Development Security Operations (DevSecOps), configure the AppEng, and build the Enterprise Development Ops within CMIS to interface with the new Air Force DevSecOps capability. There is also a project for the Defense Debt Management System (DDMS) to enhance it to the Standard Financial Information Structure (SFIS). The services (Army, Navy, and Air Force) have been working on the SFIS initiative for several years and the DDMS system will have to be able to send and receive information to these systems once they complete the SFIS update. The DDMS system coding will have to be updated to be in the SFIS format. The DDMS existing interfaces (both internal all and external) inclusive of future Integrated Personnel and Pay System (IPPS) and a new Treasury interface will also be set up.

The FY 2022 program includes the Defense Retired & Annuitant Pay System Modernization (DRAS-M) that will re-write the current 6 DRAS subsystems into a single, unifying code base that will maximize sustainability while maintaining existing functionality. DRAS-M will create a replacement normalized database structure that will incorporate existing data from mainframe and mid-tier databases. The DRAS-M project will upgrade the architecture of DRAS. This effort will include implementation of standard line of accounting (SLOA) and Treasury Direct Disbursing (TDD), adding the Space Force as a new branch of service in DRAS-M, implementing remaining Blended Retirement System (BRS) functionality, improving workflow and self-service capabilities, and modernizing the DRAS user interface.

The FY 2022 program also includes a project for the EFD system; this project will transfer certain capabilities and functionalities from the Program Budget Accounting System (PBAS) to the EFD system. The transferred capabilities and functionalities will be new to the EFD system and will occur after the EFD system is transferred from the Defense Logistics Agency (DLA) to DFAS. FY 2022 includes the e-Biz Momentum G-Invoicing project that will upgrade from Momentum 7.7PI3 to 7.9, and will establish full G-Invoicing functionality. The functionality will include General Terms & Conditions (GT&C), Orders, Performance, Settlements and Unique Entity ID (UEI) for Acquisition, Financial Management and other federal solutions.

FY22 includes approved carryover from FY21 to FY22 for the Interactive Workplace Management System (IWMS) and DFAS Portal. IWMS will implement a Space Management module of an IWMS system to provide Hoteling & Room Reservations

functionality to meet DFAS' demands for managing mobile employees. DFAS Portal carryover will fund contracts with option years.

## **Minor Construction**

There are no Minor Construction projects scheduled for FY2023.

The Minor Construction projects scheduled for FY 2022 will cover the purchase and installation of a physical access control system (PACS) that will allow centralized secured access permissions and will bring the DFAS Cleveland facility up to the DoD physical access requirements. It will require facility modifications for the areas of the access control point installations. This includes the permanent installation of PACS, including affixing and wiring, on 139 doors throughout the building. The work will also include the replacement or modification of some doors at these control points to bring them up to Fire and Life Safety requirements.

FY 2022 funds will also be used for the purchase and installation of an interlocking door system at all six entrances of DFAS Limestone. This interlocking door system will allow only one door of the two layers of entry doors to be opened at a time, thereby creating a delay in direct access to the facility and reducing the probability of "piggy backing." The funds will also be used to purchase and install new common access card (CAC) enabled security doors. Finally, FY 2022 funds will be used to bring the GFEBS area up to a secure environment that will make it compliant for the new secure workload to be done at DFAS Rome. The funds will be used to extend the existing walls of room E132 to the ceiling, add sound attenuation to the walls, and replace existing personnel doors with doors that meet Unified Facilities Criteria (UFC) requirements to bring the room into compliance to perform secure activities work in the space. Work also includes adding a secure Video Teleconferencing (VTC) room and secure room for Secure Internet Protocol Router (SIPR)/Non-Classified Internet Protocol Router (NIPR) servers. This project also includes running all necessary SIPR/NIPR wiring for the secure area and any other lines needed for the secure area.

Fiscal Year (FY) 2023 Budget Estimates  
Changes in the Costs of Operation  
Defense Finance and Accounting Service  
April 2022  
(\$ in Millions)

	<b>Costs</b>
<b>FY 2021 Actual</b>	<b>1,422.2</b>
Pricing Adjustment:	
FY 2021 Civilian Pay Raise	22.2
Annualization Prior Year Pay Raise	2.7
Inflation Adjustment	9.1
Program Changes:	
Civilian Personnel Compensation	19.1
Travel & Transportation of Personnel	3.0
Material & Supplies	0.0
Other Purchases from Revolving Funds	10.5
Transportation of Things	0.2
Depreciation	(0.9)
Printing & Reproduction	0.0
Advisory & Assistance Services	(3.1)
Rent, Communication, Utilities and Misc. Charges	(2.9)
Other Purchased Service	3.8
<b>FY 2022 Projection</b>	<b>1,485.9</b>
Pricing Adjustment:	
FY 2022 Civilian Pay Raise	39.3
Annualization Prior Year Pay Raise	7.7
Inflation Adjustment	6.8
Program Changes:	
Civilian Personnel Compensation	14.7
Travel & Transportation of Personnel	1.2
Material & Supplies	0.3
Other Purchases from Revolving Funds	(1.5)
Transportation of Things	(0.0)
Depreciation	(0.5)
Printing & Reproduction	0.2
Advisory & Assistance Services	(17.4)
Rent, Communication, Utilities and Misc. Charges	2.1
Other Purchased Service	3.2
<b>FY 2023 PB</b>	<b>1,541.8</b>

Fiscal Year (FY) 2023 Budget Estimates  
Source of New Orders and Revenue  
Defense Finance and Accounting Service  
April 2022  
(\$ in Millions)

APPN	Client	Customer	FY 2021	FY 2022	FY 2023
<b>1. New Orders</b>					
<b>a. Orders from DoD Components:</b>					
<b>Total Capital</b>	DFAS	Defense Finance and Accounting Service	<b>2.4</b>	<b>3.3</b>	<b>6.6</b>
O&M	Air Force	Air Force	310.2	300.3	319.1
O&M	Army	Army	456.3	455.7	479.0
O&M	Army	Army Family Housing	0.2	0.2	0.2
O&M	Marine Corps	Marine Corps	54.2	54.7	55.8
O&M	Navy	Navy	267.0	251.7	279.6
O&M	Defense Agency	Defense Acquisition University	2.0	1.9	2.5
O&M	Defense Agency	Defense Contract Audit Agency	5.0	5.7	6.1
O&M	Defense Agency	Defense Contract Management Activity	7.1	6.7	7.6
O&M	Defense Agency	Defense Counterintelligence and Security Agency	2.0	1.9	1.9
O&M	Defense Agency	Defense Human Resources Activity	3.1	3.6	3.5
O&M	Defense Agency	Defense Information Systems Agency	12.2	18.0	18.3
O&M	Defense Agency	Defense Intelligence Agency	0.7	0.9	0.8
O&M	Defense Agency	Defense Logistics Agency	3.5	3.0	3.4
O&M	Defense Agency	Defense Media Activity	1.3	1.3	1.6
O&M	Defense Agency	Defense POW/MIA Accounting Agency	1.1	0.8	1.0
O&M	Defense Agency	Defense Security Cooperation Agency	4.8	5.1	5.1
O&M	Defense Agency	Defense Technology Security Administration	0.8	0.9	0.8
O&M	Defense Agency	Defense Test Resource Management Center	0.1	0.1	0.1
O&M	Defense Agency	Defense Threat Reduction Agency	4.4	4.4	5.4
O&M	Defense Agency	Department of Defense Education Activity	7.9	10.1	10.4
O&M	Defense Agency	Department of Defense Inspector General	3.6	3.7	3.6
O&M	Defense Agency	Director Operational Test & Evaluation	0.0	0.0	0.0
O&M	Defense Agency	Military Health System - Tricare, TMA, DHA, USUHS, NCR	49.8	53.4	57.9
O&M	Defense Agency	National Defense University	1.6	1.8	1.8
O&M	Defense Agency	National Geospatial-Intelligence Agency	2.0	2.7	2.4
O&M	Defense Agency	National Reconnaissance Office	0.1	0.1	0.1
O&M	Defense Agency	National Security Agency	1.2	1.8	1.5
O&M	Defense Agency	Office of Local Defense Community Cooperation	0.8	0.6	0.8
O&M	Defense Agency	Office of the Joint Chiefs of Staff	1.5	1.5	2.1
O&M	Defense Agency	Pentagon Force Protection Agency	0.0	0.1	0.0
O&M	Defense Agency	Washington Headquarters Service	5.7	6.7	7.8
<b>Total O&amp;M</b>			<b>1,210.2</b>	<b>1,199.1</b>	<b>1,280.0</b>
RDT&E	Navy	Navy	2.0	1.7	1.4
RDT&E	Defense Agency	Chemical Biological Defense Program	1.1	1.1	1.2
RDT&E	Defense Agency	Defense Advanced Research Projects Agency	3.7	3.4	4.4
RDT&E	Defense Agency	Defense Logistics Agency	0.1	0.1	0.0
RDT&E	Defense Agency	Defense Technical Information Center	3.0	2.8	3.1
RDT&E	Defense Agency	Director Operational Test & Evaluation	1.1	0.9	1.1
RDT&E	Defense Agency	Missile Defense Agency	6.5	6.7	8.1
<b>Total RDT&amp;E</b>			<b>17.5</b>	<b>16.7</b>	<b>19.3</b>
Foreign Military Sales	Army	Army	0.1	0.0	0.0
Foreign Military Sales	Defense Agency	Defense Security Cooperation Agency	53.1	55.9	55.3
<b>Total FMS</b>			<b>53.3</b>	<b>55.9</b>	<b>55.3</b>
<b>a. Total Orders from DoD Components:</b>			<b>1,283.4</b>	<b>1,275.0</b>	<b>1,361.1</b>

Fiscal Year (FY) 2023 Budget Estimates  
Source of New Orders and Revenue  
Defense Finance and Accounting Service  
April 2022  
(\$ in Millions)

APPN	Client	Customer	FY 2021	FY 2022	FY 2023
<b>b. Orders from Other Fund Activity Groups</b>					
WCF	Air Force	Air Force	9.4	9.8	10.9
WCF	Army	Army	12.6	12.8	15.2
WCF	Defense Agency	Defense Commissary Agency	15.8	15.3	15.5
WCF	Defense Agency	Defense Counterintelligence and Security Agency	1.3	2.0	1.8
WCF	Defense Agency	Defense Information Systems Agency	15.1	10.5	13.3
WCF	Defense Agency	Defense Logistics Agency	51.0	48.0	54.1
WCF	Defense Agency	Defense Technology Security Administration	0.0	0.0	0.0
WCF	Defense Agency	US Transportation Command	10.5	10.3	11.4
<b>b. Total Orders from Other Fund Activity Groups</b>			<b>115.8</b>	<b>108.6</b>	<b>122.2</b>
<b>c. Total DoD</b>			<b>1,399.2</b>	<b>1,383.6</b>	<b>1,483.3</b>
<b>d. Other Orders</b>					
Other Orders	OTHR	Commercial (Citi, EDS, etc)	0.0	0.6	0.6
Other Orders	OTHR	Executive Office of the President	0.2	0.2	0.2
Other Orders	OTHR	US Agency for Global Media	0.1	0.1	0.2
Other Orders	OTHR	US Coast Guard	0.1	0.1	0.1
Other Orders	OTHR	US Corps of Engineers	4.3	4.4	4.7
Other Orders	OTHR	US Dept of Energy	1.1	1.1	1.2
Other Orders	OTHR	US Dept of Health and Human Services	10.0	10.5	10.9
Other Orders	OTHR	US Dept of State	0.3	0.9	0.0
Other Orders	OTHR	US Dept of Treasury	0.0	1.1	1.2
Other Orders	OTHR	US Dept of Veterans Affairs	47.8	49.9	53.2
<b>d. Total Other Orders</b>			<b>64.0</b>	<b>69.0</b>	<b>72.3</b>
<b>1. Total New Orders</b>			<b>1,463.3</b>	<b>1,452.6</b>	<b>1,555.7</b>
<b>2. Carry-In Orders</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>3. Total Gross Orders</b>			<b>1,463.3</b>	<b>1,452.6</b>	<b>1,555.7</b>
<b>4. Carry-Out Orders</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>5. Gross Sales</b>			<b>1,463.3</b>	<b>1,452.6</b>	<b>1,555.7</b>
<b>6. Credit</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>7. Net Sales</b>			<b>1,463.3</b>	<b>1,452.6</b>	<b>1,555.7</b>

Fiscal Year (FY) 2023 Budget Estimates  
Revenue and Expenses  
Defense Finance and Accounting Service  
April 2022  
(\$ in Millions)

	FY 2021 Actual	FY 2022 Projection	FY 2023 PB
<b>Revenue</b>			
Gross Sales			
Operations	1,445.7	1,434.9	1,537.9
Depreciation except Major Construction	17.6	17.7	17.7
Other Income	0.0	0.0	0.0
Customer Bill Adjustment	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
<b>Total Income:</b>	<b>1,463.3</b>	<b>1,452.6</b>	<b>1,555.7</b>
<b>Costs</b>			
Civilian Personnel Compensation & Benefits	1,092.8	1,136.7	1,198.4
Travel & Transportation of Personnel	0.4	3.3	4.6
Materials & Supplies (Internal Operations)	0.9	0.9	1.3
Other Purchases from Revolving Funds	116.8	130.8	132.1
Transportation of Things	0.3	0.5	0.5
Depreciation - Capital	26.2	25.4	24.8
Printing and Reproduction	0.0	0.0	0.2
Advisory and Assistance Services	34.4	32.4	15.7
Rent, Communications, Utilities & Misc. Charges	24.0	21.8	24.3
Other Purchased Services	126.4	134.0	140.0
<b>Total Expenses:</b>	<b>1,422.2</b>	<b>1,485.9</b>	<b>1,541.8</b>
<b>Operating Result</b>	<b>41.1</b>	<b>(33.2)</b>	<b>13.9</b>
Depreciation, Non-DWCF Acquired PP&E	8.7	7.6	7.1
Adjustments to NOR	0.0	0.0	0.0
<b>Net Operating Result</b>	<b>49.7</b>	<b>(25.6)</b>	<b>20.9</b>
PY AOR	(36.9)	4.7	(20.9)
Real Property Transfer	(8.2)	0.0	0.0
Non-recoverable/Deferred AOR Adjustment	0.0	0.0	0.0
<b>Accumulated Operating Results</b>	<b>4.7</b>	<b>(20.9)</b>	<b>0.0</b>

**DEFENSE INFORMATION SYSTEMS AGENCY  
FISCAL YEAR (FY) 2023  
BUDGET ESTIMATES**



**DEFENSE WORKING CAPITAL FUND  
INFORMATION SERVICES**

**April 2022**



## **Information Services Activity Group**

### **Overview**

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

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

The DISA is uniquely positioned to provide the kind of streamlined, rationalized enterprise solutions the Department is looking for to effect IT transformation. The DISA owns/operates enterprise and cloud-capable DISA data centers, the worldwide Defense Information Systems Network (DISN), and the Defense Information Technology Contracting Organization (DITCO). The DISA data centers have been identified as Continental United States (CONUS) Core Data Centers (CDCs).

The DISA also anticipates continuation of partnerships with other federal agencies. The DoD/VA Integrated Electronic Health Record (iEHR) agreement to host all medical records in DISA data centers and the requirement for DoD to provide Public Key Infrastructure (PKI) services to other federal agencies on a reimbursable basis are examples. The Agency continues to make progress on several major initiatives, including: implementation of Multiprotocol Label Switching (MPLS) technology; deploying and sustaining Joint Regional Security Stacks (JRSS) to fundamentally change the way the DoD secures and protects its information networks; providing Joint Enterprise License Agreements (JELAs) at a low fee of 0.25 percent; the delivery of an on-premise cloud hosting capability and commercial cloud access infrastructure to enable



the Department’s migration to cloud computing, a reduced data center footprint, and streamlined cybersecurity infrastructure; the convergence of DoD networks, service desks, and operations centers into a consolidated, secure, and effective environment capable of addressing current and future mission objectives called Fourth Estate Network Optimization (4ENO); the establishment of an impact level 5, cloud-based collaboration and productivity environment for Fourth Estate Agencies and Combatant Commands; and the enterprise-wide roll-out of a Cloud Based Internet Isolation (CBII) capability that isolates malicious code and content from DoD networks.

The DISA operates the Information Services Activity Group within the Defense-Wide Working Capital Fund (DWWCF), which consists of three business areas: **Computing Services (CS)**, **Telecommunications Services (TS)**, and **Enterprise Acquisition Services (EAS)**. For rate setting purposes, the DISA assesses profit/loss factors at the agency level. Billing rates include a capital asset surcharge to support technology refreshment for the Defense Information Systems Network (DISN) and DISA will also recover the cost of capital investments in support of the Fourth Estate Network Optimization reform initiative via a capital asset surcharge. In addition, DISA is requesting to retain \$11.6 million in FY 2023 for future return to customers.

### Key Budget Data

(\$ in millions)	FY 2021	FY 2022	FY 2023
Revenue	\$8,149.3	\$9,091.8	\$9,477.9
Expense	\$8,193.9	\$9,056.4	\$9,421.9
Net Operating Result	(\$44.6)	\$35.4	\$56.0
Capital Surcharge Reservation Adjustment	(\$103.2)	(\$86.4)	(\$59.9)
Adjusted Net Operating Result	(\$147.8)	(\$51.0)	(\$3.9)
Prior Year Accumulated Operating Result (AOR)	\$210.8	\$63.0	\$15.5
AOR Adjustments	\$0.0	\$3.5	(\$11.6)
Ending AOR	\$63.0	\$15.5	\$0.0
Capital Budget	\$122.5	\$232.4	\$220.6
Civilian Workyears	3,268	3,476	3,589
Military End Strength	16	24	23

\*Fiscal Year 2021 data are actual results

The table above provides a summary of the financial accounts and personnel levels reflected in this budget request for the Information Services activity group. FY 2021 data are actual results. Data in all tables may not add due to rounding.

## Rate Changes for Major Programs

In FY 2023, rates for Computing Services increase by 2.00% in the aggregate. The price of the DISN Infrastructure Services (DISN IS) remains unchanged in FY 2023. Other major rate categories remain unchanged. These rate changes are discussed in more detail in subsequent sections of this narrative.

Business Area	Major Service Offering	FY 2023 Rate/Fee	Percent Change
Computing Services	Composite Rate	-	+2.00%
Telecommunications Services	DISN Infrastructure Services (DISN IS) Price	-	3.22%
Enterprise Acquisition Services	Standard IT Contracting Fee	2.25%	0.00%
	Joint Enterprise License Agreement (JELA) Contracting Fee	0.25%	0.00%
	JELA Decentralized Ordering Fee	0.10%	0.00%

## Cash Requirement

Cash Requirement (\$ in millions)		FY 2021	FY 2022	FY 2023
1.	<b>Rate of Disbursement (total across all business areas)</b>	<b>\$227.8</b>	<b>\$233.0</b>	<b>\$243.8</b>
2.	<b>Range of Operation</b>	<b>\$889.7</b>	<b>\$693.9</b>	<b>\$663.6</b>
2a.	Upper Bound of Expected Operating Range	\$929.1	\$758.0	\$693.1
2b.	Lower Bound of Expected Operating Range	\$39.4	\$64.1	\$29.5
3.	<b>Risk Mitigation</b>	<b>\$48.9</b>	<b>\$48.7</b>	<b>\$29.5</b>
4.	<b>Reserves (AOR return for Future Years)</b>	<b>\$89.8</b>	<b>\$15.4</b>	<b>\$0.0</b>
	<b>Ending Cash Balance</b>	<b>\$213.7</b>	<b>\$176.5</b>	<b>\$100.1</b>

The DISA considers the following key metrics when developing the budgeted cash requirement: average rate of disbursement, range of operation, risk mitigation, and reserves.

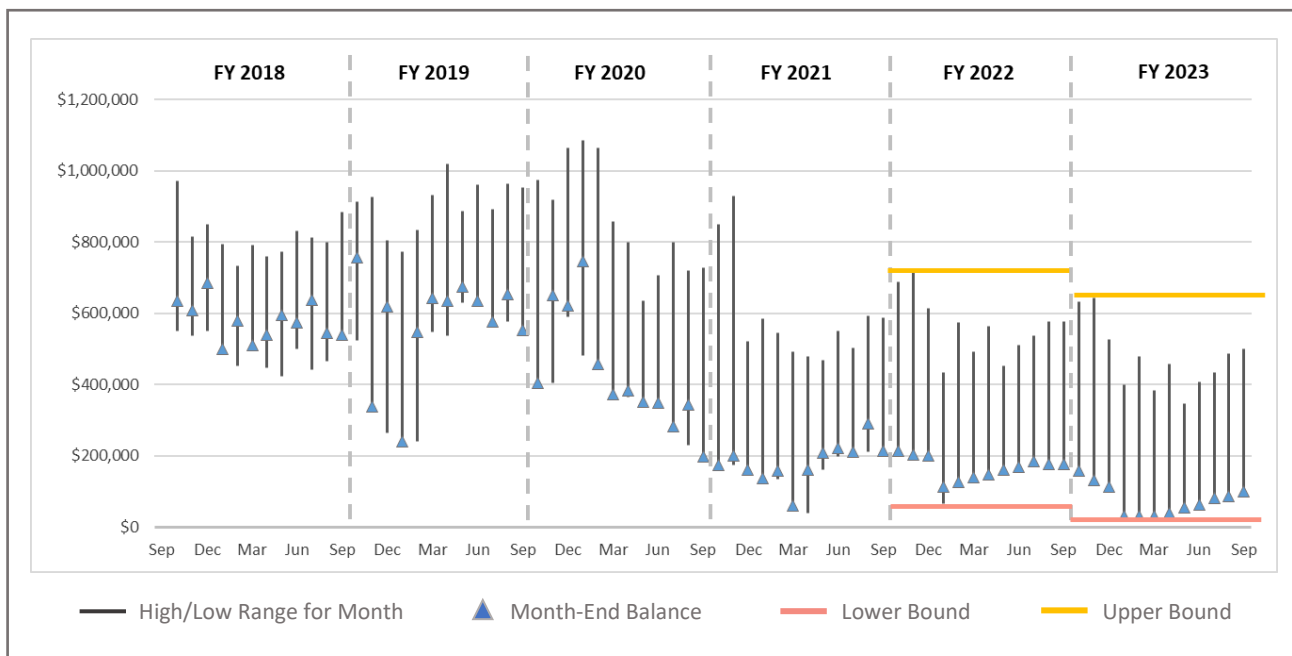
**Rate of Disbursement:** The rate of disbursement is calculated based on the average volume of disbursements between large collections. The DISA applies different billing rules for different lines of businesses. These differences are largely driven by system processes or contract stipulations. Telecommunications Services are billed once a month, IT Services are billed three times a month, and Computing Services are generally billed twice a month. Therefore, collections are posted on multiple days throughout each month. In FY 2021, the DISA experienced an average of 9.31 days between large collections across all business areas. At total projected disbursements of \$9.1 billion, this comes out to an average aggregate amount of \$227.8 million disbursed between collection cycles.

The expected rate of disbursement in FY 2022 and FY 2023 assumes the same number of average days between collections and is adjusted for projected business volume.

**Range of Operation:** The expected range of operation is largely based on analysis of prior year execution. From FY 2018 to FY 2021, the average difference between the high cash balance and low cash balance for each fiscal year was \$772.8 million. Actual ranges are provided in the following table.

	FY 2018	FY 2019	FY 2020	FY 2021
High	\$971.5	\$1,019.6	\$1,085.0	\$929.1
Low	\$422.0	\$240.2	\$212.0	\$39.4
<b>Range</b>	<b>\$549.5</b>	<b>\$779.4</b>	<b>\$872.9</b>	<b>\$889.7</b>

DISA had been setting rates below unit cost over that period to return prior year profits back to customers. This increased the range of operation for those fiscal years because cash balances began the year above DISA’s calculated cash requirement and were intentionally driven lower via realized losses. DISA has largely completed the return of prior year profits, which will lead to a lower expected range of operation in FY 2022 and FY 2023 than experienced in recent prior years; the range of operation is adjusted for the expected change in scale of net operating results. Prior year and projected cash execution are included in the following chart. The final day of each month is typically the low point for monthly cash balances given the timing of billing cycles and collections.



**Risk Mitigation:** DISA has included a risk mitigation factor of approximately one day of disbursements to address the potential for unplanned losses/lower cash execution.

**Reserves:** DISA has included reserves in FY 2022 to account for additional return of prior year accumulated operating results.



# Computing Services

## Overview

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

DISA's Computing Services business area currently operates eleven data centers: six in the continental United States (CONUS) and five outside the continental United States (OCONUS). CONUS data centers are configured to support a broad range of Department of Defense computing requirements while OCONUS data centers are designed for more regional requirements. All DISA data centers have been designated as Core Data Centers (CDC). The computing facilities continue to be highly accessible and secure data processing centers with dual, high-capacity connectivity to the Defense Information Systems Network and organic defense in-depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources and to gain economies of scale. Additionally, Computing Services provides "assured computing," whereby all mission-critical data is continuously available to customers.

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

- 18 mainframes
- Approximately 16,242 servers
- Approximately 82,045 terabytes of storage
- Approximately 260,000 square feet of raised floor
- Survivable connectivity to the Defense Information Systems Network core

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

<b>Data Center Locations</b>
Mechanicsburg, PA Montgomery, AL Oklahoma City, OK Ogden, UT Columbus, OH San Antonio, TX St. Louis, MO ( <i>Closes in FY 2021</i> )
Europe (Stuttgart and Wiesbaden) Bahrain ( <i>Temporary Enterprise Computing Center with new MILCON Facility in FY 2029</i> ) Yokota, Japan ( <i>New in FY 2022</i> ) Ford Island, Hawaii

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

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets
- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment and supplies
- Manage the information for the medical environment and patient care
- Support DoD business, contracting, financial, payroll and eBusiness applications

The DoD Chief Information Officer (CIO) is leading efforts within the Department to consolidate data centers, continue the adoption of enterprise services, and foster adoption of cloud computing—all of which directly affect DISA’s Computing Services. The CDCs are highly capable, highly resilient data centers providing standardized hosting and storage services to the enterprise within the Single Security Architecture. CDCs also enable a significant reduction in the total number of DoD data centers by serving as consolidation points for computing and storage services currently hosted across hundreds of component facilities.

### **Service Descriptions**

The Computing Services business area provides a variety of services tailored to the demands of the Department of Defense’s information systems. This includes server and mainframe processing and storage, basic and optional services, cloud services, and enterprise services. Enterprise infrastructure services continue to move the Department’s data processing toward more centralized and standardized solutions. The Enterprise infrastructure enables a collaborative environment and trusted information sharing end-to-end that can adapt to rapidly

changing conditions with the goal of protected data on protected networks. Major service offerings are discussed in further detail subsequently:

***Traditional Server Hosting and Virtualization Services*** provide managed hosting solutions for mission partners that need DISA to provide the labor, hardware, and software required to manage and maintain their server Operating Environments (OEs). This includes mandatory services for traditionally hosted applications, such as systems administration, cybersecurity administration, hardware services, and optional services such as application support/web administration and database administration. Rates are tailored to the attributes of the mission partner's workload (e.g. processing power allocated to the OEs, virtual vs. physical OEs, and type of hardware).

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

***Large-scale Mainframe Computing Hardware & Software Processing*** includes multiple applications and processes throughout the Department of Defense in support of the warfighter on IBM platforms. This support includes the latest hardware through capacity services contracts, updating and maintaining operating systems, and all necessary software, and unique technical expertise. Capabilities include traditional mainframe as well as modernized Linux virtualization and containerized platform hosting.

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

This budget assumes most of the DEE accounts on the Non-classified Internet Protocol Router Network (NIPR) will be decommissioned in FY 2022 as the DoD migrates to the commercial cloud for productivity services. DEE accounts on the Secret Internet Protocol Router Network (SIPR) will remain through FY 2023. Email Journaling, a service that permanently saves each message that a specified user sends or receives, will also remain through FY 2023. Journaling is a requirement for some flag officers, high ranking appointees, and members of the Senior Executive Service.

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

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

The ***Global Content Delivery Service (GCDS)*** is a system of globally-deployed edge computing nodes that acts as a central nervous system for applications on NIPRNet and SIPRNet. Serving over 3,000 digital properties (URLs), GCDS benefits the DoD in numerous ways, including performance, operational stability, and security. Specific capabilities include a fully-managed web application firewall (WAF), application acceleration, cloud storage, HD streaming, Internet Access Point (IAP) offload, and Identity Credential and Access Management (ICAM).

***DoD Automated Time and Attendance Production System (ATAAPS)*** is a Human Resource Management System (HRMS) that provides information to downstream payroll processing by the Defense Civilian Payroll System (DCPS), entitlement systems, and in some cases enterprise resource planning (ERP) business systems. ATAAPS provides the ability to accurately record time and attendance while capturing labor hours by job order. ATAAPS creates a common platform for the DoD Agencies, Military Services, and Other Government Agencies (OGA) who use DCPS as their civilian payroll system of record. ATAAPS helps to ensure agencies can easily and effectively enter, validate, certify, audit, and transmit records to DCPS.

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

The ***milCloud 2.0*** service is a contractor-owned, contractor-operated, secure, cloud infrastructure-as-a-service (IaaS) environment in DISA data centers that is connected to DoD networks. The milCloud 2.0 service is approved to support up to Impact Level 5 data, and includes a central cloud portal, which provides real-time visibility, payment, and workload provisioning. The milCloud 2.0 service enables efficient use of resources by providing a metered billing model, which allows customers to pay only for what they use rather than incurring monthly or yearly fees. The milCloud 2.0 service also offers access to Subject Matter Experts for consulting and migration support efforts to aid in transition to, and optimization of cloud computing systems. The milCloud 2.0 service can serve as a contract vehicle for acquiring access to select Amazon Web Services (AWS) GovCloud services.

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

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

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

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

***Traditional Hosted Datacenter Program (THDP) Cybersecurity Service Provider (CSSP)*** is a service offering that provides DISA data center-hosted mission partners with formal alignment to DISA as a Cybersecurity Service Provider (CSSP). This comprehensive service offering provides monitoring of network traffic directly associated with mission partner programs and applications. CSSP THDP also includes vulnerability assessment and analysis activities, incident response support, incident reporting, and other key cybersecurity services that enable DISA to protect and defend from cyberattacks and effectively and expeditiously respond to alerts. Mission Partners that align to DISA for THDP CSSP services will inherit key cybersecurity Control Correlation Identifiers (CCIs) for their Risk Management Framework (RMF) processes.

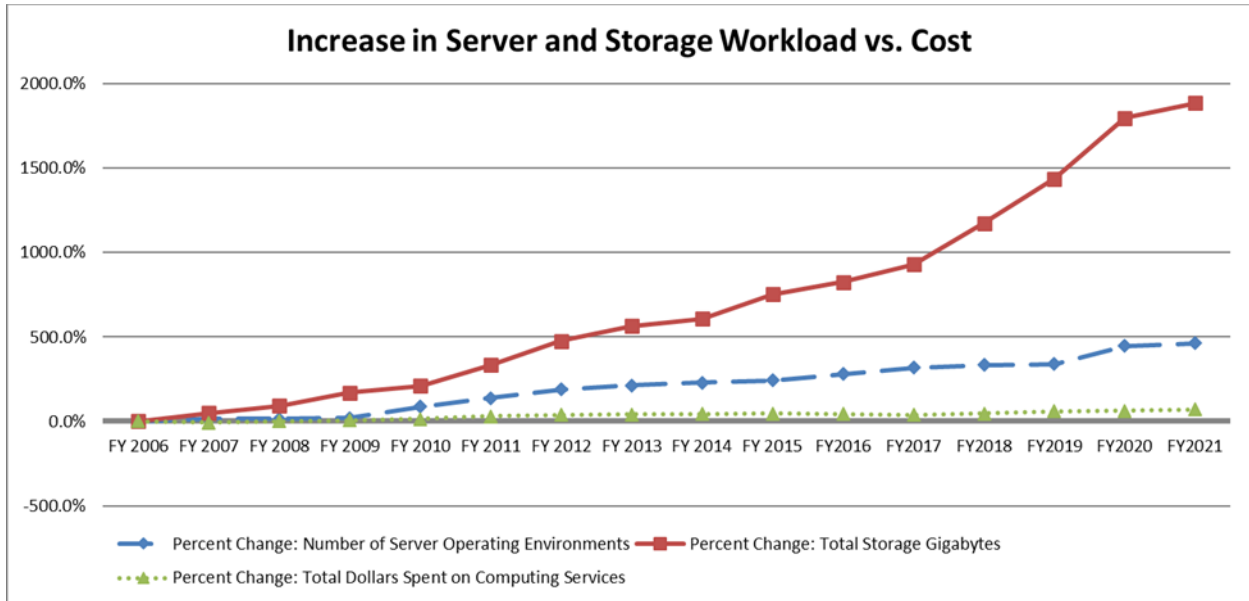
***Cloud Advanced (Cloud-A) Cybersecurity Service Provider (CSSP)*** is available to mission partners leveraging both commercial and government-owned cloud environments. This comprehensive service offering provides the monitoring and analysis of network traffic entering and exiting the mission partner's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

The ***Global Service Desk (GSD)*** provides a global enterprise service support environment delivering incident response, problem response, change management, and request fulfillment of customer needs in support of global Information Technology (IT) service providers. The GSD provides a strategic central point of contact for Common Use IT and Mission IT support. Fourth Estate Agencies are in the process of transitioning to the Global Service Desk as part of the Fourth Estate Network Optimization initiative. GSD leverages industry Tier I tools including the Customer Interaction Center® (CIC) and ServiceNow® to provide a comprehensive Information Technology System Management (ITSM) process. The GSD manages a Service Portal within ServiceNow® where customers troubleshoot incidents via knowledge articles, workflows, critical system feeds, and a Virtual Agent. ServiceNow® is a new service offering included in FY 2022.

## **Performance Measures**

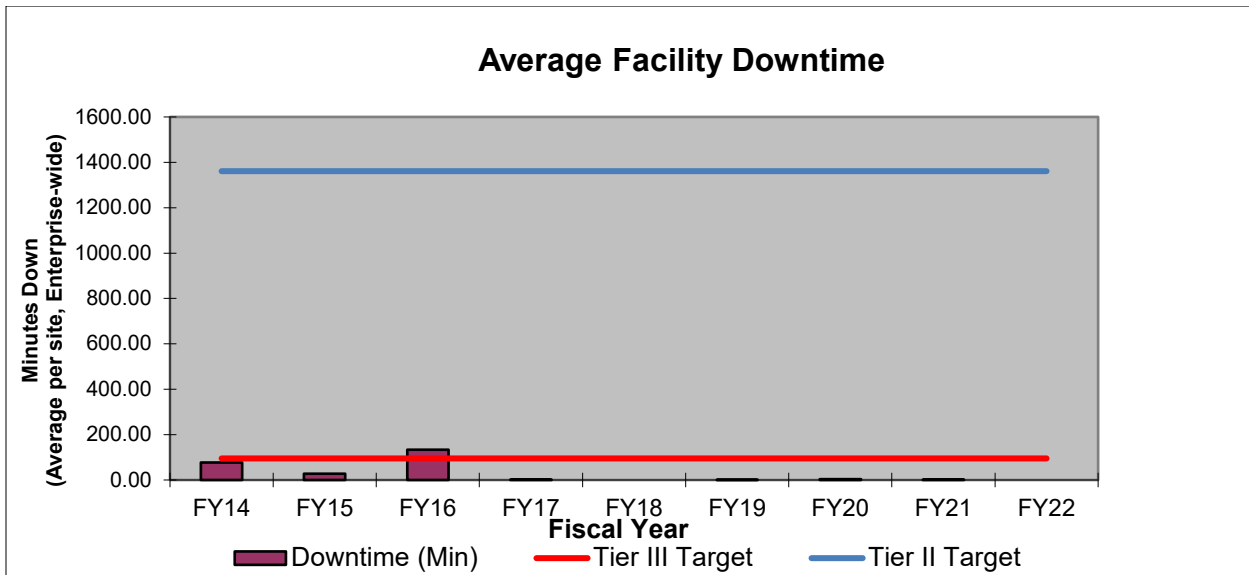
As shown in the subsequent table, demand for DISA's server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 464 percent, and total storage gigabytes have increased by 1,886 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 70 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA's unique ability to leverage robust computing capacity at the DISA Datacenters.





DISA’s information services play a key role in supporting the Department’s operating forces. As a result, DISA is held to high performance standards. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general performance measures. The two metrics depicted in the subsequent tables reflect the availability of critical applications in DISA’s Core Data Centers.

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



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

	Threshold	Objective	Actual
<b>IBM System z Mainframe</b>	99.95%	99.99%	100%
<b>Unisys Mainframe</b>	99.95%	99.99%	100%
<b>P Series Server</b>	99.95%	99.99%	100%
<b>SPARC Server</b>	99.95%	99.99%	100%
<b>X86 Server</b>	99.95%	99.99%	99.999%
<b>Itanium</b>	99.95%	>99.95%	99.999%
<b>Storage</b>	99.95%	>99.95%	99.996%
<b>Communications Devices</b>	99.95%	>99.95%	99.999%

## Rates

This budget results in a composite 2.00 percent rate change in FY 2023. DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement of actual cost. The charts on the following pages display the rates by category.

<b>Mainframe LOB</b>	<b>FY 2022</b>	<b>FY 2023</b>
* IBM CPU Usage (Hour/Month)	\$412.4127	\$439.0133
* IBM ZIIP CPU (Hour/Month)	\$381.7412	\$439.0024
* IBM Storage (GB/Day)	\$0.3269	\$0.2779
* IBM Long Term Storage (GB/Day)	\$0.2179	\$0.1852
* zLINUX Infrastructure (vCPU/Month)	\$1,329.24	\$1,262.78
* zLINUX Hardware (vCPU/Month)	\$228.99	\$233.66
<b>Infrastructure and Sustainment LOB</b>	<b>FY 2022</b>	<b>FY 2023</b>
Application Support / Web Administration (OE/Month)	\$1,009.00	\$959.00
Database Administration (OE/Month)	\$1,487.00	\$1,710.00
Oracle Database Software Itanium Virtual (Core/Month)	\$468.00	\$585.00
Oracle Database Software Itanium Class 1 Physical (OE/Month)	\$5,652.00	\$7,065.00
Oracle Database Software Itanium Class 2 Physical (OE/Month)	\$11,295.00	\$14,119.00
Oracle Database Software Itanium Class 3 Physical (OE/Month)	\$16,939.00	\$21,174.00
Oracle Database Software x86 & SPARC Virtual (vCPU or Core/Month)	\$234.00	\$293.00
Oracle Database Software x86 & SPARC Class 1 Physical (OE/Month)	\$2,825.00	\$3,531.00
Oracle Database Software x86 & SPARC Class 2 Physical (OE/Month)	\$5,641.00	\$7,051.00
Oracle Database Software x86 & SPARC Class 3 Physical (OE/Month)	\$8,474.00	\$10,593.00
Server 24 x 7 Application Support (OE/Month)	\$2,229.00	\$2,118.00
Server 24 x 7 Database Administration (OE/Month)	\$1,962.00	\$2,256.00
Server Storage - Enterprise Disk RAID 5 (GB/Month)	\$0.4682	\$0.4228
Server Storage - Shared COOP (GB/Month)	\$0.4126	\$0.3726
Server Storage - Backup Service (GB/Month)	\$0.2560	\$0.2312
Server Storage - Dedicated COOP SAN Replication (GB/Month)	\$0.9011	\$0.8137
Server Storage - Enterprise Disk RAID 10 (GB/Month)	\$0.9373	\$0.8464
milCloud 2.0 Backup Storage (GB/Month)	\$0.1171	\$0.1057
<b>Cyber LOB</b>	<b>FY 2022</b>	<b>FY 2023</b>
Database Administration Security Only (OE/Month)	\$148.06	\$170.27
Cyber/Security Labor (OE/Month)	\$34.52	\$39.70
* Financial Audit Compliance - IBM Mainframe (Hour/Month)	\$1.90	\$1.94
* Financial Audit Compliance - Open Systems (OE/Month)	\$261.74	\$267.08
* Financial Audit Compliance - Unisys Mainframe (SUPS/Month)	\$0.18	\$0.19
* Vulnerability Management - Program (Program/Month)	\$878.73	\$896.66
* Vulnerability Management - Endpoints (Endpoints/Month)	\$30.13	\$30.74

Enterprise Services	FY 2022	FY 2023
ATAAPS (Account/Month)	\$1.26	\$1.29
* CSSP Traditionally Hosted Data Center Program (OE/Month)	\$145.19	\$148.15
* CSSP Cloud-Advanced Tier 1 Subscription (1 to 5 OEs) (Application/Month)	\$1,528.73	\$1,559.92
* CSSP Cloud-Advanced Tier 2 Subscription (6 to 10 OEs) (Application/Month)	\$2,735.61	\$2,791.42
* CSSP Cloud-Advanced Tier 3 Subscription (11 to 50 OEs) (Application/Month)	\$4,883.48	\$4,983.10
* CSSP Cloud-Advanced Tier 4 Subscription (51 to 100 OEs) (Application/Month)	\$7,913.61	\$8,075.05
* CSSP Mainframe (Application/Month)	\$92.98	\$94.88
* Enterprise Email - Journaling (GB/Month)	\$0.44	\$0.45
* Enterprise Email - Business (Account/Month)	\$3.48	\$3.55
* Enterprise Email - Premium (Account/Month)	\$11.59	\$11.83
* Enterprise Email - Executive (Account/Month)	\$20.85	\$21.28
* Enterprise Email - Senior Executive (Account/Month)	\$30.89	\$31.52
* Enterprise Email - Negligent Discharge of Classified Information (Per Incident)	\$2,550.00	\$2,602.02
* Enterprise Email - Implementation (Per Account)	\$60.00	\$60.00
* DEPS - Shared SIPR (Per User/Month)	\$26.93	\$27.48
* DEPS - Shared NIPR (Per User/Month)	\$10.53	\$10.74
* DEPS Implementation - Shared SIPR (Per User)	\$49.91	\$49.91
* DEPS Implementation - Shared NIPR (Per User)	\$26.06	\$26.06
* GCDS Net Storage (GB/Month)	\$3.01	\$3.07
* GCDS URL Web Delivery (URL/Month)	\$827.59	\$844.14
* GCDS Web Application Firewall (Unit/Month)	\$91.65	\$93.48
* Global Service Desk Tier I Support (1/4 FTE/Month)	\$3,448.13	\$3,518.47
* Global Service Desk Tier II Support (1/4 FTE/Month)	\$3,448.13	\$3,518.47
* Global Service Desk Customer Interaction Center (CIC) (License/Month)	\$709.30	\$723.77
* milCloud - Base Unit (Per Unit/Day)	\$3.73	
* milCloud - Storage (GB/Day)	\$0.0154	
* milCloud - Backup Storage (GB/Day)	\$0.0098	
* milCloud - Memory (2GB/Day)	\$0.75	
* milCloud - Dedicated VPN (User Block/Day)	\$38.05	
* milCloud - IaaS Log View (Edge Gateway/Day)	\$25.23	
* milCloud Implementation (One Time)	\$195.00	
* milCloud Implementation - Premium Engineering: Bronze (One Time)	\$1,680.57	\$1,680.57
* milCloud Implementation - Premium Engineering: Silver (One Time)	\$3,360.11	\$3,360.11
* milCloud Implementation - Premium Engineering: Gold (One Time)	\$8,401.81	\$8,401.81
* milCloud Implementation - Dedicated VPN (One Time)	\$277.22	
* milCloud 2.0 (Applied Burdening Percentage)	20.39%	30.00%
* milCloud 2.0 AWS	2.25%	2.25%
* milCloud 2.0 Migration Services	20.39%	30.00%
** SCCA - Virtual Data Center Security Stack (OE/Month)	\$43.56	
** SCCA - Virtual Data Center Managed Services (OE/Month)	\$100.96	
** SKIWeb (Per User/Month)	\$81.62	

Server LOB	FY 2022	FY 2023
Server Systems Administration Conventional: Virtual (OE/Month)	\$371.00	\$406.00
Server Systems Administration Conventional: Physical (OE/Month)	\$371.00	\$406.00
Server Systems Administration - Converged OSC SPARC (OE/Month)	\$112.00	\$123.00
Server Systems Administration - Converged x86 (OE/Month)	\$223.00	\$244.00
Server Systems Administration - Cloud (OE/Month)	\$248.00	\$280.00
Server Systems Administration - 24x7 (OE/Month)	\$795.00	\$871.00
Server/Storage Infrastructure - Cloud (vCPU/Month)	\$110.00	\$127.00
Server /Storage Infrastructure - Converged (x86) (vCPU/Month)	\$120.00	\$138.00
Server /Storage Infrastructure - Converged SPARC (OE/Month)	\$412.00	\$474.00
Server /Storage Infrastructure - Virtual (vCPU or Core/Month)	\$144.00	\$166.00
Server /Storage Infrastructure - Virtual Non-Standard (OE/Month)	\$1,029.00	\$1,183.00
Server/Storage Infrastructure - Class 1: Physical (OE/Month)	\$1,964.00	\$2,259.00
Server/Storage Infrastructure - Class 2: Physical (OE/Month)	\$2,680.00	\$3,082.00
Server/Storage Infrastructure - Class 3: Physical (OE/Month)	\$3,188.00	\$3,666.00
Server H/W Services SPARC LDOM Processor (Core/Month)	\$234.00	\$221.00
Server H/W Services SPARC Class 1 Physical (OE/Month)	\$1,516.00	\$1,430.00
Server H/W Services SPARC Class 2 Physical (OE/Month)	\$3,337.00	\$3,147.00
Server H/W Services SPARC Class 3 Physical (OE/Month)	\$8,311.00	\$7,837.00
Server H/W Services Itanium Class 1 Physical (OE/Month)	\$2,189.00	\$2,064.00
Server H/W Services Itanium Class 2 Physical (OE/Month)	\$4,527.00	\$4,269.00
Server H/W Services Itanium Class 3 Physical (OE/Month)	\$8,353.00	\$7,877.00
Server H/W Services x86 VOE Processor (vCPU/Month)	\$61.00	\$58.00
Server H/W Services x86 Class 1 Physical (OE/Month)	\$277.00	\$261.00
Server H/W Services x86 Class 2 Physical (OE/Month)	\$433.00	\$408.00
Server H/W Services x86 Class 3 Physical (OE/Month)	\$702.00	\$662.00
Server H/W Services SPARC Virtual Memory (GB/Month)	\$3.38	\$3.19
Server H/W Services x86 Virtual Memory (GB/Month)	\$2.17	\$2.05
Server H/W Services Itanium IVMs (OE/Month)	\$1,331.00	\$1,264.00
* Server Implementation - Standard (One Time)	\$11,877.00	\$11,877.00
* Server Implementation - Capacity Hardware Only (One Time)	\$6,976.00	\$6,976.00
* Server Implementation Converged - Physicals (One Time)	\$10,807.00	\$10,807.00
* Server Implementation Converged - OSC SPARC Virtual (One Time)	\$6,527.00	\$6,527.00
* Server Implementation Converged - x86 Virtual (One Time)	\$10,379.00	\$10,379.00

\* These services are unstabilized in FY22 and FY23 and may be updated to recover actual costs.

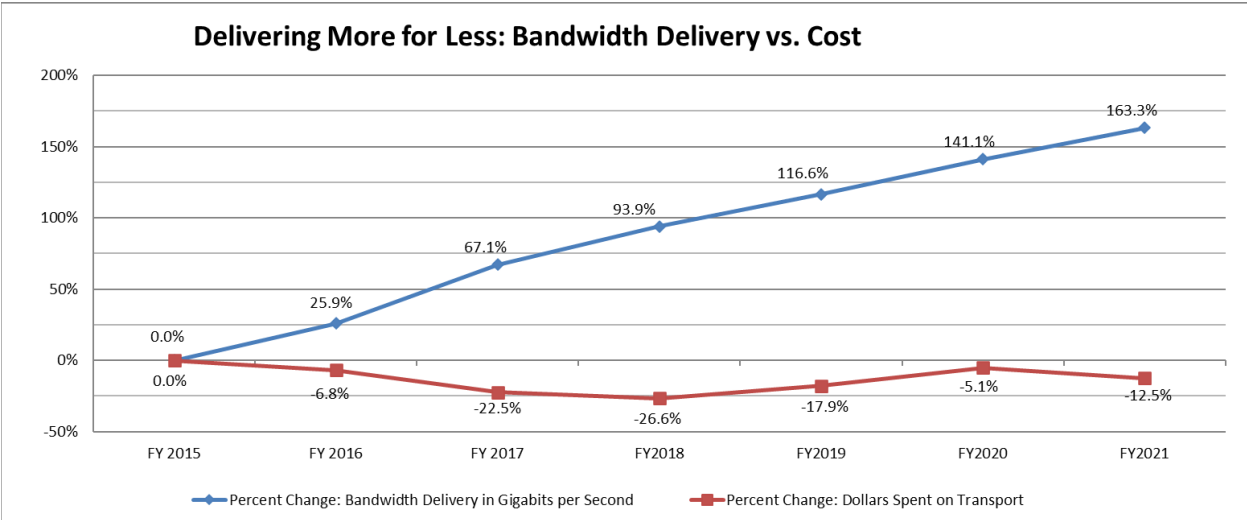
\*\*Service offerings will transition from rate-based to full reimbursement in FY 2023.



# Telecommunications Services

## Overview

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



The previous chart compares the bandwidth delivery, including MPLS connections, to Transport costs. Since FY 2015, DISA has increased transport bandwidth delivery capacity 163.3 percent to meet customer demand. The increase is driven by internet traffic, DoD Enterprise Services, full motion video collaboration, and Intelligence, Surveillance and Reconnaissance (ISR) requirements. Over the same timeframe, transport costs associated with the physical connections between sites have decreased by -12.5 percent. Additionally, DISA has been able to keep these costs down without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability and latency, two key performance metrics.

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

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN INFRASTRUCTURE SERVICES	Transport	Bandwidth Management	Backbone
		Maintenance	
		Core Sustaining Activities	Warehousing
			Minor Equipment
			Installation
			Other Sustaining Activities
	IP Data Systems		
	Global Content Delivery Service (GCDS)		
	Cyber Protection	Cyber Protection Activities	Enterprise Cross Domain Services
			Network Operations of Enterprise Infrastructure
			Network Hardening
			PKI and Directories
			Secure Configuration Management
	Joint Regional Security Stacks (JRSS)		
Security and Assurance	Network Security Monitoring		
Cloud Services	Cloud Based Internet Isolation (CBII)		
Centralized Services	Engineering and Logistics Management		
	Operational Support Services (OSS)		
	Network Support Services (NSS)		
OTHER TELECOM SERVICES	Video Services	Global Video Services (GVS)	
	Satellite Services	Commercial Satellite Services (COMSAT)	Fixed Satellite Services (FSS)
			Mobile Satellite Services (MSS)
		Enhanced Mobile Satellite Services (EMSS)	
	Voice Services	Pacific Enterprise Services - Hawaii (PES-HI)	
		DISN Enterprise Classified Travel Kit (DECTK)	
		Enterprise Voice Services (EVS)	
	Other Services	Organizational Messaging	
		DoD Mobility	
		DoD COOP Integrated Network (DCIN)	
		Cross Domain Services (CDS)	
		Circuit Integration Support	
		Low Speed Time Division Multiplexing (LSTDM)	
		Joint Base Customer Edge (JB-CE) Router Management	
		Customer-unique Projects	
		Fourth Estate Network Optimization (4ENO)	
		Department of Defense 365 (DoD365) Joint Tenant	
	Teams Audio Conferencing		
	Mission Assurance	SIPRNet DMZ	
		Public Key Infrastructure (PKI) (service to other Federal Agencies)	
Security and Assurance	Cybersecurity Service Provider (CSSP) and IA Analysis		
	Endpoint Security Solutions (ESS)		



## Service Descriptions

The ***Defense Information Systems Network Infrastructure Services (DISN IS)*** represents a collection of core capabilities required to operate, maintain, and sustain the globally available DISN communications backbone infrastructure. The DISN IS cost recovery model is designed to allocate costs to mission partners based on consumption, using access circuit capacity as a proxy for measuring consumption. The circuits and associated capacity are pulled from the World-Wide Online System (WWOLS) database, which is transparent and accessible by all DoD components. Once the data is aggregated, each customer is assigned a share of the DISN IS bill based on their percent of the total capacity across all customers. The DISA analyzes consumption (as measured by access circuit capacity) quarterly and uses the average of the previous four quarters to set future DISN IS allocations. The current rate model does not count Multi-Protocol Label Switching (MPLS) connections and associated capacity as part of the allocation methodology. These connections are intentionally omitted to incentivize rapid adoption of the technology across the Department. Due to progress the Department has made in transitioning to IP infrastructure, the cost allocations have been frozen at FY 2020 levels until a new rate model, that incorporates MPLS connections, is developed and coordinated within the Department.

The FY 2023 price of the DISN IS increases by 3.22% from FY 2022 levels. This increase is largely due to the IPv6 transition in support of zero trust architecture. This will provide manpower to enable IPv6 technology, which will allow the Department to move away from the use of traditional dynamic use of Network Address Translation and will provide end-to-end zero trust visibility.

DISN Infrastructure Services cost elements are described below:

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

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

**Joint Regional Security Stacks (JRSS)** are a suite of equipment that perform firewall functions, intrusion detection and prevention, enterprise management, virtual routing and forwarding (VRF), and provide a host of network security capabilities. By deploying JRSS, security of the network is centralized into regional architectures instead of locally distributed architectures at each military base, post, camp, or station. This allows information traversing DoD networks to be continuously monitored to ensure response time as well as throughput and performance standards. This budget includes engineering, integration, and maintenance costs to support the full deployment of JRSS stacks.

**Cloud Based Internet Isolation (CBII)** transfers Internet browsing sessions from traditional desktop browsers to a secure, isolated cloud platform. The service provides enhanced network defense by isolating potential malicious code and content within the cloud platform, separating the threat from direct connections to DoD networks. This budget includes continued progress towards an enterprise-wide implementation of the CBII capability.

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

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

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

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

**Network Services Support** includes centralized support services across the DISN programs, including contract acquisition support, mission management and operational metrics support, and workforce management support.

The ***DoD Secure Access File Exchange (SAFE)*** provides a secure method of transferring large files that would normally be too large to send via email (up to 8GB). This capability is now included as an enterprise service in the DISN IS.

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

***Commercial Satellite Communications (COMSATCOM)*** services include global and regional access to commercial satellite communications for voice, data, imagery, broadcast, and teleconferencing networks in secure and non-secure modes. This includes both fixed satellite services (FSS) and mobile satellite services (MSS). COMSATCOM services are currently in the process of transitioning to the United States Air Force Space Command, per the FY 2018 National Defense Authorization Act.

***Enhanced Mobile Satellite Service (EMSS)*** is a global mobile satellite communications system that provides secure voice, data, paging, and messaging communications capabilities to DoD, non-DoD, and foreign subscribers as needed. This program also offers the Distributed Tactical Communications System, comprised of push-to-talk voice and data services that leverage the current constellation to provide a handheld, over the horizon, beyond-line-of-sight, tactical communications solution for U.S. troops in remote locations, enabling a user to communicate with multiple users at the same time.

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

***Global Video Services (GVS)*** provide a full suite of on-demand, high-quality assured video conference capabilities to interact visually within the NIPRNet and SIPRNet. The GVS supports DoD subscribers, warfighters in the field and coalition partners worldwide. This budget includes a transition to GVS 2.0, which includes moving to a virtual infrastructure and cloud environment.

***Pacific Enterprise Services – Hawaii (PES-HI)*** is an IP-based converged network providing voice, video, and data services to military bases in the state of Hawaii. The PES-HI reimbursable service includes the dedicated provisioning and transmission services within and between the military installations in Hawaii.

***Pacific Enterprise Services – Korea (PES-K)*** is a partnership between the DISA and the Army to modernize the Korean DISN Transport Metropolitan Area Network. The DISA manages Army-owned encryptors and routers on a reimbursable basis.

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

***DoD Mobility*** services provide both unclassified and classified mobile communications using multiple types of devices. The DISA provides the commercial carrier gateway for both 3G and 4G network traffic to facilitate moving the commercial carrier traffic through the DISN to access user email, DoD web sites, a DoD application store, and other DoD-specific applications. Sustainment costs recovered through the DWCF are driven by

customer-specific requirements, i.e., Mobile Device Management hardware, Mobile Application Store, software licenses, and 24x7 operational support.

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

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

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

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

The ***Joint Base Customer Edge Router Management Service*** provides operations and maintenance of the customer edge (CE) routers, leveraging DISA's existing contract vehicles, providing greater cost savings to the Department through economies of scale.

***Fourth Estate Network Optimization (4ENO)*** includes the consolidation of NIPR and SIPR commodity IT services previously performed by Fourth Estate Agencies to the DISA as a single service that began in FY 2020. Using a phased approach, operations, maintenance, and sustainment of common-use IT for Fourth Estate Agencies will be completed by DISA and provided as a managed service on a reimbursable basis. This effort will streamline DoD networks and support functions, standardize solution sets, remove non-core competencies from Defense Agencies and enable a mission focus, strengthen the Department's security posture, and allow for a reallocation of savings to increase lethality.

The ***Enterprise Voice Services*** portfolio provides IP-based, unclassified and classified voice capabilities supporting hard phone and soft client calling and supporting services for Combatant Commands, Services and Agencies.

***Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP)*** services provide global, scalable, and redundant communications solutions delivered over highly available and secure networks. Both managed and unmanaged voice over IP capabilities are available to DoD mission partners.

***Enterprise Audio Conferencing (EAC)*** provides reservation-less teleconferencing for unclassified users. EAC bridges are distributed globally and can accommodate up to 250 participants per bridge line.

***Cloud Voice over IP (CVoIP)*** is a new capability that provides voice connectivity for commercial and Defense Switch Network (DSN) inbound and outbound calls to the impact level 5 cloud.

The ***Department of Defense 365 (DoD365) Joint Tenant*** provides an enterprise commercial cloud service offering that supports the DoD strategy to acquire and implement enterprise applications and services for joint use across the DoD, standardize cloud adoption, and enable cross-Department collaboration. DoD365 Joint Tenant provides a commercial cloud service solution for unified capabilities and is intended to aid the DoD in replacing disparate legacy enterprise information technology services for office productivity, messaging, content management, and collaboration. DISA has deployed a shared environment for Fourth Estate Agencies and Combatant Commands.

### **New Reimbursable Telecommunications Services**

The ***DISN Enterprise Classified Travel Kit (DECTK)*** Gateway program supports DoD customers by providing classified voice and data services via small, rapidly deployable devices through any internet connection, anywhere in the world.

***Endpoint Security Solutions (ESS)*** includes capabilities that prevent unauthorized access to endpoint devices, identify and remove malicious code and unauthorized software, and prevent the execution of unauthorized software and processes. Additionally, endpoint security protects trusted platforms/devices that connect to the DODIN, allowing authorized users to obtain secure access to Joint Information Environment (JIE) resources from anywhere, at any time, using any authenticated device.

The DISA-managed Endpoint Security Solutions are included in the DISN IS price prior to FY 2023 and will be scaled back to support the Fourth Estate and Combatant Commands.

The ***Teams Audio Conferencing (TAC)*** service is the voice conferencing capability that allows utilization of a dial-in phone number to facilitate participation in a Microsoft Teams meeting. This offering provides Voice Cloud Access Point (VCAP) access, Cybersecurity Service Provider (CSSP) coverage, contract management, and the subscription for the capability.

## Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department’s strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. These categories of metrics have guided the development of the Telecommunication Services budget submission. Shown below are major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2021 Estimated Actual	FY 2022 Operational Goal	FY 2023 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.87%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	45.23 milliseconds (CONUS INTRA)	≤ 100 milliseconds	≤ 100 milliseconds
Optical Transport network availability	99.33%	99.50%	99.50%

## Rates

This section provides billing rates for FY 2022 and FY 2023.

The *DISN Infrastructure Services* cost recovery model uses access circuit capacity as a proxy for measuring consumption; however, mission partner allocations have been held constant at FY 2020 levels in preparation for the development of a revised model that accommodates MPLS connections. The subsequent table shows the FY 2022 and FY 2023 allocation by customer. Total revenue increases from FY 2022 to FY 2023 primarily due to IPv6 transition in support of zero trust architecture.

Customer Type	Customer	Mbps	% Allocation	FY 2022	FY 2023
MILDEP	Army	502,158.0	31.0566%	\$364.465	\$376.199
MILDEP	Air Force	551,441.0	34.1045%	\$400.235	\$414.249
MILDEP	Marine Corps	47,430.0	2.9334%	\$34.424	\$35.533
MILDEP	Navy	330,777.0	20.4573%	\$240.077	\$247.806
Other DoD	Defense Advanced Research Projects Agency	1,422.0	0.0879%	\$1.032	\$1.065
Other DoD	Defense Acquisition University	1,904.0	0.1178%	\$1.382	\$1.426
Other DoD	Defense Commissary Agency	138.0	0.0085%	\$0.100	\$0.103
Other DoD	Defense Contract Audit Agency	610.0	0.0377%	\$0.443	\$0.457
Other DoD	Defense Contract Management Agency	870.0	0.0538%	\$0.631	\$0.652
Other DoD	Defense Finance and Accounting Service	3,542.0	0.2191%	\$2.571	\$2.654
Other DoD	Defense Health Agency	15,384.0	0.9514%	\$11.166	\$11.525
Other DoD	Defense Information Systems Agency	50,023.8	3.1861%	\$59.047	\$60.951
Other DoD	Defense Logistics Agency	25,167.0	1.5565%	\$18.266	\$18.854
Other DoD	Defense Manpower Data Center	5,316.0	0.3288%	\$3.858	\$3.983
Other DoD	Defense Media Activity	3,890.0	0.2406%	\$2.824	\$2.914
Other DoD	Defense Microelectronics Activity	46.0	0.0028%	\$0.034	\$0.035
Other DoD	Defense Security Cooperation Agency	1,065.0	0.0659%	\$0.773	\$0.798
Other DoD	Defense Security Service	286.0	0.0177%	\$0.207	\$0.214
Other DoD	Defense Technical Information Center	515.0	0.0319%	\$0.374	\$0.386
Other DoD	Defense Threat Reduction Agency	3,982.0	0.2463%	\$2.890	\$2.983
Other DoD	DoD Education Agency	52.0	0.0032%	\$0.037	\$0.039
Other DoD	DoD Inspector General	342.0	0.0212%	\$0.248	\$0.256
Other DoD	Joint Chiefs of Staff	4,902.0	0.3032%	\$3.558	\$3.672
Other DoD	Missile Defense Agency	10,518.0	0.6505%	\$7.634	\$7.880
Other DoD	Other	437.0	0.0270%	\$0.317	\$0.328
Other DoD	OUSD A&S	3.0	0.0002%	\$0.002	\$0.002
Other DoD	OUSD R&E	2.0	0.0001%	\$0.001	\$0.001
Other DoD	OUSD (I)	1,507.0	0.0932%	\$1.094	\$0.000
Non-DoD	Department of Commerce	91.0	0.0056%	\$0.066	\$0.068
Non-DoD	Department of Energy	318.0	0.0197%	\$0.226	\$0.234
Non-DoD	Department of Homeland Security	156.0	0.0096%	\$0.114	\$0.117
Non-DoD	Department of Justice	356.0	0.0220%	\$0.258	\$0.267
Non-DoD	Department of State	1,812.0	0.1121%	\$1.314	\$1.356
Non-DoD	Federal Aviation Administration	11.0	0.0007%	\$0.008	\$0.008
Non-DoD	Federal Bureau of Investigation	48.0	0.0030%	\$0.035	\$0.036
Non-DoD	Government Accountability Office	45.0	0.0028%	\$0.033	\$0.034
Non-DoD	National Aeronautics & Space Administration	504.0	0.0312%	\$0.366	\$0.378
Non-DoD	Nuclear Regulatory Commission	2.0	0.0001%	\$0.001	\$0.001
Non-DoD	US Coast Guard	2,980.0	0.1843%	\$2.163	\$2.233
	<b>Total</b>	<b>1,616,914.8</b>	<b>100.0000%</b>	<b>\$1,162.275</b>	<b>\$1,199.697</b>

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

<b>GVS Rates</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023*</b>
Air Force	\$9,774,434	\$10,090,926	TBD
Army	\$11,619,643	\$11,148,716	TBD
DISA	\$1,300,269	\$1,167,439	TBD
Marine Corps	\$403,532	\$464,395	TBD
Navy	\$982,962	\$1,170,664	TBD
US Space Force	N/A	\$38,700	TBD
<b>TOTAL</b>	<b>\$24,080,839</b>	<b>\$24,080,839</b>	<b>TBD</b>

\*FY 2023 are not stabilized due to workload uncertainty.



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

1. DISN Infrastructure Services (DISN IS) – costs for services that benefit the entire DISN network and user community are recovered via the DISN Infrastructure Services rate.
2. Rate-based – customers are charged a specific rate for the individual service received.
3. Direct Reimbursement – costs for services performed for a specific customer, such as information assurance analysis, are recovered on a direct-reimbursable basis.

Additional detail is provided in the subsequent table:

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

The subsequent table shows the monthly rate per device for **DoD Mobility** as an enterprise service. The rate recovers costs for enterprise-level mobile communications services which ensure interoperability, increased security, and access to information. The Mobility service is currently offered at the unclassified, secret, and top secret levels. The Windows Data at Rest for Secret (WINDAR-S) was a new rate-based offering in FY 2021 and provides a mobile SIPR Windows desktop experience that offers users access to a suite of productivity tools and capabilities at the Secret level.

<b>DoD Mobility Rates</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023*</b>
Unclassified Device	\$4.40	\$3.97	TBD
SIPR Device	\$60.23	\$80.12	TBD
Top Secret Device	\$60.23	\$80.12	TBD
WINDAR – SIPR	\$230.83	\$290.38	TBD

\*FY 2023 are not stabilized due to workload uncertainty.

The table below shows the fee for new filter development, new customer pre/post deployment, and the rate per active filter for **Cross Domain Services**. New filter implementation recovers the cost to develop, certify and deploy new filters for Structured File Transfer and Web Service functions and is a one-time fee per new filter. The monthly service fee covers cross domain technology assessment, security policy enforcement, certification, accreditation and revalidation support, configuration management, help desk support, and life cycle replacement.

<b>Cross Domain Rates</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023*</b>
New Filter Implementation	\$187,667	\$191,420	TBD
Monthly Sustainment	\$6,155	\$6,278	TBD

\*FY 2023 are not stabilized due to workload uncertainty.

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

<b>Commercial Satellite Services Rates</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023*</b>
Standard Rate	5.31%	5.31%	TBD

\*FY 2023 are not stabilized due to workload uncertainty.

The *Enterprise Voice Services* are delivered to DoD mission partners based on a monthly rate per service offering. Prior to FY 2021, Enterprise Voice Services were included in the overall price of the DISN Infrastructure Services. These capabilities have been removed from the DISN IS in order to more accurately allocate the cost of delivering each voice service to the DoD mission partners utilizing the services.

<b>Enterprise Voice Services Monthly Rates</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023*</b>
EVoIP/ECVoIP Managed (per account)	\$24.00	\$24.00	TBD
EVoIP Basic (per subscribed concurrent calls)	--	\$23.37	TBD
VoSIP (per subscribed phone number)	--	\$0.0006	TBD
Enterprise Audio Conferencing (per bridge line)			TBD
40 User Bridge	--	\$11.09	TBD
41-100 User Bridge	--	\$27.73	TBD
101+ User Bridge	--	\$69.33	TBD
Cloud Voice over IP	\$10.70	\$10.70	TBD

\*FY 2023 prices are unstabilized, pending validation of workload by mission partners.



# Enterprise Acquisition Services

## Overview

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

## Service Descriptions

***Standard Contracting Services*** are provided by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services, and a wide range of other DoD programs that require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to the DoD for essential IT services such as cyber security, information assurance, engineering, hardware, equipment, software integration and support, DISN access, and Non-DISN telecommunications circuits. All standard contracting services ordered by mission partners are provided on a 100 percent reimbursable basis, plus a fee-for-service to recover operating costs. The fee for standard IT contracting services remains unchanged in FY 2023 at 2.25%.

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

## Performance Measures

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

SERVICE OBJECTIVE	FY 2021 Estimated Actual	FY 2022 Operational Goal*	FY 2023 Operational Goal*
Percent of total eligible contract dollars competed	80.54%	73.00%	73.00%
Percent of total eligible contract dollars awarded to small businesses	25.29%	28.00%	28.00%

\*FY 2022 and FY 2023 goals for percent of total eligible contract dollars competed are estimates based on the released FY 2021 goal. The goals have not yet been released by the Defense Procurement Acquisition Policy (DPAP).

\*FY 2021 DISA re-negotiated target to 25%

## Rates

Contracts awarded by the DITCO are provided on a 100 percent reimbursable basis. The cost of operations for the DITCO is recovered by charging mission partners a fee-for-service in addition to their direct vendor-provided contract cost. The fee-for-service for each contract type is provided in the subsequent table.

Contracting Rates	FY 2021	FY 2022	FY 2023
Standard IT Contracting Fee-for-Service	2.25%	2.25%	2.25%
Joint Enterprise License Agreements (JELAs)	0.25%	0.25%	0.25%
JELA Decentralized Ordering Fee	0.10%	0.10%	0.10%

## Major Changes between Fiscal Years

### Cost of Operations

(\$ in millions)	FY 2021	FY 2022	FY 2023
FY 2022 President's Budget	\$8,490.3	\$8,847.4	-
FY 2023 Current Estimates	\$8,193.9	\$9,056.4	\$9,421.9
Change FY 2022 President's Budget to Current Estimate	-	\$209.0	-
Change FY 2022 Current Estimate to FY 2023 Current Estimate	-	-	\$366.0

#### **FY 2022 President's Budget Submission to FY 2022 Current Estimates**

The total cost of operations for the *Information Services Activity Group* increases by \$209 million from the FY 2022 President's Budget. This is primarily driven by a \$137.7 million increase in workload, primarily due to increased demand for reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO). This submission also includes the expected migration of new customers to the DoDNet services in accordance with the Fourth Estate Network Optimization (4ENO) reform initiative (+82.7 million), the addition of a new offering for IT Service Management as a service (+\$20.5 million), revised workload projections for DISA cloud service offerings (+\$15.1 million), and a new contract award for the Global Content Delivery Service (GCDS) (+\$12.9 million). Other increases in support costs total \$1.5 million.

These increases are partially offset by: the conversion of positions from contractor to civilian labor in support of the Global Service Desk and other contract labor recompetes (-\$25.1 million); efficiencies in cyber protection capabilities supporting the DISN Infrastructure Services (-\$12.7 million); reduced capital depreciation due to delays in fully implementing capital projects (-\$10.3 million); decommissioning of DoD Enterprise Email (DEE) Non-classified Internet Protocol Router Network (NIPR) service offering (-\$9.7 million); and reduction in legacy Boundary Cloud Access Point equipment (-\$3.6 million).

#### **FY 2022 Current Estimate to FY 2023 Current Estimate**

The total cost of operations for the *Information Services Activity Group* increases by +\$366.0 million from the FY 2022 Current Estimate to the FY 2023 Current Estimate, which includes an inflationary increase of +\$200.2 million. Programmatic changes are primarily driven by a +\$136.6 million increase in the Fourth Estate Network Optimization (4ENO) reform initiative as new customers are onboarded and +\$26.1 million for IPv6 transition in support of zero trust architecture which will provide manpower to enable IPv6 technology. This budget also includes: a re-estimation of customer workload across various service offerings (+\$28.8 million); revised capital depreciation estimates primarily due to completion of investments in the DISN infrastructure (+\$26.1 million); additional operating costs required to support increased demand

for reimbursable contracts awarded by the Defense Information Technology Contracting (+\$1.5 million); and other adjustments to support costs (+\$7.5 million).

These increases are partially offset by the following efficiencies: reductions in DISN transport infrastructure due to expanded use of the Commercial Ethernet Gateways (-\$33.0 million); efficiencies in Cyber protection capabilities supporting the DISN Infrastructure Services (-\$9.4 million); decommissioning of DoD Enterprise Email (DEE) Non-classified Internet Protocol Router Network (NIPR) service offering (-\$8.2 million); additional reductions in the Boundary Cloud Access Points due to decommissioning of legacy infrastructure (-\$6.2 million); and efficiencies in services required to support daily operations of the DISN (-\$4.7 million).

### **Capital Investment Program**

(\$ in millions)	FY 2021	FY 2022	FY 2023
Equipment	\$14.2	\$0.0	\$0.0
ADPE and Telecom	\$100.4	\$205.2	\$207.8
Software	\$7.9	\$27.2	\$9.7
Minor Construction	\$0.0	\$0.0	\$3.0
<b>Total Program Authority</b>	<b>\$122.5</b>	<b>\$232.4</b>	<b>\$220.6</b>
FY 2022 President's Budget	\$193.1	\$220.0	-
Change FY 2022 President's Budget to Current Estimates	-	+\$12.4	-
Change FY 2022 Current Estimate to FY 2023 Current Estimate	-	-	(\$11.8)

#### **FY 2022 President's Budget Submission to FY 2022 Current Estimates**

Total capital investment obligation authority increases by \$12.4 million from the FY 2022 President's Budget. The increase is primarily due to an increase in hardware requirements for the Voice Cloud Access Point (VCAP) and tech refresh of infrastructure for enterprise voice services, as well as new software requirements for IT Service Management tools utilized by the Global Service Desk. These increases are partially offset by the reduction or removal of requirements for Virtual Desktop Infrastructure (VDI), Public Key Infrastructure (PKI) and Computing Services minor construction investments.

#### **FY 2022 Current Estimate to FY 2023 Current Estimate**

The FY 2023 capital investment program decreases by \$11.8 million from FY 2022 primarily due to the decrease in software requirements for the Global Service Desk as well as a decrease in Perimeter Defense hardware requirements. This is partially offset by an increase in EMSS Gateway Evolution hardware requirements.

## Civilian Personnel

(\$ in millions)	FY 2021	FY 2022	FY 2023
Civilian End Strength	3,375	3,675	3,791
Civilian Full Time Equivalents	3,268	3,476	3,589
Civilian Labor Cost	\$483.5	\$525.0	\$564.5

\*Fiscal Year 2021 data are actual results

Civilian labor requirements increase by +208 full-time equivalents (FTEs) from FY 2021 to FY 2022. This increase is primarily driven by contractor to civilian conversion of FTEs supporting Global Service Desk (GSD). Additional increases support onboarding of Fourth Estate Agencies to the Global Service Desk and DoDNet services as part of the Fourth Estate Network Optimization reform initiative.

Civilian labor requirements increase by +110 FTEs from FY 2022 to FY 2023. This is primarily driven by the phasing in of GSD positions and customer reimbursable positions in FY 2022 and a full year in FY 2023. Increased FTEs are also required to support additional migrations of Fourth Estate Agencies to DoDNet services and hiring to support increased workload for the Defense Information Technology Contracting Organization (DITCO). These increases are slightly offset by a decrease due to milCloud 1.0 sunsetting.

## Military Personnel

(\$ in millions)	FY 2021	FY 2022	FY 2023
Military End Strength	16	24	23
Military Labor Cost	\$2.7	\$2.9	\$2.8

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



**Fund 2 Changes in Cost of Operations**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

<b>FY 2021</b>	<b>Estimated Actual</b>	<b>8,394.447</b>
<b>FY 2022</b>	<b>Estimate in FY 2022 President's Budget</b>	<b>8,847.436</b>
	<i><b>Program Changes:</b></i>	
	Conversion of Global Service Desk positions from contract labor to civilian labor and contract labor recompetes in support of DISA Computing Services	(25.064)
	Efficiencies in Cyber protection capabilities supporting the DISN Infrastructure Services	(12.717)
	Reduced capital depreciation due to delays in fully implementing capital projects	(10.265)
	Decommission of DoD Enterprise Email (DEE) Non-classified Internet Protocol Router Network (NIPR) service offering	(9.699)
	Reduction in legacy Boundary Cloud Access Points	(3.594)
	Re-estimation of reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO), partially offset by termination of large customer workloads utilizing DISA Computing Services	137.682
	Expected migration of new customers to the Fourth Estate Network Optimization (4ENO) initiative	82.688
	Addition of IT Service Management as a service offering	20.492
	Revised workload projections for DISA cloud service offerings (milCloud 1.0, milCloud 2.0, Secure Cloud Computing Architecture (SCCA), Cloud Storage)	15.081
	New contract award for Global Content Delivery Service (GCDS)	12.853
	Miscellaneous	1.490
<b>FY 2022</b>	<b>Current Estimate</b>	<b>9,056.383</b>
<b>FY 2022</b>	<b>Current Estimate</b>	<b>9,056.383</b>
	<i><b>Pricing Adjustments:</b></i>	
	Non-Labor Inflation	177.160
	Civilian/Military Pay Raise	21.756
	Annualization of Civilian/Military Pay Raise	1.331
	<i><b>Program Changes:</b></i>	
	Reductions in DISN transport infrastructure due to expanded use of the Commercial Ethernet Gateways	(32.967)
	Efficiencies in Cyber protection capabilities supporting the DISN Infrastructure Services	(9.430)
	Decommission of DoD Enterprise Email (DEE) Non-classified Internet Protocol Router Network (NIPR) service offering	(8.215)
	Additional reductions in the Boundary Cloud Access Points due to decommissioning of legacy infrastructure	(6.155)
	Efficiencies in services required to support daily operations of the DISN	(4.742)
	Expected migration of new customers to the Fourth Estate Network Optimization (4ENO) initiative	136.631
	Re-estimation of customer workload across various service offerings	28.858
	Phase 1 of Operationalizing Zero Trust across the Department of Defense	26.120
	Revised capital depreciation estimates primarily due to completion of investments in the DISN infrastructure	26.087
	Additional operating costs required to support increased demand for reimbursable contracts awarded by the Defense Information Technology Contracting Organization (DITCO)	1.504
	Miscellaneous	7.532
<b>FY 2023</b>	<b>Current Estimate</b>	<b>9,421.854</b>

**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

	2021	2022	2023
<b>1. New Orders</b>			
<b>a. ORDERS FROM DoD COMPONENTS</b>	<b>\$7,344.419</b>	<b>\$8,308.263</b>	<b>\$8,689.950</b>
<b>ARMY</b>	<b>\$2,261.764</b>	<b>\$2,630.062</b>	<b>\$2,676.478</b>
Army O&M	\$1,804.297	\$2,098.094	\$2,133.410
Army RDT&E	\$74.938	\$80.275	\$83.055
Army Procurement	\$382.533	\$451.693	\$460.013
Army MILCON	(\$0.003)	\$0.000	\$0.000
Army BRAC	\$0.000	\$0.000	\$0.000
<b>NAVY</b>	<b>\$684.277</b>	<b>\$754.748</b>	<b>\$773.323</b>
Navy O&M	\$669.203	\$738.525	\$756.530
Navy RDT&E	\$8.637	\$8.687	\$9.077
Navy Procurement	\$6.076	\$5.797	\$5.936
Navy MILCON	\$0.362	\$1.739	\$1.781
Navy BRAC	\$0.000	\$0.000	\$0.000
<b>MARINE CORPS</b>	<b>\$165.255</b>	<b>\$228.692</b>	<b>\$233.936</b>
Marine Corps O&M	\$153.281	\$209.647	\$214.319
Marine Corps RDT&E	\$0.000	\$0.000	\$0.195
Marine Corps Procurement	\$11.973	\$19.045	\$19.422
Marine Corps MILCON	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
<b>AIR FORCE</b>	<b>\$1,279.887</b>	<b>\$1,380.853</b>	<b>\$1,419.268</b>
AF O&M	\$1,213.919	\$1,315.389	\$1,352.087
AF RDT&E	\$24.817	\$22.125	\$22.772
AF Procurement	\$41.151	\$43.339	\$44.409
AF MILCON	\$0.000	\$0.000	\$0.000
AF BRAC	\$0.000	\$0.000	\$0.000
<b>DISA</b>	<b>\$2,313.432</b>	<b>\$2,543.329</b>	<b>\$2,669.666</b>
DISA O&M	\$1,637.063	\$1,840.166	\$1,952.521
DISA RDT&E	\$227.268	\$238.108	\$242.876
DISA Procurement	\$449.102	\$465.055	\$474.269
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
<b>DEFENSE WIDE APPROPRIATED</b>	<b>\$367.775</b>	<b>\$589.970</b>	<b>\$630.403</b>
<b>OTHER DoD APPROPRIATED</b>	<b>\$272.028</b>	<b>\$180.608</b>	<b>\$286.876</b>
<b>b. ORDERS FROM DWCF/REVOLVING FUNDS</b>	<b>\$542.607</b>	<b>\$519.917</b>	<b>\$520.003</b>
<b>ARMY - WCF</b>	<b>\$33.855</b>	<b>\$9.876</b>	<b>\$2.001</b>
Army Industrial Operations	\$33.855	\$9.876	\$2.001

**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

	2021	2022	2023
<b>NAVY - WCF</b>	<b>\$97.253</b>	<b>\$109.805</b>	<b>\$112.937</b>
Navy Depot Maintenance	\$2.454	\$5.883	\$6.082
Navy Base Support	\$0.000	\$0.000	\$0.000
Navy Supply Management	\$3.390	\$14.382	\$14.642
Marine Corps Supply	\$0.028	\$0.000	\$0.000
Marine Corps Depot Maintenance	\$0.027	\$0.104	\$0.112
Other Navy Activity Groups	\$91.353	\$89.435	\$92.101
<b>AIR FORCE - WCF</b>	<b>\$41.541</b>	<b>\$38.789</b>	<b>\$39.830</b>
Consolidated Sustainment Activity Group (CSAG)	\$11.272	\$11.999	\$12.294
US Transportation Command (TRANSCOM)	\$30.269	\$26.790	\$27.537
<b>DEFENSE WIDE WCF</b>	<b>\$287.119</b>	<b>\$270.575</b>	<b>\$272.665</b>
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	(\$1.833)	\$0.184	\$0.188
DISA Computing Services (CSD)	\$0.000	\$0.000	\$0.000
Defense Finance and Accounting Service (DFAS)	\$126.508	\$125.156	\$131.813
DLA Energy Management	\$0.000	\$0.000	\$0.000
DLA Defense Automated Printing Services (DAPS)	\$0.000	\$0.000	\$0.000
DLA Supply Chain Management	\$162.444	\$145.235	\$140.664
<b>DEFENSE COMMISSARY AGENCY (DECA)</b>	<b>\$41.996</b>	<b>\$48.933</b>	<b>\$49.948</b>
DECA Operations	\$41.996	\$48.933	\$49.948
DECA Resale	\$0.000	\$0.000	\$0.000
<b>Other - Working Capital</b>	<b>\$0.318</b>	<b>\$0.221</b>	<b>\$0.225</b>
<b>OTHER REVOLVING FUNDS</b>	<b>\$40.525</b>	<b>\$41.719</b>	<b>\$42.396</b>
Corps of Engineers	\$40.525	\$41.719	\$42.396
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$0.000	\$0.000	\$0.000
<b>c. TOTAL DoD ORDERS</b>	<b>\$7,887.026</b>	<b>\$8,828.180</b>	<b>\$9,209.953</b>
<b>d. OTHER ORDERS</b>	<b>\$262.239</b>	<b>\$263.629</b>	<b>\$267.902</b>
OTHER FEDERAL AGENCIES	\$139.108	\$126.001	\$127.700
TRUST FUNDS	\$92.151	\$113.892	\$116.224
NON-FEDERAL ORDERS	\$1.095	\$0.900	\$0.916
FOREIGN MILITARY SALES	\$29.885	\$22.835	\$23.063
<b>TOTAL NEW ORDERS</b>	<b>\$8,149.265</b>	<b>\$9,091.808</b>	<b>\$9,477.855</b>
<b>2. Carry In Orders</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**Source of New Orders and Revenue**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

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	2021	2022	2023
<b>3. TOTAL GROSS ORDERS</b>	<b>\$8,149.265</b>	<b>\$9,091.808</b>	<b>\$9,477.855</b>

**Revenue and Expenses**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

	2021	2022	2023
<b>Revenue</b>			
Gross Sales	\$8,149.265	\$9,091.808	\$9,477.855
Operations	\$8,094.179	\$8,989.408	\$9,349.367
Capital Surcharge	\$0.000	\$0.000	\$0.000
Capital Investment Recovery (CIR)	\$55.085	\$102.401	\$128.488
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$8,149.265	\$9,091.808	\$9,477.855
<b>Costs</b>			
Cost of Material Sold from Inventory	\$0.000	\$0.000	\$0.000
Salaries and Wages:	\$487.969	\$527.917	\$567.344
Military Personnel Compensation & Benefits	\$2.669	\$2.877	\$2.835
Civilian Personnel Compensation & Benefits	\$485.299	\$525.040	\$564.509
Travel & Transportation of Personnel	\$1.208	\$7.795	\$8.523
Materials & Supplies (For internal Operations)	\$77.337	\$27.034	\$27.714
Equipment	\$0.000	\$0.000	\$0.000
Other Purchases from Revolving Funds	\$15.468	\$15.771	\$16.386
Transportation of Things	\$0.499	\$0.741	\$0.739
Capital Investment Recovery	\$55.085	\$102.401	\$128.488
Printing and Reproduction	\$0.004	\$0.029	\$0.030
Advisory and Assistance Services	\$21.343	\$26.810	\$26.810
Rent, Comm, Utilities, & Misc. Charges	\$2,423.622	\$2,124.975	\$2,153.712
Other Purchased Services	\$5,111.365	\$6,222.910	\$6,492.110
<b>Total Costs</b>	\$8,193.901	\$9,056.383	\$9,421.855
<b>Operating Results</b>	(\$44.636)	\$35.425	\$56.000
Less Capital Surcharge Reservation	\$103.177	\$86.437	\$59.875
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR	\$0.000	\$0.000	\$0.000
- Passthrough or Other App. not Affecting NOR	\$0.000	\$0.000	\$0.000
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
<b>Net Operating Results</b>	(\$147.813)	(\$51.012)	(\$3.875)
Prior Year AOR	\$210.806	\$62.993	\$15.443
Other Changes Affecting AOR	\$0.000	\$3.462	(\$11.568)
Total AOR	\$62.993	\$15.443	\$0.000
Retained AOR	\$0.000	\$0.000	\$0.000
Cumulative Retained AOR	\$0.000	\$0.000	\$0.000
AOR for Budget Purposes	\$62.993	\$15.443	\$0.000

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**

**FUNCTIONAL DESCRIPTION**

As the Nation's Combat Logistics Support Agency, the Defense Logistics Agency (DLA) manages the end-to end defense global supply chain - from raw materials to end user disposition - for the Military Services, 11 Combatant Commands, federal, state, and local agencies, and partner and allied nations. DLA sources and provides nearly all the consumable items America's military forces need to operate, including subsistence (food/water), clothing and textiles, bulk petroleum and other energy products, construction material and equipment, personal demand items, medical material and equipment, and repair parts for land, sea, and air.

The DLA Supply Chain Management (SCM) Activity Group provides \$32.5 billion in goods and services from initial purchase of DLA materiel to distribution and storage and then reutilization or disposal. This activity group is broken into three business segments: DLA Materiel Supply Chains (MSCs), DLA Distribution, and DLA Disposition Services. Costs associated with these business segments include operations (salaries and expenses), materiel (items sold), and capital investments (purchase of equipment, software development and minor construction).

- **DLA MSCs** manage approximately 5.7 million consumable items and respond to customer orders from the Military Services, Federal Agencies, non-federal Agencies and Partner Nations and Allies, as well as supporting Humanitarian Assistance and Disaster Relief efforts. DLA MSCs consist of:
  - DLA Troop Support Subsistence (Class I)
  - DLA Troop Support Clothing and Textiles (Class II)
  - DLA Troop Support Construction and Equipment (Class IV and VII)
  - DLA Troop Support Medical (Class VIII)
  - DLA Aviation (Class IX)
  - DLA Land and Maritime (Class IX)
  
- **DLA Distribution Supply Chain** is responsible for the global distribution and warehousing of Military Service and DLA materiel. Major customers are the Military Services' Supply Management Activity Groups, other federal agencies, and DLA.

The Distribution network consists of 24 distribution centers strategically located throughout the world and provides logistics planning and contingency operation capabilities to the DoD.

- **DLA Disposition Services** is responsible for the reuse, or reutilization, of excess and surplus property within the DoD. If property is not reutilized, it is made available for transfer to other Federal Agencies. Remaining property becomes surplus and is made available for donations to authorized State Agencies and charitable organizations. Property that cannot be reutilized may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other vital DoD missions, such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

**BUDGET HIGHLIGHTS**

Fiscal Year (FY) 2021 reflects the continued impact of the Coronavirus pandemic.

The FY 2022 and 2023 budgets reflect adjustments associated with:

- Reducing the materiel replacement rate (MRR) to help rebuild cash. The MRR is a key DLA metric used to help balance operational readiness with fiscal solvency. In recent years, DLA’s MRR exceeded 100% in support of the Military Services’ readiness requirements driven by the 2018 National Defense Strategy. This meant DLA expanded the breadth and depth of inventory. The FY 2023 budget continues to constrain inventory purchases to help restore fiscal solvency. MRR’s by Supply Chain are shown in the table below:

	MRRs		
	FY 2021	FY 2022	FY 2023
Clothing & Textiles	83.7%	100.0%	100.0%
Medical	107.6%	100.0%	100.0%
Subsistence	93.7%	100.0%	100.0%
Construction & Equipment	85.0%	100.0%	100.0%
Weapons	86.2%	95.0%	95.0%
Composite	93.6%	98.6%	98.6%

- Cash Solvency. DWCF components have been directed to submit their FY 2023 budget to maintain cash balances within the upper and lower limits of operating ranges for each Activity Group through the end of the fiscal year. The FY 2023 cost recovery rate (CRR), which includes a \$1.4B cash surcharge, increases to 15.9% to ensure compliance with the directive.
- Supply Chain Realignment Initiative. This initiative realigned DLA Troop Support Industrial Hardware workload to DLA Aviation and DLA Land and Maritime. The Industrial Hardware workforce was realigned to other DLA Troop Support supply chains. Industrial Hardware is no longer a separate supply chain.
- Materiel availability (MA): DLA's MA represents percentage of orders from customers filled in their entirety (without any portion going on backorder) and is used as a proxy to measure support to Service readiness.

	Average Material Availability		
	FY 2021	FY 2022*	FY 2023**
Aviation	90.4%	90.2%	89.1%
Land	90.7%	88.2%	87.5%
Maritime	89.5%	86.0%	85.3%
<b>Weapon Systems</b>	<b>90.3%</b>	<b>88.6%</b>	<b>87.7%</b>
C&T	93.1%	90.6%	92.3%
C&E	87.9%	87.3%	86.5%
Medical	99.2%	99.2%	99.2%
Subsistence	99.9%	100.0%	99.9%
<b>Troop Support</b>	<b>98.2%</b>	<b>98.3%</b>	<b>98.0%</b>
<b>DLA SCM</b>	<b>96.3%</b>	<b>96.1%</b>	<b>95.5%</b>

\* Actuals through February. \*\* Projections

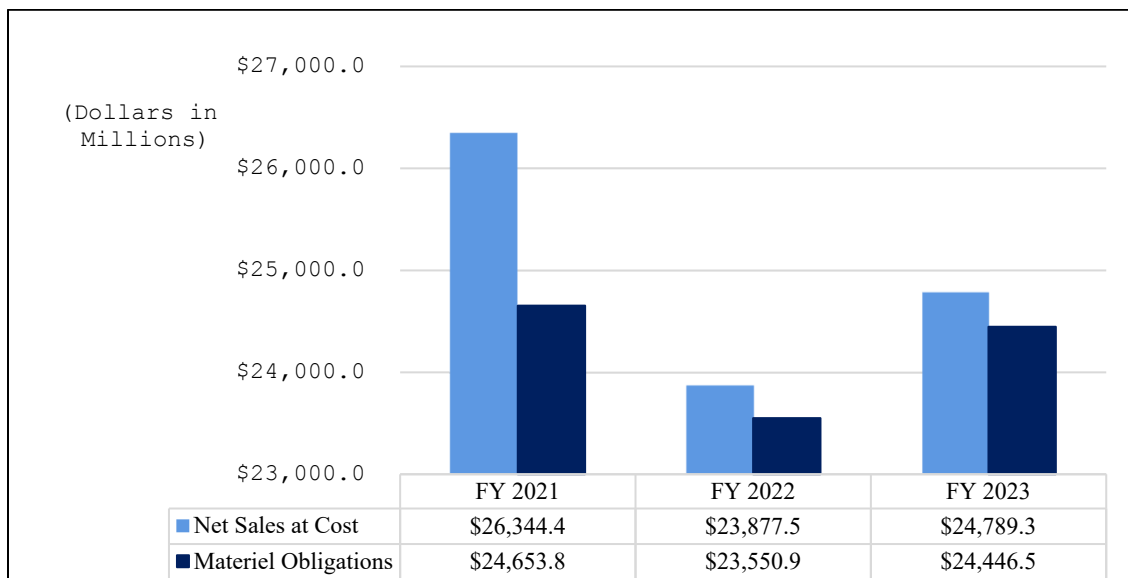
- Between FY 2021 and FY 2023, operating cash stabilized, as the surge in materiel ordered to support the 2018 National Defense Strategy was completed. In FY 2023, undelivered orders will remain stable with slight decreases in inventory because of suppressing the MRR.



**WORKLOAD**

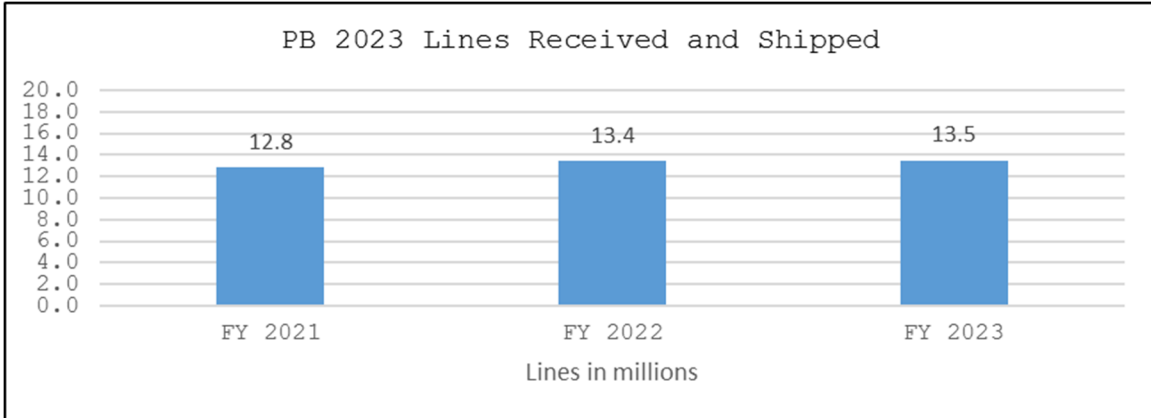
**DLA Materiel Supply Chains (MSCs):** Projecting workload is the basis for budget development. DLA MSCs consider several factors including enterprise and supply chain specific assumptions. Another key input comes from planning sessions with Comptroller personnel and logistics professionals from the Military Services.

The purchasing decisions that DLA will make in FY 2023 affect materiel availability and revenues in FY 2023 and beyond as reflected in the table below. DLA continuously assesses its demand assumptions as part of its demand planning summits. DLA also strives to maximize materiel availability in support of Service readiness while balancing cash solvency. DLA is addressing this balance by reducing materiel obligations below anticipated sales in the hardware supply chains as shown in the table below:



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

**Receipts and Issues:** Processing workload projections are based on the regression analysis of prior and current year actual DLA direct sales and processing workload applied to future sales estimates. Workload is depicted in number of lines processed. Workload is projected to remain steady from FY 2021 to FY 2022 and increases slightly from FY 2022 through FY 2023 as displayed in the following chart:



**Storage:** Storage workload projections are based on prior and current year actual data. Projected overall storage workload remains stable.

PB 2023 Storage Workload (Occupied Cubic Feet in Millions)	FY 2021	FY 2022	FY 2023
Covered Storage Space	38.4	41.8	42.0
Open Storage Space	40.9	38.8	38.7
Specialized Storage Space	2.8	2.9	2.9
Total	82.1	83.5	83.6

\*Numbers may not add due to rounding

**DLA Disposition Services**

	FY 2021	FY 2022	FY 2023
Line Items in Millions	2.8	2.4	2.4
Acquisition Value (Dollars in Billions)	\$33.7	\$24.6	\$24.6

**PRICING**

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

The CRR, shown in the table below, represents the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, and cataloging as well as recovery or return of prior year operating results and any necessary capital or cash surcharges.

	PB 2021 FY 2021	PB 2022 FY 2022	PB 2023 FY 2023
Cost Recovery Rate	11.3%	11.2%	15.9%

The FY 2023 increase in the Price Change to the Customer as well as the CRR is driven primarily by the cash surcharge of \$1.4B. The table below displays the DoD approved OP-32 Price Change to Customers FY 2021 through 2023.

	PB 2021 FY 2021	PB 2022 FY 2022	PB 2023 FY 2023
OP-32 Price Changes to Customers	(0.3%)	1.2%	4.3%

**DLA Retail Integration:** DLA continues to provide logistical support to Depot Level Repairable (DLR) and Supply, Storage, and Distribution (SS&D) sites. DLA assumed responsibility for procurement of DLR items in FY 2011 from the Military Services as well as managing many of the SS&D functions at the Services' industrial sites as directed by Base Realignment and Closure action.

**DLR:** DLR initiative is a rate-based reimbursement method developed by a joint service Integrated Product Team to ensure an agreed upon process that addresses changes in workload and provides transparency to the bill payer. DLA develops a billable hourly rate-based reimbursement to recover DLA labor and non-labor costs of DLR procurement actions as shown in the following table:

	FY 2021 Hourly Rates	FY 2022 Hourly Rates	FY 2023 Hourly Rates
Army	\$71.55	\$73.05	\$78.05
Navy	\$68.11	\$69.54	\$79.94
Air Force	\$72.26	\$73.52	\$80.06
Marine Corps	\$54.24	\$55.38	\$72.21

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

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Operating Costs	\$96.80	\$105.21	\$109.26
Gross Sales at Standard	\$1,493.30	\$1,551.70	\$1,450.13
Local Recovery Rate	6.5%	6.8%	7.5%

**DLA Distribution:** DLA Distribution recovers costs associated with receipt, issue, storage, and a variety of other provided services using multiple pricing methodologies and rates. Information on DLA Distribution rates is shown in the tables in the Appendix.

**DLA Disposition Services:** DLA Disposition Services recovers costs not covered by sales and reimbursable charges through a Service Level Bill (SLB). Bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. In FY 2022, the SLB includes the impact of positive accumulated operating results (AOR). The FY 2023 SLB includes the impact of reduced positive AOR and the elimination of Overseas Contingency Operations funding.

Projected customer SLBs are reflected in the following table:

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Army	\$98.57	\$117.82	\$154.29
Navy	\$54.57	\$56.20	\$78.79
Air Force	\$39.43	\$37.64	\$46.48
Coast Guard	\$1.14	\$1.29	\$1.32
DLA	\$92.00	\$38.41	\$38.57
Other (Unit Cost Reim)	\$0.00	\$6.45	\$10.23
Total	\$285.71	\$257.81	\$329.68

**DLA Information Operations:** DLA Information Operations provides an electronic document management application for the department. The application used to perform this mission, referred to as Wide Area Workflow (WAWF), is funded by the Services and other Agencies through the shared costs in a SLB. Starting in FY 2022, the shared costs are based on the utilization of the system through the tracking of user counts. The user count is reevaluated each PBR cycle and appropriate adjustments are made. The following table provides the amount to be paid by each Military Service, DCMA, DFAS and DLA.

<b>Wide Area Workflow (WAWF)</b>			
(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Army	\$7.913	\$10.447	\$11.056
Navy	\$6.081	\$6.618	\$7.049
Marine Corps	\$1.348	\$1.474	\$0.980
Air Force	\$5.741	\$7.316	\$8.677
DLA	\$9.120	\$4.397	\$6.012
DCMA	\$4.343	\$3.448	\$2.085
DFAS	\$0.000	\$1.477	\$1.053
Total	\$34.545	\$35.177	\$36.912

**ANALYSIS OF BUDGET STATEMENTS**

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

The NOR is the difference between revenue (including reimbursements) and expense. The following table shows the NOR/AOR expenses, which exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other changes. In support of cash preservation efforts, DLA included a non-recoverable cash surcharge in FY 2022 and FY 2023 and requested to defer the return of positive AOR of \$933.2M.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Revenue	\$32,533.7	\$30,266.0	\$32,643.6
Expenses	\$32,072.3	\$30,597.5	\$31,691.4
Operating Results	\$461.4	(\$331.5)	\$952.3
Other Changes Affecting NOR	\$48.2	\$86.2	\$0.0
Transfers	(\$1.6)	(\$1.6)	\$0.0
Appropriations	\$49.8	\$87.8	\$0.0
Net Operating Results	\$509.7	(\$245.3)	\$952.3
Prior Year AOR	\$1,448.6	\$1,978.6	1,377.1
Other Changes Affecting AOR	\$22.4	\$9.6	\$12.4
Retained AOR	(\$2.1)	(\$12.4)	\$0.0
Non-Recoverable AOR	\$0.0	(\$353.5)	(\$1,408.5)
Deferred AOR	\$0.0	\$0.0	(\$933.2)
Accumulated Operating Results	\$1,978.6	\$1,377.1	\$0.0

\*Numbers may not add due to rounding.

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

**FY 2021:** The cash loss of \$1,141.9 million is due to disbursements exceeding collections (-\$1,190.8 million). DLA SCM "earned" the cash received from the FY 2020 advance billings and some of the FY 2021 advance billings by purchasing and delivering COVID-19 related materiel to Health and Human Services (HHS) and to the Federal Management Emergency Agency (FEMA). A Title V appropriation in the amount of \$49.8 million was received (see Appropriations section below).

**FY 2022:** The projected cash loss of \$388.0 million is due to disbursements exceeding collections (-\$474.2 million). The cash loss from net outlays is due to the timing of disbursements and earning the remaining FY 2021 and some of the FY 2022 advance billings by purchasing and delivering COVID-19 related materiel to HHS and to the FEMA. Additionally, DLA continues to focus extensively on Department Audit Readiness goals, making necessary investments in our people and processes, and meeting customer performance requirements. DLA SCM projects a cash transfer of -\$1.6 million for the Indian Financing Act of 1974. A Title V appropriation in the amount of \$87.8 million was received (see Appropriations section below).

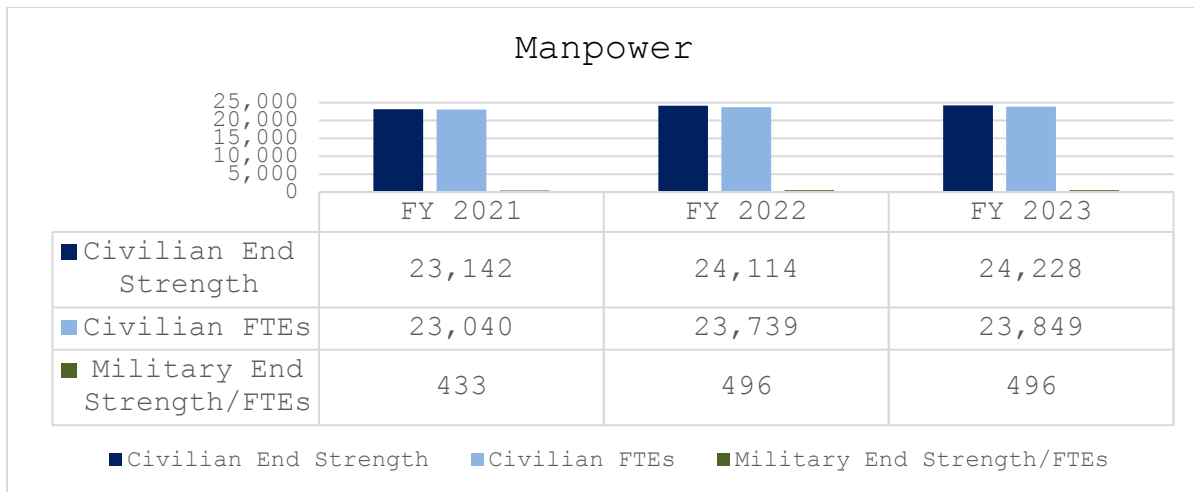
**FY 2023:** The projected cash gain of \$151.6 million is primarily due to collections exceeding disbursements. Sales are projected to outpace materiel receipts.

<b>(Dollars in Millions)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Disbursements	-\$32,571.3	-\$31,962.4	-\$31,562.8
Collections	\$31,380.5	\$31,488.3	\$31,714.4
Net Outlays	-\$1,190.8	-\$474.2	\$151.6
Appropriations (Title V)	\$49.8	\$87.8	\$0.0
Transfers	\$0.0	-\$1.6	\$0.0
<b>Total Change in Cash</b>	<b>-\$1,141.0</b>	<b>-\$388.0</b>	<b>\$151.6</b>

\*Numbers may not add due to rounding

**PERSONNEL PROFILE**

The following table displays DLA SCM projected workforce levels for FY 2021 through 2023. FTE increases in FY 2023 are primarily related to increased reimbursable workload.



\*Military End Strength/FTEs include DLA MSCs, DLA Distribution, and DLA Disposition Services.

## **Capital Investment Program**

The capital budget includes investments that exceed a cost estimate of \$250,000 for Automated Data Processing Equipment (ADPE), non-ADP Equipment (Non-ADPE), software development (SWD), and minor construction. DLA requests to increase the FY 2022 baseline from \$132.1 million to \$146.1 million to accelerate investment in the software development necessary to implement U.S. Treasury's federal government G-Invoicing mandate by the start of FY 2023. The G-Invoicing effort will standardize intergovernmental buy and sell transactions to improve reimbursable order processing.

**Non-ADPE:** Non-ADPE includes purchases of material warehouse and disposal handling equipment, warehouse-racking systems, and security related equipment such as intrusion detection systems at DLA sites. The Distribution Modernization Program (DMP) which includes automated warehouse management equipment and robotic systems is being implemented in a phased approach by DLA Distribution locations. Implementation in FY 2021 and FY 2022 are at larger-sized, requirements heavy locations with the remaining smaller locations seeing implementation in FY 2023.

**ADPE:** ADPE includes Telecommunications and network/production hardware systems, to include hardware purchases such as Local Area Networks and Wide Area Networks. In FY 2022, some ADPE funding will be shifted to the Software Development Program category to fund investments related to G-Invoicing. In FY 2023, network equipment requirements increase within DLA sites in support of Distribution Modernization efforts, while warehousing upgrades at the Eastern Distribution Center and automated inventory equipment purchases begin in support of Warehouse Management System (WMS) roll out.



**SWD:** Investments in software development include enhancements to several existing programs in DLA such as the Enterprise Business System (EBS) (modernization of the agency's ERP platform and subsequent move to a cloud environment), medical software system (Functional Executive Agent Medical Support) and FedMall (catalog system). In FY 2022, funding will be shifted to support G-Invoicing development efforts, a Treasury mandate which must be implemented by FY 2023 within the EBS program. Funds in FY 2023 will be used to support the DLA Digital Business Transformation efforts including the roll out of the Warehouse Management System (WMS) and enterprise data architecture upgrades associated with FedMall and the Defense Automated Addressing System (DAAS).

**Minor Construction:** Minor construction investments include the construction of new, replacement of existing, or modification to current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards, and renovating demilitarization facilities. Minor construction is limited to projects valued less than \$2 million but in excess of \$250,000.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Equipment (non-ADP)	\$70.2	\$55.3	\$45.9
Equipment (ADP)	\$34.1	\$16.3	\$54.7
Software Development	\$50.7	\$58.7	\$130.7
Minor Construction	\$15.5	\$15.8	\$17.1
Total	\$170.5	\$146.1	\$248.4

\*Numbers may not add due to rounding

## **APPROPRIATIONS**

Working Capital Fund (WCF) Appropriations for FY 2021 through FY 2023 are detailed in the following table and narrative.

<b>DLA SCM Appropriations:</b> (Dollars in Millions)	FY 2021 Enacted	FY 2022 Request	FY 2023 Request
Reutilization, Transfer and Disposal Costs	\$49.8	\$50.8	\$0.0

**Reutilization, Transfer and Disposals:** Part of DLA Disposition Services' mission is to reutilize, transfer, or donate excess DoD personal property to authorized DoD and non-DoD recipients. These actions result in lower sales proceeds. To make MSC costs more comparable to commercial business practices, these costs have been funded by a direct appropriation as a Military-unique cost. FY 2023 reflects Departmental guidance to transfer the direct appropriation from DLA Disposition to the Military Services. DLA Disposition costs previously funded by the direct appropriation are included in the cost recovery rate in FY 2023.

**Enduring Requirement Appropriations:** The FY 2022 Overseas Operations Costs are displayed in the following table and narrative. DLA used prior year appropriation balances to support the FY 2021 requirements. The FY 2022 request was approved in PB 2022. The FY 2023 enduring costs are included in the cost recovery rate and Disposition service level bill.

(Dollars in Millions)	FY 2021	FY 2022 Request		FY 2023 Request	
	Enacted	Direct Combat Support Expenses	In-CONUS Expenses	Direct Combat Support Expenses	In-CONUS Expenses
DLA Disposition Services	\$0		\$18.0		\$0
DLA Human Resources	\$0	\$8.9		\$0	
Information Technology (IT) Communications	\$0		\$3.5		\$0
IT Contractor Support	\$0		\$0.5		\$0
IT Defense Enterprise Business Systems (DEBS) Support	\$0		\$6.0		\$0
<b>Total DLA SCM</b>	<b>\$0</b>	<b>\$8.9</b>	<b>\$28.1</b>	<b>\$0</b>	<b>\$0</b>

# Appendix

## DLA Distribution Rates

Other DLA Distribution Rates (PB 2023)						
	2021	2021	2022	2022	2023	2023
	CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS
Material Processing Center (per Line)	\$19.44		\$17.48		\$20.51	
Major End Items (per Line)	\$72.97		\$51.65		\$54.24	
Estimated Transportation (\$M)	\$186.47	\$7.77	\$214.86	\$8.95	\$218.77	\$9.12
Total Processing Cost (\$M)	\$406.63	\$102.15	\$404.38	\$101.16	\$427.79	\$106.96
Composite Rate (line item)						
Composite Rate (First eaches, MB only)	\$33.75	\$73.21	\$33.75	\$72.90	\$35.46	\$76.55
Workload (Millions of eaches MB only)	12,047	1,395	11,981	1,388	12,065	1,397
Market Basket Issue Priority Group (IPG) 1 & 2 fee per line item	2.64	2.64	2.64	2.64	\$2.64	\$2.64
Market Basket no Prepositioned Materiel Receipt (PMR) fee per line item	7.55	7.55	7.55	7.55	\$7.55	\$7.55
Market Basket Supply Discrepancy Report (SDR) fee per line item	22.91	22.91	22.91	22.91	\$22.91	\$22.91
Market Basket no PMR & SDR (Combo) fee per line item	24.92	24.92	24.92	24.92	\$24.92	\$24.92
Reimbursable Rates:						
DLA Facility	\$139.00		\$139.18		\$146.14	
Non-DLA Facility	\$104.41		\$102.15		\$107.26	
Storage Rates						
Covered Storage	\$8.78		\$8.78		\$9.22	
Open	\$1.22		\$1.22		\$1.28	
Specialized	\$12.50		\$12.50		\$13.12	

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Management Activity Group  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
FY 2021  
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard					Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
			Operating	Mobilization	Direct APPN	Supp APPN				
CLOTHING & TEXTILES	1,644.939	2,431.606	2,139.648	0.000	0.000	0.000	2,139.648	0.000	486.198	2,625.846
MEDICAL	9,459.581	9,153.128	10,658.429	0.000	0.000	0.000	10,658.429	4.713	2,399.697	13,062.839
SUBSISTENCE	2,425.583	2,619.542	2,595.468	0.000	0.000	0.000	2,595.468	0.000	587.417	3,182.885
CONSTRUCTION & EQUIPMENT	6,161.578	7,024.991	6,259.931	0.000	0.000	0.000	6,259.931	0.000	1,415.958	7,675.889
INDUSTRIAL HARDWARE	92.107	206.146	162.039	0.000	0.000	0.000	162.039	0.000	37.385	199.424
AVIATION	3,538.872	4,888.887	4,413.349	0.000	0.000	0.000	4,413.349	1.063	908.506	5,322.918
LAND	1,358.267	1,935.985	1,487.882	0.000	0.000	0.000	1,487.882	0.000	333.834	1,821.716
MARITIME	1,446.650	1,897.214	1,502.413	0.000	0.000	0.000	1,502.413	0.000	330.835	1,833.248
<b>SUB-TOTAL</b>	<b>26,127.577</b>	<b>30,157.499</b>	<b>29,219.159</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>29,219.159</b>	<b>5.776</b>	<b>6,499.828</b>	<b>35,724.762</b>
MANAGEMENT HEADQUARTERS	0.000	0.000	160.070	0.000	0.000	0.000	160.070	0.000	0.000	160.070
ENTERPRISE OPERATIONS	0.000	0.000	1,067.411	0.000	0.000	0.000	1,067.411	0.000	0.000	1,067.411
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,354.025	0.000	0.000	0.000	1,354.025	22.987	0.000	1,377.012
CENTRAL FUND	0.000	0.000	59.577	0.000	0.000	0.000	59.577	0.000	14.894	74.471
<b>TOTAL MATERIEL SUPPLY CHAIN</b>	<b>26,127.577</b>	<b>30,157.499</b>	<b>31,860.242</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>31,860.242</b>	<b>28.763</b>	<b>6,514.722</b>	<b>38,403.727</b>
DISTRIBUTION	0.000	0.000	1,184.807	0.000	0.000	0.000	1,184.807	100.687	219.263	1,504.757
DISPOSITION SERVICES	0.000	0.000	300.256	0.000	49.821	0.000	350.077	8.149	56.310	414.536
<b>TOTAL SUPPLY CHAIN MANAGEMENT</b>	<b>26,127.577</b>	<b>30,157.499</b>	<b>33,345.305</b>	<b>0.000</b>	<b>49.821</b>	<b>0.000</b>	<b>33,395.126</b>	<b>137.599</b>	<b>6,790.295</b>	<b>40,323.020</b>

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Management Activity Group  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
FY 2022  
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard					Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
			Operating	Mobilization	Direct APPN	Supp APPN				
CLOTHING & TEXTILES	1,777.019	2,019.076	1,971.096	0.000	0.000	0.000	1,971.096	0.051	490.144	2,461.291
MEDICAL	6,075.772	7,915.082	7,762.875	0.000	0.000	0.000	7,762.875	4.811	1,934.855	9,702.541
SUBSISTENCE	2,383.134	2,575.234	2,465.348	0.000	0.000	0.000	2,465.348	0.053	615.885	3,081.286
CONSTRUCTION & EQUIPMENT	5,611.752	6,070.991	5,741.111	0.000	0.000	0.000	5,741.111	0.066	1,435.122	7,176.299
INDUSTRIAL HARDWARE	(4.142)	3.920	5.857	0.000	0.000	0.000	5.857	0.048	1.464	7.369
AVIATION	3,571.111	5,087.804	4,840.261	0.000	0.000	0.000	4,840.261	2.000	1,051.041	5,893.302
LAND	1,460.404	2,082.171	1,594.844	0.000	0.000	0.000	1,594.844	0.000	389.954	1,984.798
MARITIME	1,438.628	1,868.667	1,633.420	0.000	0.000	0.000	1,633.420	1.100	389.296	2,023.816
<b>SUB-TOTAL</b>	<b>22,313.678</b>	<b>27,622.945</b>	<b>26,014.812</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>26,014.812</b>	<b>8.129</b>	<b>6,307.760</b>	<b>32,330.701</b>
MANAGEMENT HEADQUARTERS	0.000	0.000	177.295	0.000	0.000	0.000	177.295	0.000	0.000	177.295
ENTERPRISE OPERATIONS	0.000	0.000	1,178.522	0.000	0.000	8.933	1,187.455	0.500	0.000	1,187.955
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,492.893	0.000	0.000	10.028	1,502.921	44.859	0.000	1,547.780
CENTRAL FUND	0.000	0.000	73.674	0.000	0.000	0.000	73.674	0.000	18.419	92.093
<b>TOTAL MATERIEL SUPPLY CHAIN</b>	<b>22,313.678</b>	<b>27,622.945</b>	<b>28,937.196</b>	<b>0.000</b>	<b>0.000</b>	<b>18.961</b>	<b>28,956.157</b>	<b>53.488</b>	<b>6,326.178</b>	<b>35,335.823</b>
DISTRIBUTION	0.000	0.000	1,253.433	0.000	0.000	0.000	1,253.433	87.274	217.731	1,558.438
DISPOSITION SERVICES	0.000	0.000	272.545	0.000	50.804	18.000	341.349	5.261	65.879	412.489
<b>TOTAL SUPPLY CHAIN MANAGEMENT</b>	<b>22,313.678</b>	<b>27,622.945</b>	<b>30,463.174</b>	<b>0.000</b>	<b>50.804</b>	<b>36.961</b>	<b>30,550.939</b>	<b>146.023</b>	<b>6,609.788</b>	<b>37,306.750</b>

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Management Activity Group  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
FY 2023  
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard					Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
			Operating	Mobilization	Direct APPN	Supp APPN				
CLOTHING & TEXTILES	1,799.020	2,069.908	1,998.494	0.000	0.000	0.000	1,998.494	0.060	496.931	2,495.485
MEDICAL	7,950.015	8,324.558	8,097.973	0.000	0.000	0.000	8,097.973	5.027	2,018.404	10,121.403
SUBSISTENCE	2,431.654	2,677.744	2,515.496	0.000	0.000	0.000	2,515.496	0.062	628.429	3,143.987
CONSTRUCTION & EQUIPMENT	5,751.115	6,264.729	5,869.520	0.000	0.000	0.000	5,869.520	0.077	1,467.220	7,336.818
INDUSTRIAL HARDWARE	0.000	59.448	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVIATION	3,779.057	6,082.517	4,976.978	0.000	0.000	0.000	4,976.978	4.125	1,107.216	6,088.319
LAND	1,590.009	2,250.649	1,716.981	0.000	0.000	0.000	1,716.981	0.000	417.068	2,134.049
MARITIME	1,515.545	2,149.346	1,710.526	0.000	0.000	0.000	1,710.526	1.100	407.922	2,119.548
<b>SUB-TOTAL</b>	<b>24,816.415</b>	<b>29,878.899</b>	<b>26,885.968</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>26,885.968</b>	<b>10.451</b>	<b>6,543.189</b>	<b>33,439.608</b>
MANAGEMENT HEADQUARTERS	0.000	0.000	184.260	0.000	0.000	0.000	184.260	0.000	0.000	184.260
ENTERPRISE OPERATIONS	0.000	0.000	1,251.077	0.000	0.000	0.000	1,251.077	0.500	0.000	1,251.577
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,488.080	0.000	0.000	0.000	1,488.080	111.139	0.000	1,599.219
CENTRAL FUND	0.000	0.000	78.998	0.000	0.000	0.000	78.998	0.000	19.750	98.748
<b>TOTAL MATERIEL SUPPLY CHAIN</b>	<b>24,816.415</b>	<b>29,878.899</b>	<b>29,888.383</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>29,888.383</b>	<b>122.090</b>	<b>6,562.938</b>	<b>36,573.411</b>
DISTRIBUTION	0.000	0.000	1,319.746	0.000	0.000	0.000	1,319.746	120.637	232.007	1,672.390
DISPOSITION SERVICES	0.000	0.000	352.706	0.000	0.000	0.000	352.706	5.666	68.223	426.595
<b>TOTAL SUPPLY CHAIN MANAGEMENT</b>	<b>24,816.415</b>	<b>29,878.899</b>	<b>31,560.835</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>31,560.835</b>	<b>248.393</b>	<b>6,863.168</b>	<b>38,672.396</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**DLA Materiel Supply Chain Activity Group**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2021 Inventory Status**  
**(\$ in millions)**

Inventory Status	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	18,206.866	9,908.312	478.562	7,819.991
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	-78.824	-1.034	79.858
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	18,206.866	9,829.488	477.528	7,899.850
3. PURCHASES	26,694.313	26,293.989	400.324	0.000
4. GROSS SALES AT COSTS	-26,462.324	-26,161.543	-300.781	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	-200.962	85.563	-0.542	-285.983
Transfer to other DLA ICPs	-618.397	-329.484	-0.542	-288.371
Transfer from other DLA ICPs	417.435	415.047	0.000	2.388
Transfers from Military Services	0.000	0.000	0.000	0.000
b. Returns from Customers for Credit (+)	117.910	117.910	0.000	0.000
c. Returns for Customers without Credit	86.038	70.994	0.000	15.044
d. Returns to Suppliers (-)	5.721	0.000	0.000	5.721
e. Transfers to Property Disposal (-)	-342.859	-50.401	0.000	-292.458
f. Issues/Receipts without Reimbursement (+/-)	0.000	0.000	0.000	0.000
g. Other ( List and Explain)	490.037	-124.547	-8.549	623.133
h. Total Adjustments	155.885	99.519	-9.091	65.457
6. INVENTORY - End of Period (EOP)	18,594.739	10,061.453	567.980	7,965.307
7. INVENTORY ON ORDER EOP	12,579.479	12,491.330	88.149	0.000

**8. Narrative (Explanation of unusual changes): BOP to EOP increase of \$387.874 is attributed primarily to the purchases across the supply chains in support of COVID-19 and the increase is Aviation's Performance Based Logistics (PBL) capitalizations which were higher than gross sales at cost.**

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**DLA Materiel Supply Chain Activity Group**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2022 Inventory Status**  
**(\$ in millions)**

Inventory Status	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	18,594.739	10,061.453	567.980	7,965.307
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	0.000	0.000	-2.476
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	18,594.739	10,061.453	567.980	7,965.307
3. PURCHASES	25,908.870	25,620.031	288.839	0.000
4. GROSS SALES AT COSTS	-24,034.480	-23,700.458	-334.022	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	500.616	500.616	0.000	0.000
Transfer to other DLA ICPs	-0.003	-0.003	0.000	0.000
Transfer from other DLA ICPs	470.619	470.619	0.000	0.000
Transfers from Military Services	30.000	30.000	0.000	0.000
b. Returns from Customers for Credit (+)	156.977	156.977	0.000	0.000
c. Returns for Customers without Credit	153.942	126.761	0.000	27.181
d. Returns to Suppliers (-)	6.447	0.000	0.000	6.447
e. Transfers to Property Disposal (-)	-569.284	-50.401	0.000	-518.883
f. Issues/Receipts without Reimbursement (+/-)	0.000	0.000	0.000	0.000
g. Other ( List and Explain)	-2,807.527	-2,764.062	0.000	-43.465
h. Total Adjustments	-2,558.829	-2,030.109	0.000	-528.720
6. INVENTORY - End of Period (EOP)	17,910.300	9,950.917	522.797	7,436.587
7. INVENTORY ON ORDER EOP	11,942.630	11,860.583	82.047	0.000

8. **Narrative (Explanation of unusual changes):** BOP to EOP decrease of **-\$684.439** as a result of DLA cash management efforts. Overall reduction due to lower receipts in FY 2022 and FY 2023 as a result of lower obligations in FY 2021 - FY 2023, projecting sales to outpace receipts. Current year inventory adjustments include anticipated sales increases related to the COVID pandemic.



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**DLA Materiel Supply Chain Activity Group**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2023 Inventory Status**  
**(\$ in millions)**

Inventory Status	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	17,910.300	9,950.917	522.797	7,436.587
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	0.000	0.000	0.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	17,910.300	9,950.917	522.797	7,436.587
3. PURCHASES	24,935.445	24,640.718	294.727	0.000
4. GROSS SALES AT COSTS	-24,953.150	-24,612.319	-340.831	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	389.041	389.041	0.000	0.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	362.879	362.879	0.000	0.000
Transfers from Military Services	26.162	26.162	0.000	0.000
b. Returns from Customers for Credit (+)	163.837	163.837	0.000	0.000
c. Returns for Customers without Credit	97.599	70.418	0.000	27.181
d. Returns to Suppliers (-)	6.084	0.000	0.000	6.084
e. Transfers to Property Disposal (-)	-432.444	-50.401	0.000	-382.043
f. Issues/Receipts without Reimbursement (+/-)	0.000	0.000	0.000	0.000
g. Other ( List and Explain)	-1,090.382	-1,000.292	0.000	-90.090
h. Total Adjustments	-866.265	-427.397	0.000	-438.868
6. INVENTORY - End of Period (EOP)	17,026.330	9,551.919	476.693	6,997.719
7. INVENTORY ON ORDER EOP	12,398.863	12,321.436	77.427	0.000

8. **Narrative (Explanation of unusual changes): BOP to EOP decrease of -\$883.970 is attributed primarily to inventory reductions due to less receipts in FY 2022 and FY 2023 as a result of lower obligation in FY 2021 - 2023. Also contributing to the decrease is inventory from FY22 behind customers' orders of stocked PPE in support of Covid-19.**

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**Materiel Supply Chain**  
**FY 2021**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	478.562	442.297	36.265
2. Price Change	0.000	0.000	0.000
3. Reclassification	-1.576	0.000	-1.576
4. Inventory Changes			
a. Receipts @ cost	400.324	400.324	0.000
(1). Purchases	400.324	400.324	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-300.781	-300.781	0.000
(1). Sales	-300.781	-300.781	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	0.000	0.000	0.000
c. Adjustments @ cost	-8.549	0.000	-8.549
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	-8.549	0.000	-8.549
5. Inventory EOP	567.980	541.840	26.140
WRM STOCKPILE COSTS			
1. Storage	11.611	11.611	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	11.611	11.611	0.000
WRM BUDGET REQUEST			
1. Obligations @ Cost	400.324	400.324	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	400.324	400.324	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	400.324	400.324	0.000

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**Materiel Supply Chain**  
**FY 2022**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	567.980	541.840	26.140
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts @ cost	288.839	288.839	0.000
(1). Purchases	288.839	288.839	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-334.022	-334.022	0.000
(1). Sales	-334.022	-334.022	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	0.000	0.000	0.000
c. Adjustments @ cost	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	0.000	0.000	0.000
5. Inventory EOP	522.797	496.657	26.140
WRM STOCKPILE COSTS			
1. Storage	11.611	11.611	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	11.611	11.611	0.000
WRM BUDGET REQUEST			
1. Obligations @ Cost	288.839	288.839	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	288.839	288.839	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	288.839	288.839	0.000

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**War Reserve Material Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**Materiel Supply Chain**  
**FY 2023**  
**(\$ in millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	522.797	496.657	26.140
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts @ cost	294.727	294.727	0.000
(1). Purchases	294.727	294.727	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ cost	-340.831	-340.831	0.000
(1). Sales	-340.831	-340.831	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3.) Disposals	0.000	0.000	0.000
c. Adjustments @ cost	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3.) Other	0.000	0.000	0.000
5. Inventory EOP	476.693	450.553	26.140
<b>WRM STOCKPILE COSTS</b>			
1. Storage	11.611	11.611	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	11.611	11.611	0.000
<b>WRM BUDGET REQUEST</b>			
1. Obligations @ Cost	294.727	294.727	0.000
a. Additional WRM	0.000	0.000	0.000
b. Replen. WRM	294.727	294.727	0.000
c. Repair WRM	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	294.727	294.727	0.000

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Supply Chain Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
DLA Supply Chain Management  
(Dollars in Millions)

	FY 2021	FY 2022	FY 2023
<b>1. New Orders</b>			
<b>a. Orders from DoD Components</b>	<b>16,427.417</b>	<b>15,920.943</b>	<b>18,205.282</b>
<b>Army</b>	4,279.782	3,957.272	4,525.061
O&M, Army	1,818.521	1,857.220	2,123.694
Procurement, Army	925.525	895.773	1,024.299
Military Construction, Army	-1.152	-1.115	-1.275
Military Personnel, Army	1,101.572	1,066.160	1,219.133
Army Other	118.699	114.884	131.367
Army Other (non-interfund approp data not available)	316.617	24.350	27.844
<b>Navy</b>	3,427.274	3,429.792	3,921.899
O&M, Navy	2,085.297	1,799.390	2,057.567
Procurement, Navy	531.242	514.164	587.937
Military Construction, Navy	1.272	1.231	1.408
Military Personnel, Navy	414.550	401.223	458.791
Navy Other	148.658	143.879	164.523
Navy Other (non-interfund approp data not available)	246.255	569.903	651.673
<b>Air Force</b>	1,233.856	1,288.041	1,472.849
O&M, Air Force	426.319	0.000	0.000
Air Force Procurement Accounts	253.417	463.060	529.500
Military Construction, Air Force	0.000	0.000	0.000
Military Personnel, Air Force	75.359	72.936	83.401
Air Force Other	61.503	59.526	68.067
Air Force Other (non-interfund approp data not available)	417.259	692.519	791.882
<b>Marine Corps</b>	1,131.399	1,095.028	1,252.143
O&M, MC	535.280	217.057	248.200
Procurement, MC	283.100	274.000	313.313
Military Personnel, MC	184.533	178.601	204.227
MC Other (non-interfund approp data not available)	128.485	425.371	486.403
<b>DoD Appropriated Accounts</b>	6,355.105	6,150.811	7,033.329
O&M, Defense Wide, Defense	237.697	59.195	67.688
Procurement, Defense-Wide	91.815	88.863	101.613
Military Construction, Defense-Wide	1.025	0.992	1.135
Defense Health Program, Defense	2,506.816	2,426.230	2,774.346
OSD Appropriated Other	2,461.761	2,382.624	2,724.483
DoD Other (non-interfund approp data not available)	1,055.991	1,192.906	1,364.064
<b>b. Orders from Other Activity Groups</b>	7,904.613	7,628.896	8,723.490
Army Working Capital Funds	1,749.065	1,877.769	2,147.191
Navy Working Capital Funds	1,650.832	1,485.071	1,698.149
Air Force Working Capital Funds	4,053.385	3,829.234	4,378.653
Other Working Capital Funds	451.331	436.822	499.497
<b>c. Total DoD</b>	24,332.029	23,549.839	26,928.772
<b>d. Other Orders:</b>	5,288.473	5,118.467	5,852.865
Other Federal Agencies	3,610.228	3,494.171	3,995.515
Non-Federal Agencies	0.000	0.000	0.000
Foreign Military Sales	857.192	829.636	948.673
Credit Card Purchases	0.000	0.000	0.000
Other (non-interfund approp data not available)	821.053	794.659	908.677
<b>e. Total New Orders</b>	29,620.502	28,668.306	32,781.637

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**Source of New Orders and Revenue**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**DLA Supply Chain Management**  
**(Dollars in Millions)**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>2. Carry-In Orders</b>	5,525.312	5,353.624	3,658.481
<b>3. Total Gross Orders</b>	35,145.814	34,021.930	36,440.118
<b>4. Carry-Out Orders (-)</b>	-5,353.624	-3,658.481	-3,691.038
<b>5. Sales Proceeds (Disposition Only)</b>	99.917	84.700	84.700
<b>6. Gross Sales (-)</b>	29,892.107	30,448.149	32,833.780
<b>7. Credits &amp; Allowances (-)</b>		-182.168	-190.149
<b>8. Net Sales</b>	29,892.107	30,265.981	32,643.631
<b>9. Reimbursable Sales</b>			
<b>10. Manual invoices, accounting adjustments, balancing (FY21 only)</b>	2,641.635		
<b>11. Total Revenue</b>	32,533.742	30,265.981	32,643.631

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Supply Chain Management Activity Group**  
**Revenue and Costs**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**Total Supply Chain Management**  
**(Dollars in Millions)**

	FY 2021	FY 2022	FY 2023
Revenue			
Gross Sales	30,289.984	27,805.113	30,073.256
Operations	30,243.364	27,740.145	30,009.458
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery excluding Major Construction	46.620	64.968	63.798
Other Income	2,376.245	2,643.036	2,764.732
Reimbursable Income	1,421.105	1,732.777	1,673.082
Other Income	955.140	910.259	1,091.650
Refunds/Discounts (-)	-132.487	-182.168	-194.357
Total Revenue	32,533.742	30,265.981	32,643.631
Costs			
Cost of Materiel Sold from Inventory	26,344.414	23,877.503	24,789.313
Salaries and Wages:			
Military Personnel Compensation & Benefits	35.607	46.591	48.944
Civilian Personnel Compensation & Benefits	2,624.033	2,738.507	2,879.469
Travel & Transportation	7.166	55.871	48.841
Materials & Supplies (For internal operations)	55.987	56.594	57.685
Equipment	158.875	258.964	151.895
Other Purchases from Revolving Funds	204.212	189.506	154.837
Transportation of Things	391.002	498.500	508.603
Capital Investment Recovery - Capital	46.620	64.968	63.798
Printing and Reproduction	20.625	22.866	23.348
Advisory and Assistance Service	17.035	26.227	26.055
Rent, Communications, Utilities & Misc. Charges	121.983	164.478	171.569
Other Purchased Services	2,044.748	2,596.901	2,767.005
Total Costs	32,072.307	30,597.477	31,691.362
Intra-DLA Expenses	0.000	0.000	0.000
Total Costs	32,072.307	30,597.477	31,691.362
Operating Results	461.435	-331.496	952.269
Less Capital Surcharge Reservation	0.000	0.000	0.000
Less Recover Other	0.000	0.000	0.000
Plus Passthrough or Other Appropriations Affecting NOR	49.821	87.765	0.000
Other Adjustments Affecting NOR	-1.600	-1.600	0.000
Net Operating Results	509.656	-245.331	952.269
Prior Year Accumulated Operating Results	1,448.583	1,978.621	1,377.071
Prior Year Adjustments	0.000	0.000	0.000
Other Changes Affecting AOR	22.433	9.622	12.385
Retained AOR	-2.051	-12.390	0.000
Deferred AOR	0.000	0.000	-933.187
Non-Recoverable AOR	0.000	-353.451	-1,408.538
Accumulated Operating Result	1,978.621	1,377.071	0.000

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund (DWWCF)**  
**Energy Management Activity Group**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**

**FUNCTIONAL DESCRIPTION**

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

**BUDGET HIGHLIGHTS**

Fiscal Year 2021 reflects market activity resulting from the Coronavirus pandemic.

Fiscal Year 2022 and 2023 reflect adjustments in fuel cost assumptions and are in line with future market projections included in the Office of Management and Budget's (OMB's) economic assumptions.

**Operations**

DLA Energy Operations include labor, corporate overhead, Information Technology (IT), military personnel and other non-labor costs.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Total Operations	\$589.8	\$667.8	\$689.1



### **Sustainment, Restoration, and Modernization (SRM)**

DLA Energy has established SRM funding levels based on the results of recent planning studies and projects identified by the Military Services. The SRM program includes Maintenance and Repair, Demolition, Minor Construction (operating), Facility Operations, and Non-Automated Data Processing Equipment (ADPE) (operating). As directed by OSD, the Fiscal Year 2023 budget includes an increase to fund the SRM program to 100% of the Facilities Sustainment Model. DLA will continue to support the Department in its mission to defuel and permanently close the Red Hill Bulk Fuel Storage Facility.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
SRM Program	\$864.6	\$672.9	\$892.7

### **Transportation**

The DLA Energy budgets for worldwide transportation of fuel via various modes of transportation to include tanker, truck, pipeline, and rail car. The transportation budget is primarily comprised of commercial transportation (pipeline and rail) and increases driven by payments to the Military Sealift Command. Fiscal Year 2022 includes funding increases to address requirements for two additional ocean tankers which extends into FY 2023.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Transportation	\$446.9	\$555.2	\$566.3

### **Terminal Operations (TOPS)**

DLA Energy funds contractor and government operated storage and distribution operations worldwide. Storage requirements are funded via multi-year recurring service contracts; annual funding requirements change depending on contract award patterns. Fiscal Year 2022 includes funding for renewal of twenty-year-old contracts for Defense Fuel Supply Points (DFSP) in Houston, TX, and Sitra, Bahrain. Fiscal Year 2023 includes contract options for Carson/LA Basin, CA, Selby, CA and Subic Bay Philippines.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
TOPS	\$286.5	\$670.0	\$529.6

**Environmental**

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

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Environmental	\$126.9	\$97.8	\$96.5

**Aerospace Energy (AE)**

In addition to petroleum-based products, DLA Energy provides product in the form of missile propellants and cryogenics to customers worldwide. Costs for AE include product, transportation, operations, and storage costs. Fiscal Year 2023 includes a funding increase for product and service requirements for Hydrazine.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
AE Sales	\$96.0	\$45.4	\$63.6
AE Obligations	\$68.5	\$48.1	\$62.5

## **PERFORMANCE INDICATORS**

### **Net Sales**

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

(Barrels in Millions)	FY 2021	FY 2022	FY 2023
Net Sales	87.2	87.8	87.4

### **Net Operating Results (NOR)**

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable, other income, such as federal and state excise taxes collected on sales. Other changes affecting NOR include transfers and direct appropriations. In FY 2023 DLA requests \$8.3 million for Installation Energy Resilience. DLA also deferred \$348.9 million in order to budget to a zero AOR in FY 2023.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Revenue	\$8,981.2	\$11,450.3	\$10,572.2
Expenses	\$9,052.9	\$11,858.7	\$10,560.0
Operating Results	(\$71.7)	(\$408.4)	\$12.2
Other Changes Affecting NOR	\$0.0	\$39.0	\$8.3
Transfers	\$0.0	(\$1.0)	\$0.0
Capital Surcharge	\$0.0	\$0.0	\$0.0
Appropriations	\$0.0	\$40.0	\$8.3
Net Operating Results	\$71.7	(\$369.4)	\$20.5
Prior Year Accumulated Operating Results (AOR)	(\$445.2)	(\$516.9)	(\$369.4)
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Deferred AOR	\$0.0	\$0.0	\$348.9
Non-Recoverable AOR	\$0.0	\$516.9	\$0.0
AOR	(\$516.9)	(\$369.4)	\$0.0

## Cash

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

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Disbursements	\$9,005.4	\$11,629.8	\$10,825.8
Collections	\$8,973.2	\$11,450.0	\$10,572.3
Net Outlays	\$32.2	\$224.8	\$253.6
Enduring Costs	\$0.0	\$40.0	\$0.0
Transfers	\$0.0	(\$1.0)	\$8.3
Total Change in Cash	(\$32.2)	(\$185.8)	(\$245.3)

## ENERGY PRICING (PETROLEUM)

DoD petroleum pricing is based on refined product forecasts provided by the Office of Management and Budget (OMB). OMB establishes petroleum projections based on market futures data from the New York Mercantile Exchange.

The following table provides the petroleum cost assumptions, non-product costs, and the standard price for Fiscal Year 2021 through 2023.

(Dollar per Barrel)	FY 2021	FY 2022	FY 2023
Petroleum Refined Cost	\$70.37	\$99.96	\$87.54
Petroleum Non-Product Cost	\$27.95	\$28.36	\$30.95
Market Volatility Factor	\$1.22	\$1.04	\$1.21
Standard Price	\$99.54	\$129.36	\$119.70

The standard fuel price in Fiscal Year 2021 was \$99.54 per barrel.

The FY 2022 standard fuel price was initially set at \$118.44 per barrel above the FY 2022 budgeted rate of \$109.62 per barrel. The price was increased to \$129.36 per barrel, effective January 1, 2022, due to market volatility and increased fuel cost. Higher fuel costs through the remainder of FY 2022 could impact the FY 2022 ending cash balance.

The FY 2023 projected standard fuel price is \$119.70 per barrel, which was derived from the latest OMB fuel economic assumption. With the ongoing increase in fuel prices, DLA Energy is projecting to lose

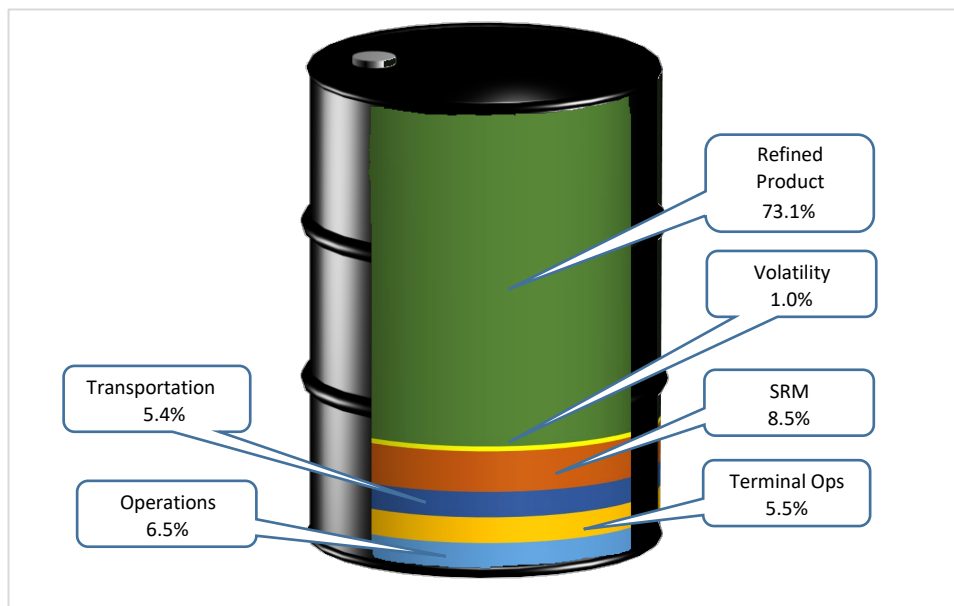
\$245.3M in cash. Higher fuel costs in FY 2023 will require additional price changes to recoup cash losses and improve the FY 2023 ending cash balance.

The non-product cost increase in Fiscal Year 2022 is primarily due to increased Terminal Operations and Transportation requirements.

The non-product cost increase in Fiscal Year 2023 is primarily due to increased Operations, Sustainment, Restoration, and Modernization (SRM), and Transportation requirements. The FY 2023 non-product cost increased slightly to fully fund the Energy sustainment cost at 100 percent of the Facilities Sustainment Model (FSM).

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

### Standard Price Expense Allocation



Reflects percentages based on PB 23 Fiscal Year 2023 Standard Fuel Price

## **INVENTORY**

DLA Energy's Fiscal Year 2023 inventory objective is 54.1 million barrels, of which 34.5 million barrels represent War Reserve Materiel (WRM).

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

(Barrels in Millions)	FY 2021	FY 2022	FY 2023
<u>Beginning Inventory</u>	<u>53.5</u>	<u>51.9</u>	<u>54.1</u>
Peacetime Operating	19.0	17.4	19.6
WRM	34.5	34.5	34.5
Receipts	86.8	91.0	88.4
Net Sales	(87.2)	(87.8)	(87.4)
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (normal)	(1.2)	(1.0)	(1.0)
Combat Losses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<u>Ending Inventory</u>	<u>51.9</u>	<u>54.1</u>	<u>54.1</u>
Peacetime Operating	17.4	19.6	19.6
WRM	34.5	34.5	34.5

## **MANPOWER**

The personnel numbers included in this submission reflect the actual personnel numbers for Fiscal Year 2021 as well as the budgeted personnel numbers for Fiscal Years 2022 and 2023.

(Manpower)	FY 2021	FY 2022	FY 2023
End Strength			
Military	58	72	72
Civilian	1,221	1,385	1,412
Total	1,293	1,456	1,483
FTEs			
Military	58	72	72
Civilian	1,220	1,330	1,357
Total	1,292	1,401	1,428

**CAPITAL**

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

The Non-ADP Equipment consists of Automated Fuel Handling Equipment (AFHE) and Automated Tank Gauges (ATG) at various installations that have reached the end of their lifecycle. The AFHE allows bulk fuel to be monitored and controlled for fuel operations from a central location on site. The ATG measures, monitors, and inventories fuel levels that are placed in storage tanks.

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

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Equipment (non-ADP)	\$0.0	\$13.5	\$10.7
Software Development	\$0.0	\$0.0	\$0.0
Minor Construction	\$36.9	\$47.3	\$48.3
Total	\$36.9	\$60.8	\$59.0

**INSTALLATION ENERGY RESILIENCE**

In Fiscal Year 2023, DLA Energy will have an expanded and significant role in the Department of Defense climate initiative. DLA Energy will use its acquisition capacity to transition the current Department of Defense U.S. electricity portfolio to 24/7 carbon-free electricity (CFE). The Fiscal Year 2023 requirements are funded via an appropriation.

(Dollars in Millions)	FY 2021	FY 2022	FY 2023
Installation Energy Resilience Requirements	\$0.0	\$0.0	\$8.3

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Supply Management Summary by Division**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2021**  
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets				Total Capital Obligations	Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations			
ENERGY MISSION	9,168.387	8,870.278	13,565.917	0.000	0.000	13,565.917	36.905	0.000	13,602.822
AEROSPACE	96.010	96.010	68.509	0.000	0.000	68.509	0.000	0.000	68.509
REIMBURSABLE	0.000	0.000	9.639	0.000	0.000	9.639	0.000	0.000	9.639
<b>TOTAL</b>	<b>9,264.397</b>	<b>8,966.288</b>	<b>13,644.064</b>	<b>0.000</b>	<b>0.000</b>	<b>13,644.064</b>	<b>36.905</b>	<b>0.000</b>	<b>13,680.969</b>



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Supply Management Summary by Division**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2022**  
**(Dollars in Millions)**

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets				Total Capital Obligations	Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations			
ENERGY MISSION	12,138.755	11,362.595	12,168.982	0.000	40.000	12,208.982	60.767	11,795.350	24,065.099
AEROSPACE	45.374	45.374	48.122	0.000	0.000	48.122	0.000	0.000	48.122
REIMBURSABLE	0.000	0.000	32.380	0.000	0.000	32.380	0.000	0.000	32.380
<b>TOTAL</b>	<b>12,184.129</b>	<b>11,407.969</b>	<b>12,249.484</b>	<b>0.000</b>	<b>40.000</b>	<b>12,289.484</b>	<b>60.767</b>	<b>11,795.350</b>	<b>24,145.601</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Supply Management Summary by Division**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2023**  
**(Dollars in Millions)**

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets				Total Capital Obligations	Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations			
ENERGY MISSION	11,183.879	10,465.679	10,045.715	0.000	0.000	10,045.715	59.038	7,216.133	17,320.886
AEROSPACE	63.585	63.585	62.515	0.000	0.000	62.515	0.000	0.000	62.515
REIMBURSABLE	0.000	0.000	33.051	0.000	0.000	33.051	0.000	0.000	33.051
CAPE	0.000	0.000	0.000	0.000	8.300	8.300	0.000	0.000	8.300
<b>TOTAL</b>	<b>11,247.465</b>	<b>10,529.264</b>	<b>10,141.281</b>	<b>0.000</b>	<b>8.300</b>	<b>10,149.581</b>	<b>59.038</b>	<b>7,216.133</b>	<b>17,424.752</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Inventory Status - Energy**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2021**  
**(Dollars in Millions)**

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	3,366.4	1,474.2	1,892.3	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	835.1	-252.2	1,087.3	0.0
c. Inventory Reclassified and Repriced	4,201.5	1,222.0	2,979.5	0.0
3. RECEIPTS AT STANDARD	6,140.3	6,140.3	0.0	0.0
4. GROSS SALES AT COST	-6,330.9	-6,330.9	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	163.5	163.5	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(85.1)	(85.1)	0.0	0.0
Retail/Wholesale Losses	-85.1	-85.1	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	78.4	78.4	0.0	0.0
6. INVENTORY - End of Period (EOP)	4,089.3	1,109.8	2,979.5	0.0
7. INVENTORY ON ORDER EOP	4,089.3	1,109.8	2,979.5	0.0
8. Narrative (Explanation of unusual changes)				

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Inventory Status - Energy**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2022**  
**(Dollars in Millions)**

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	4,089.3	1,109.8	2,979.5	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	1,318.1	849.1	469.1	0.0
c. Inventory Reclassified and Repriced	5,407.4	1,958.8	3,448.6	0.0
3. RECEIPTS AT STANDARD	9,136.5	9,136.5	0.0	0.0
4. GROSS SALES AT COST	-9,413.3	-9,413.3	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	599.8	599.8	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(100.0)	(100.0)	0.0	0.0
Retail/Wholesale Losses	-100.0	-100.0	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	499.8	499.8	0.0	0.0
6. INVENTORY - End of Period (EOP)	5,630.4	2,181.8	3,448.6	0.0
7. INVENTORY ON ORDER EOP	5,630.4	2,181.8	3,448.6	0.0
8. Narrative (Explanation of unusual changes)				

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Inventory Status - Energy**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2023**  
**(Dollars in Millions)**

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	5,630.4	2,181.8	3,448.6	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-894.9	-466.4	-428.5	0.0
c. Inventory Reclassified and Repriced	4,735.6	1,715.4	3,020.1	0.0
3. RECEIPTS AT STANDARD	7,780.6	7,780.6	0.0	0.0
4. GROSS SALES AT COST	-8,218.3	-8,218.3	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	525.2	525.2	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	(87.5)	(87.5)	0.0	0.0
Retail/Wholesale Losses	-87.5	-87.5	0.0	0.0
Combat Losses (-)	0.0	0.0	0.0	0.0
h. Total Adjustments	437.7	437.7	0.0	0.0
6. INVENTORY - End of Period (EOP)	4,735.6	1,715.4	3,020.1	0.0
7. INVENTORY ON ORDER EOP	4,735.6	1,715.4	3,020.1	0.0
8. Narrative (Explanation of unusual changes)				

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**War Reserve Material (WRM) Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2021**  
**(Dollars in Millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	1,892.3	1,892.3	0.0
2. Price Change (Memo)	1,087.3	1,087.3	0.0
3. Reclassification	2,979.5	2,979.5	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	2,979.5	2,979.5	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**War Reserve Material (WRM) Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2022**  
**(Dollars in Millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	2,979.5	2,979.5	0.0
2. Price Change (Memo)	469.1	469.1	0.0
3. Reclassification	3,448.6	3,448.6	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	3,448.6	3,448.6	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**War Reserve Material (WRM) Stockpile**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**FY 2023**  
**(Dollars in Millions)**

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,448.6	3,448.6	0.0
2. Price Change (Memo)	(428.5)	(428.5)	0.0
3. Reclassification	3,020.1	3,020.1	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
5. Inventory EOP	3,020.1	3,020.1	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0



DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)

	FY 2021	FY 2022	FY 2023
<b>1. New Orders</b>			
<b>a. Orders from DoD Components</b>	<b>6,903.0</b>	<b>9,015.2</b>	<b>8,308.5</b>
<b>Army</b>	<b>776.5</b>	<b>1,135.0</b>	<b>1,051.5</b>
O&M, Army	509.1	753.5	698.8
O&M - Recovery Act, Army	-	-	-
O&M, Army Reserve	17.0	26.8	25.0
O&M - Recovery Act, Army Reserve	0.0	0.1	0.0
O&M, Army National Guard	105.3	155.6	144.3
Defense Health Program, Defense	26.5	38.7	35.9
RDT&E, Army	34.4	50.4	46.6
Aircraft Procurement, Army	5.4	7.9	7.3
Missile Procurement, Army	0.3	0.4	0.3
Procurement of Weapons & Tracked Vehicles, Army	3.4	4.9	4.6
Procurement of Ammunition, Army	0.0	0.0	0.0
Other Procurement, Army	0.7	1.0	1.0
Military Construction, Army	2.7	3.9	3.6
Military Construction, Army Reserve	0.0	0.0	0.0
Military Construction, Army National Guard	1.5	2.2	2.1
Family Housing Construction, Army	1.4	2.1	1.9
Family Housing, O&M, Army	0.0	0.0	0.0
Military Personnel, Army	0.0	0.1	0.1
National Guard Personnel, Army	0.3	0.4	0.4
Reserve Personnel, Army	1.0	1.4	1.3
Afghanistan Infrastructure Fund	-	-	-
Iraq Security Forces Fund	-	-	-
Chemical Agent and Munitions Destruction, Army	0.1	0.1	0.1
Counter ISIS Train and Equip Fund, Army	-	-	-
Army Other	0.5	0.8	0.7
National Guard and Reserve Equipment, Defense	0.0	0.0	0.0
Department of Defense Base Closure Account 1990	2.0	3.0	2.8
Support for International Sporting Competitions, Defense	1.1	1.6	1.5
Defense Emergency Response Fund, Defense (Army)	1.6	2.4	2.2
Army Other (non-interfund approp data not available)	62.1	77.7	71.0
<b>Navy</b>	<b>2,316.0</b>	<b>2,836.7</b>	<b>2,625.5</b>
O&M, Navy	2,168.1	2,762.8	2,565.1
O&M, Navy Reserve	104.3	131.2	121.7
Aircraft Procurement, Navy	1.2	1.4	1.3
Defense Health Program, Defense	0.2	0.2	0.2
Weapons Procurement, Navy	0.1	0.2	0.2
Advances, Foreign Military Sales, Funds Appropriated to the President (011X8)	-	-	-
Other Procurement, Navy	1.4	1.7	1.6
Shipbuilding & Conversion, Navy	0.2	0.3	0.3
RDT&E, Navy	3.3	4.0	3.7
Military Construction, Navy & MC	0.0	-	-
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Research, Development, Test and Evaluation - Recovery Act, Navy	0.0	0.0	0.0
National Defense Sealift Fund, Navy	0.0	-	-
Military Personnel, Navy	0.0	0.0	0.0
Reserve Personnel, Navy	0.5	0.7	0.6
Defense Emergency Response Fund, Defense (Navy)	0.0	0.1	0.0
Department of Defense Base Closure Account 2005 (Navy)	0.0	0.0	-
Navy Other (non-interfund approp data not available)	36.6	(65.9)	(69.3)

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)

	FY 2021	FY 2022	FY 2023
<b>Air Force</b>	<b>3,738.7</b>	<b>4,837.3</b>	<b>4,440.3</b>
O&M, Air Force	2,487.5	4,178.9	3,914.8
O&M, Air Force Reserve	314.4	632.9	599.5
O&M, Air National Guard	731.9	585.6	507.9
RDT&E, Air Force	60.8	78.7	72.2
Aircraft Procurement, Air Force	1.8	2.3	2.1
Defense Health Program, Defense	0.3	0.4	0.4
Space Procurement, Air Force	0.2	70.5	70.5
Host Nation Support for U.S. Relocation Activities, Defense	0.0	0.0	0.0
Military Construction, Air Force	-	-	-
Family Housing, O&M, Air Force	0.3	2.2	2.2
Military Personnel, Air Force	-	-	-
Reserve Personnel, Air Force	-	16.0	16.0
National Guard Personnel, Air Force	-	-	-
Burdensharing Contribution, Defense	16.6	21.5	19.7
Wildlife Conservation, etc., Military Reservations, Air Force	0.0	0.0	0.0
DoD, Base Closure Account 2005 (Air Force)	0.1	0.1	0.1
Air Force Other (non-interfund approp data not available)	124.8	(751.8)	(765.1)
<b>Marine Corps</b>	<b>60.5</b>	<b>63.3</b>	<b>58.5</b>
O&M, MC	59.0	47.9	43.2
O&M, MC Reserve	0.6	1.5	1.5
Procurement, MC	0.3	2.5	2.5
Reserve Personnel, MC	0.0	0.0	0.0
National Guard & Reserve Equipment, Defense	0.1	0.1	0.1
Department of the Navy General Gift Fund	0.0	-	-
Research, Development, Test, and Evaluation, Navy	0.0	0.0	0.0
Marine Corps Other (non-interfund approp data not available)	0.4	11.3	11.3
<b>DoD Appropriated Accounts</b>	<b>11.3</b>	<b>143.0</b>	<b>132.6</b>
O&M, Defense Wide, Defense Agencies	6.0	76.0	70.5
RDT&E, Defense-Wide	2.1	26.3	24.4
Other Procurement, Defense-Wide	1.5	19.1	17.7
National Guard & Reserve Equipment, Defense	-	-	-
Operational Test and Evaluation, Defense	0.0	0.1	0.1
Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency	0.0	0.0	0.0
Military Construction, Defense-Wide	-	-	-
Family Housing, Defense-Wide	-	-	-
Defense Health Program, Defense	-	-	-
DoD, Base Closure Account	-	-	-
DoD, Base Closure Account 2005	-	-	-
Defense Emergency Response Fund, Defense	-	-	-
Support for International Sporting Competitions, Defense	-	-	-
Employee & Employer Contributions, Foreign Govt Social Security & Related Programs, OSD	-	-	-
OSD Appropriated	-	-	-
DoD, Acquisition Workforce Development Fund	1.7	21.4	19.9

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Source of New Orders and Revenue  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)

	FY 2021	FY 2022	FY 2023
<b>b. Orders from Other Activity Groups</b>	<b>1,296.1</b>	<b>1,624.5</b>	<b>1,494.0</b>
Civil Corps of Engineers, Revolving Fund	-	-	-
OSD, Defense Working Capital Fund	-	-	-
Defense Agencies, Defense Working Capital Fund	0.3	0.0	0.0
Army Working Capital Funds	5.2	6.8	6.2
Navy Working Capital Funds	399.1	538.7	502.2
Air Force Working Capital Funds	871.5	1,493.8	1,400.3
DLA, Defense Working Capital Fund	1.4	-	-
DFAS, Defense Working Capital Fund	-	-	-
DECA, Defense Working Capital Fund	0.1	0.0	0.0
Other Working Capital Funds	-	-	-
Chemical Agent & Munitions Destruction, Defense (APPN DESC)	-	-	-
National Defense Stockpile Transaction Fund	-	-	-
Global Health Programs, State	-	1.6	1.7
Defense Health Program, Defense	2.1	-	-
DoD-VA Health Care Sharing Incentive Fund	-	-	-
Humanitarian Assistance, Defense	-	-	-
Overseas Humanitarian, Disaster, and Civic Aid, Defense	0.3	0.1	0.1
Dept of Treasury	-	0.1	0.1
Pentagon Reservation Maintenance Revolving Fund	0.1	-	-
Other DoD (non interfund approp data not available)	14.3	(416.6)	(416.6)
DLA and other Non-DoD (data not able to partition)	1.7	(0.0)	(0.0)
<b>c. Total DoD</b>	<b>8,199.1</b>	<b>10,639.7</b>	<b>9,802.5</b>
<b>d. Other Orders:</b>	<b>1,065.3</b>	<b>1,544.5</b>	<b>1,445.0</b>
Other Federal Agencies	115.9	576.2	537.6
Non-Federal Agencies	925.2	877.3	823.0
Foreign Military Sales	24.2	91.0	84.4
Other credit card	-	-	-
<b>e. Total New Orders</b>	<b>9,264.4</b>	<b>12,184.1</b>	<b>11,247.5</b>
<b>2. Carry-In Orders</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Total Gross Orders</b>	<b>9,264.4</b>	<b>12,184.1</b>	<b>11,247.5</b>
<b>4. Carry-Out Orders (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5. Manual Adjustment</b>	<b>(65.0)</b>	<b>-</b>	<b>-</b>
<b>6. Gross Sales (-) Match NOR</b>	<b>9,199.4</b>	<b>12,184.1</b>	<b>11,247.5</b>
<b>7. Credits &amp; Allowances (-) Match NOR</b>	<b>(233.1)</b>	<b>(776.2)</b>	<b>(718.2)</b>
<b>8. Net Sales Match NOR</b>	<b>8,966.3</b>	<b>11,408.0</b>	<b>10,529.3</b>
<b>9. Reimbursable Sales/Other Income should match nor for other but make adj here</b>	<b>14.9</b>	<b>42.3</b>	<b>43.0</b>
<b>10. Total Revenue</b>	<b>8,981.2</b>	<b>11,450.3</b>	<b>10,572.3</b>

**Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Revenue and Expenses  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)**

<b>Revenue:</b>	<b><u>FY 2021</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>
Gross Sales @ Standard Operations	9,199.4	12,184.1	11,247.5
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	20.1	49.1	48.7
Other Income	14.9	42.3	43.0
Refunds/Discounts (-)	(233.1)	(776.2)	(718.2)
Total Income	8,981.2	11,450.3	10,572.3
Adjusted Income			
<b>Total Income (allocated)</b>	<b>8,981.2</b>	<b>11,450.3</b>	<b>10,572.3</b>
<b>Expenses:</b>			
Cost of Materiel Sold from Inventory	6,171.3	8,813.5	7,695.8
Inventory Gains/Losses	85.1	100.0	87.5
Salaries and Wages:	202.7	223.0	247.0
Military Personnel Costs	13.8	13.5	14.8
Civilian Personnel Compensation	188.9	209.5	232.2
Travel & Transportation of Personnel	1.4	11.4	10.7
Materials & Supplies (For internal use)	0.9	0.8	0.9
Equipment	0.5	2.2	2.4
Other Purchases from Revolving Funds	319.2	351.5	351.6
Transportation of Things	349.8	562.0	573.5
Capital Investment Recovery	20.1	49.1	48.7
Printing and Reproduction	0.0	0.5	0.5
Advisory and Assistance Services	10.0	23.3	23.3
Rent, Communication, and Utility	1.1	14.5	14.6
Other Purchased Services	1,890.8	1,707.1	1,503.5
Total Expenses (System)	9,052.9	11,858.7	10,560.0
Allocated Expenses			
<b>Total Expenses (Allocated)</b>	<b>9,052.9</b>	<b>11,858.7</b>	<b>10,560.0</b>
<b>Operating Results</b>	<b>(71.7)</b>	<b>(408.4)</b>	<b>12.2</b>
Plus Pass-throughs or Other	0.0	40.0	8.3
Other Changes Affecting NOR	0.0	(1.0)	0.0
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Transfers	0.0	(1.0)	0.0
<b>Net Operating Results</b>	<b>(71.7)</b>	<b>(369.4)</b>	<b>20.5</b>
Prior Year Accumulated Operating Result (AOR)	(445.2)	(516.9)	(369.4)
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	0.0	0.0
Deferred AOR	0.0	0.0	348.9
Non-Recoverable AOR	0.0	516.9	0.0
<b>Accumulated Operating Results (AOR)</b>	<b>(516.9)</b>	<b>(369.4)</b>	<b>0.0</b>

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)  
FY 2021

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$118.09	\$0.6
AVGAS (OCONUS) - 100(LL)	0.0	\$378.44	\$0.1
Diesel Fuel:			
Distillates - F76	12.2	\$99.19	\$1,222.5
High Sulfur - DF1		\$87.63	
Generic (High Sulfur) - DF2	0.9	\$88.63	\$84.8
Ultra Low Sulfur - DS1	0.3	\$100.25	\$28.7
Ultra Low Sulfur - DS2	0.0	\$83.02	\$96.9
Burner Grade - FS1	0.0	\$103.88	\$5.1
Burner Grade - FS2	0.2	\$81.47	\$17.2
Biodiesel - BDI	0.0	\$92.65	\$2.1
Jet Fuel:	0.0		
JP8 & JA1	19.3	\$100.75	\$1,927.3
JAA	31.1	\$96.06	\$3,059.8
JP5	9.0	\$98.98	\$907.3
JTS	0.1	\$151.80	\$12.4
Kerosene - KS1	0.0	\$98.78	\$1.0
Motor Gasoline:			
Regular, Unleaded - MUR	0.6	\$77.59	\$53.3
Midgrade, Unleaded - MUM	0.1	\$92.42	\$10.0
Premium, Unleaded - MUP	0.1	\$68.73	\$13.5
Gasohol - GUM	0.0	\$88.74	\$0.7
Ethanol - E85	0.1	\$78.43	\$8.8
Residual:			
Burner Grade - FS4	0.0	\$48.27	\$0.5
Residual (Burner Grade) - FS6	0.0	\$52.88	\$0.5
FOR	0.1	\$21.98	\$1.2
Bunkers - Marine - MGO	1.2	\$98.13	\$127.2
Bunkers - Intermediate Grade - 180, 380	0.0	\$67.17	\$0.0
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.1	\$109.32	\$462.3
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$126.97	\$158.2
Non-Contract - Ground Fuel - NLS, NMU	0.3	\$99.14	\$31.9
Afganistan - NNJ	0.3	\$192.19	\$58.2
Afganistan - NNF	0.1	\$193.95	\$28.1
Rounding Factor & Other Products	5.7	N/A	\$555.3
<b>TOTAL</b>	<b>87.2</b>	<b>\$100.75</b>	<b>\$8,876.0</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**April 2022**  
**(Dollars in Millions)**  
**FY 2022**

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$147.00	\$0.676
AVGAS (OCONUS) - 100(LL)	0.0	\$578.34	\$0.2
Diesel Fuel:			
Distillates - F76	12.3	\$130.20	\$1,599.1
High Sulfur - DF1	0.0	\$129.36	\$0.0
Generic (High Sulfur) - DF2	1.0	\$115.92	\$110.5
Ultra Low Sulfur - DS1	0.3	\$132.30	\$36.7
Ultra Low Sulfur - DS2	0.0	\$125.16	\$0.0
Burner Grade - FS1	0.0	\$126.42	\$6.1
Burner Grade - FS2	0.2	\$111.72	\$22.8
Biodiesel - BDI	0.0	\$125.16	\$2.7
Jet Fuel:			
JP8 & JA1	19.5	\$129.36	\$2,522.4
JAA	31.4	\$128.52	\$4,032.1
JP5	9.1	\$130.62	\$1,184.4
JTS	0.1	\$201.18	\$16.3
Kerosene - KS1	0.0	\$127.26	\$1.3
Motor Gasoline:			
Regular, Unleaded - MUR	0.6	\$126.42	\$70.8
Midgrade, Unleaded - MUM	0.1	\$133.98	\$13.5
Premium, Unleaded - MUP	0.1	\$149.10	\$21.0
Gasohol - GUM	0.0	\$133.98	\$1.0
Ethanol - E85	0.1	\$126.42	\$11.6
Residual:			
Burner Grade - FS4	0.0	\$82.74	\$0.7
Residual (Burner Grade) - FS6	0.0	\$65.52	\$0.7
FOR	0.1	\$39.90	\$2.1
Bunkers - Marine - MGO	1.3	\$133.56	\$167.9
Bunkers - Intermediate Grade - 180, 380	0.0	\$97.86	\$0.0
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.1	\$147.00	\$602.7
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$158.34	\$190.2
Non-Contract - Ground Fuel - NLS, NMU	0.3	\$135.24	\$41.6
Afganistan - NNJ	0.3	\$210.00	\$59.9
Afganistan - NNF	0.1	\$210.00	\$28.5
Rounding Factor & Other Products	5.8	N/A	\$615.4
<b>TOTAL</b>	<b>87.8</b>	<b>\$129.36</b>	<b>\$11,362.7</b>

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(Dollars in Millions)  
FY 2023

Budget Petroleum Data	PROCURED FROM DLA ENERGY		
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)
AVGAS (CONUS) - 130	0.0	\$136.08	\$0.623
AVGAS (OCONUS) - 100(LL)	0.0	\$535.08	\$0.2
Diesel Fuel:	0.0		
Distillates - F76	12.2	\$120.54	\$1,473.6
High Sulfur - DF1	0.0	\$119.70	\$0.0
Generic (High Sulfur) - DF2	0.9	\$107.10	\$101.6
Ultra Low Sulfur - DS1	0.3	\$122.64	\$33.9
Ultra Low Sulfur - DS2	0.0	\$115.92	\$0.0
Burner Grade - FS1	0.0	\$117.18	\$5.6
Burner Grade - FS2	0.2	\$103.32	\$21.0
Biodiesel - BDI	0.0	\$115.92	\$2.5
Jet Fuel:	0.0		
JP8 & JA1	19.4	\$119.70	\$2,323.2
JAA	31.2	\$118.86	\$3,711.8
JP5	9.0	\$120.96	\$1,091.7
JTS	0.1	\$186.06	\$15.0
Kerosene - KS1	0.0	\$117.60	\$1.2
Motor Gasoline:	0.0		
Regular, Unleaded - MUR	0.6	\$117.18	\$65.3
Midgrade, Unleaded - MUM	0.1	\$123.90	\$12.5
Premium, Unleaded - MUP	0.1	\$137.76	\$19.3
Gasohol - GUM	0.0	\$123.90	\$0.9
Ethanol - E85	0.1	\$117.18	\$10.7
Residual:	0.0		
Burner Grade - FS4	0.0	\$76.44	\$0.6
Residual (Burner Grade) - FS6	0.0	\$60.48	\$0.7
FOR	0.1	\$39.90	\$2.1
Bunkers - Marine - MGO	1.3	\$123.90	\$155.0
Bunkers - Intermediate Grade - 180, 380	0.0	\$90.72	\$0.0
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4.1	\$136.08	\$555.3
Non-Contract - Jet Fuel - NA1, NAA	1.2	\$146.58	\$175.3
Non-Contract - Ground Fuel - NLS, NMU	0.3	\$125.16	\$38.3
Afganistan - NNJ	0.3	\$203.54	\$57.8
Afganistan - NNF	0.1	\$205.40	\$27.8
Rounding Factor & Other Products	5.7	N/A	\$562.1
<b>TOTAL</b>	<b>87.4</b>	<b>\$119.70</b>	<b>\$10,465.5</b>

**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**(Dollars in Millions)**  
**FY 2021**

<b>DOD Sales</b>				
<b>Aerospace Energy</b>	Units	Price Per Unit		Extended Price
<b>Hydrazine Products</b>				
Non-HPH	13,835	\$96.29		\$1.3
HPH Only	31,245	\$117.87		\$3.7
<b>N2O (Tetroxide) Products</b>	35,025.5	\$133.45		\$4.7
<b>Bulk Helium Products</b>	1,620	\$301.95		\$0.5
<b>Nitrogen Products</b>				
Non-Vandenberg	-	\$0.00		\$0.0
Vandenberg	94,170	\$12.64		\$1.2
<b>Helium Products</b>	35,205	\$28.25		\$1.0
<b>Other Products</b>				
Aviator's Breathing Oxygen	3,147,464	\$1.80		\$5.7
Liquid Nitrogen (4769)	1,242,811	\$1.5370		\$1.9
Other Products and Services	See Complete Price List			\$43.3
<b>Total DoD</b>				<b>\$63.2</b>
<b>Non-DOD Sales</b>				
<b>Aerospace Energy</b>	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
<b>Hydrazine Products</b>				
Non-HPH	16,180	\$85.630	8.85	\$1.5
HPH Only	17,275	\$86.081	30.00	\$2.0
<b>N2O (Tetroxide) Products</b>	18,900	\$123.263	1.63	\$2.4
<b>Bulk Helium Products</b>	-	\$160.03	176.05	\$1.8
<b>Nitrogen Products</b>				
Non-Vandenberg	106,757	\$4.164	6.18	\$1.1
Vandenberg	224,265	\$32.88	8.07	\$9.2
<b>Other Products</b>	See Complete Price List			\$14.8
<b>Total Non-DoD</b>				<b>\$32.8</b>
<b>Total</b>				<b>\$96.0</b>



**DEFENSE LOGISTICS AGENCY**  
**Defense-Wide Working Capital Fund**  
**Energy Management Activity Group**  
**Fuel Data**  
**Fiscal Year (FY) 2023 Budget Estimates**  
**(Dollars in Millions)**  
**FY 2022**

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

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
Energy Management Activity Group  
Fuel Data  
Fiscal Year (FY) 2023 Budget Estimates  
(Dollars in Millions)  
FY 2023

DOD Sales				
Aerospace Energy	Units	Price Per Unit		Extended Price
<b>Hydrazine Products</b>				
Non-HPH	8,500	\$112.31		\$1.0
HPH Only	1,500	\$112.31		\$0.2
<b>N2O (Tetroxide) Products</b>				
	5,800	\$58.68		\$0.3
<b>Bulk Helium Products</b>				
	4,725	\$376.30		\$1.8
<b>Nitrogen Products</b>				
Non-Vandenberg	4,831	\$9.21		\$0.0
Vandenberg	1,500	\$59.66		\$0.1
<b>Helium Products</b>				
	75,000	\$37.37		\$2.8
<b>Other Products</b>				
Aviator's Breathing Oxygen	3,205,495	\$1.47		\$4.7
Liquid Nitrogen (4769)	1,349,420	\$1.18		\$1.6
Other		See Complete Price List		\$8.3
<b>Total DoD</b>				<b>\$20.7</b>
Non-DOD Sales				
Aerospace Energy	Units	Cost Recovery Per Unit	Unit Product Costs	Extended Price
<b>Hydrazine Products</b>				
Non-HPH	41,500	\$103.46	8.85	\$4.7
HPH Only	28,500	\$88.31	24.00	\$3.2
<b>N2O (Tetroxide) Products</b>				
	70,700	\$57.05	1.63	\$4.1
<b>Bulk Helium Products</b>				
	2,775	\$200.25	176.05	\$1.0
<b>Nitrogen Products</b>				
Non-Vandenberg	162,885	\$9.10	6.18	\$2.5
Vandenberg	148,500	\$51.59	8.07	\$8.9
<b>Other Products</b>				
		See Complete Price List		\$18.4
<b>Total Non-DoD</b>				<b>\$42.8</b>
<b>Total</b>				<b>\$63.6</b>

**Defense Logistics Agency  
 Defense Wide Working Capital Fund (DWWCF)  
 DLA Document Services  
 Fiscal Year (FY) 2023 Budget Estimates  
 April 2022**

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

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

**CUSTOMERS:**

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

	<b>FY 2021 Actual</b> (\$ in Millions)	<b>FY 2022 Estimate</b> (\$ in Millions)	<b>FY 2023 Estimate</b> (\$ in Millions)
Army	6.3	7.7	11.5
Navy	59.9	73.0	109.5
USMC	24.1	29.4	44.1
USAF	2.4	2.9	4.4
DoD	9.3	11.3	17.0
Other Federal	40.0	48.7	73.1
Non-Federal	4.7	5.7	8.6
<b>Total New Orders</b>	<b>146.7</b>	<b>178.7</b>	<b>268.2</b>

## **BUDGET HIGHLIGHTS**

The submission reflects growth in the Equipment Management Solutions (EMS) program through a strategic focus on providing comprehensive Managed Print Services for the DOD and Federal Agencies. Managed Print Services involves the management of office print devices through a device assessments process and a leveraged acquisition approach.

DLA is continuously modernizing the Document Services mission structure, transitioning from traditional on-site print production to an agile on-line ordering capability supported by fewer but more capable CONUS production facilities. This new service delivery model provides improved services while decreasing costs and increasing DLA's emphasis on consultative services to DoD in the move from print to an ever-greater demand for electronic data and content management services. DLA embeds Customer Relations Specialists (CRS) with customers at key strategic locations. Customer Relations Specialists serve as the face to customers and provide DOD the full range of document services capabilities to include office print devices, scanning and conversion, traditional and unique printed products, and other data automation services. Transitioning from onsite production facilities to consultative/online services, reduces operational costs to include reduced staffing, facilities, equipment, and maintenance while increasing the use of Government Publishing Office (GPO) for common non-urgent printing services.

## **UNIT COST AND PRICING**

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

<u>FY 2021 Goal</u>	<u>FY 2021 Actual</u>
\$0.1966	\$0.1335

DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services actual FY 2021 unit cost was lower than the goal, due to less than anticipated workload in In-House Production. Actual in-house costs were 7% lower than planned (\$66.1 million actual versus \$70.9 million planned).

**Composite Customer Rate Change**

<u>FY 2021 Goal</u>	<u>FY 2021 Actual</u>
0.65%	-2.60%

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. For the Commercial programs, which includes services that do not have a standard rate per item such as Equipment Management Solutions (EMS), Government Publishing Office (GPO) orders, and Electronic Data Content Management (EDCM), DLA Document Services charges customers at cost and applies an overhead rate in percentage form. The non-labor inflation rate is used as the price change for the cost-plus fixed fee commercial program. The primary driver for the lower than planned composite customer rate change in FY 2021 was lower prices, and lower than projected workload in in-house operations and commercial programs due to COVID-19. The primary driver for FY23 customer composite rate change is to ensure we recover 100% of operating costs and prior year Accumulated Operating Results (AOR).

<b>Unit Cost</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Goal</b>	<b>FY 2023 Goal</b>
In-House Production Units	495.4 (M)	394.5 (M)	447.3 (M)
In-House Production Rate	\$0.1335	\$0.1429	\$0.1617
Customer Rate	\$0.0849	\$0.0852	\$0.1277
Composite Customer Rate Change	-2.60%	1.58%	9.23%

**ANALYSIS OF BUDGET STATEMENTS**

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

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

AOR reflects multi-year results of annual NORs. It measures the accumulated effects of NORs from the inception of the business unit and demonstrates fiscal strength over a longer time.

DLA Document Services ended FY 2021 with a negative -\$16.9 million net operating result. In FY 2021 Document Services In-House Operations and Commercial Printing workload was impacted by COVID-19, which resulted in higher than projected negative NOR. The projected negative net operating result in FY 2022 of -\$12.9 million is due to lower prices in In-House and (GPO) Print Operation.

(In millions)	<b>FY 2021 Actual</b>	<b>FY 2022 Estimate</b>	<b>FY 2023 Estimate</b>
Revenue	261.4	293.4	383.0
Cost of Goods Sold	278.4	306.3	314.1
Cash Surcharge	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Inventory Surcharge	0.0	0.0	0.0
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results	(-16.9)	(-12.9)	68.8
Prior Year Adjustments	0.0	0.0	0.0
Prior Year Accumulated Operating Results	(-39.0)	(-55.9)	(-68.8)
Non-Recoverable Adjustment Impacting AOR	0.0	0.0	0.0
Ending Accumulated Operating Result	(-55.9)	(-68.8)	0.0

**OUTLAYS:** Net outlays measure the difference between collections and disbursements. Positive net outlays reflect disbursements in excess of collections. Negative net outlays reflect collections in excess of disbursements. Disbursements are driven by expense and the change in accounts payable. Collections are driven by revenue and the change in accounts receivable.

(In millions)	<b>FY 2021 Actual</b>	<b>FY 2022 Estimate</b>	<b>FY 2023 Estimate</b>
Expense (less CIR)	278.4	306.3	314.1
Capital Disbursements	0.0	0.0	(-5.7)
Accounts Payable Change	(-2.1)	(-3.9)	(-6.2)
Disbursements	276.1	311.1	306.8
Revenue	261.4	293.4	383.0
Accounts Receivable Change	(-18.7)	0.2	(-5.5)
Collections	240.2	293.7	365.1
Net Outlays	36.0	17.4	(-58.3)

**FY 2021:** The overall net outlays reflect negative NOR/AOR at the end of Fiscal Year 2021, due to disbursements exceeding collections (-36.0 million). Due to COVID-19 DLA Document Services had an overall decrease of workload in (In-House Operations and GPO Commercial Printing) which resulted in less than anticipated revenue from customer orders, and thus less collections.

**FY 2022:** The overall net outlays reflect negative NOR/AOR at the end of Fiscal Year 2022, due to disbursements exceeding collections (-17.4 million). This submission projects higher disbursements due to lower prices in In-House and (GPO) Print Operation in FY 2022.

**FY 2023:** The projected cash gain is due collections exceeding disbursements 58.3 million. Due to the update to DoDI 5330.03 policy, this submission projects increased workload requirements in Equipment Management Solutions (EMS) and price adjustments in In-House Operations, and Government Publishing Office (GPO) programs as well as meeting the goal of bringing AOR to zero by end of FY 2023.

**PERSONNEL:** This submission reflects full-time equivalents required to produce the projected workload. DLA Document Services anticipates ending FY 2023 with 412 FTEs.

	FY 2021	FY 2022	FY 2023
Civilian End Strength	399	414	417
Civilian Full-Time Equivalents	402	397	412

**CAPITAL BUDGET:** DLA Document Services asset requirements in FY 2023 are anticipated to cost less than the capitalization threshold of \$250,000, which will require no additional capital investment funding. Beginning in FY 2022 Document Services will be purchasing Non-ADPE (Print and Duplication) equipment to replace existing equipment that has reached or exceeded the useful life.

(In millions)	FY 2021	FY 2022	FY 2023
Capital Budget Program			
Equipment (Non-ADPE)	0.0	5.7	0.0
Equipment (ADPE)	0.0	0.0	0.0
Software Development (SWD)	0.0	0.0	0.0
Minor Construction	0.0	0.0	0.0
Total	0.0	5.7	0.0

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Changes in the Cost of Operation  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022

	<u>Cost</u>
FY 21 Actual:	278.4
FY 22 Estimate in President's Budget	306.3
Estimated Impact in FY 20 of Actual	
FY 21 Experience	
Civilian Personnel	(0.3)
Travel of Persons	(0.3)
Material & Supplies	(4.2)
Commercial Equipment Purchases	(1.1)
Other Purchased Services from Revolving Fund	(0.9)
Transportation of things	0.2
Printing and Reproduction	0.2
Advisory and Assistance Services	0.8
Rent, Communications, Utilities, and Misc.	(5.6)
Other Purchased Services	(3.8)
Capital Investment Recovery	(0.0)
Pricing Adjustments:	
Annualization of FY 21 Pay Raise	0.0
FY 22 Pay Raise	(0.0)
General Purpose Inflation	3.3
Program Changes:	
Civilian Personnel	(0.4)
Travel of Persons	0.0
Material & Supplies	(0.0)
Commercial Equipment Purchases	0.0
Other Purchased Services from Revolving Fund	0.0
Transportation of things	0.0
Printing and Reproduction	0.0
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc.	1.4
Other Purchased Services	0.1
Capital Investment Recovery	(1.2)
FY 22 Current Estimate	306.3
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.0
FY 23 Pay Raise	1.1
General Purpose Inflation	2.9
Program Changes:	
Civilian Personnel	0.8
Travel of Persons	0.0
Material & Supplies	0.1
Commercial Equipment Purchases	0.1
Other Purchased Services from Revolving Fund	(0.9)
Transportation of things	0.0
Printing and Reproduction	0.5
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc.	0.7
Other Purchased Services	1.6
Capital Investment Recovery	0.0
FY 23 Current Estimate	314.1



DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Source of New Orders and Revenue  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022  
(\$ in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
1. New Orders			
a. Orders from DoD Components	102.048	124.272	186.533
Department of the Navy	84.020	102.317	153.581
Operations and Maintenance, Navy	57.411	69.914	104.943
Operations and Maintenance, Marine Corps	23.237	28.297	42.475
O&M, Navy Reserve	2.488	3.030	4.548
O&M, Marine Corps Reserve	0.869	1.058	1.588
Procurement, Marine Corps	0.019	0.023	0.035
Navy Procurement Accounts	1.390	1.693	2.541
Shipbuilding & Conversion, Navy	0.553	0.673	1.011
Research, Development, Test & Eval, Navy	0.457	0.557	0.835
Military Construction, Navy	0.000	0.000	0.000
Other Navy Appropriations	0.027	0.033	0.049
Other Marine Corps Appropriations	0.006	0.007	0.011
Appropriation not available - Navy & Marine Corps	-2.437	-2.968	-4.455
Department of the Army	6.312	7.688	11.538
Army Operation and Maintenance	7.093	8.638	12.965
O&M, Army Reserve	0.026	0.032	0.048
O&M Army National Guard	0.021	0.026	0.038
Army Res, Dev, Test & Eval Accounts	0.215	0.262	0.393
Army Procurement Accounts	0.026	0.032	0.048
Army Other	0.000	0.000	0.000
Appropriation not available - Army	-1.069	-1.302	-1.954
Department of the Air Force	2.409	2.934	4.402
Air Force Operation & Maintenance	2.593	3.158	4.740
O&M, Air Force Reserve	0.027	0.033	0.049
O&M Air Force National Guard	0.365	0.444	0.667
Air Force Res, Dev, Test & Eval Accounts	0.009	0.011	0.016
Air Force Procurement Accounts	0.468	0.570	0.855
Air Force Other	0.000	0.000	0.000
Appropriation not available - Air Force	-1.053	-1.282	-1.925
DoD Appropriated Accounts	9.307	11.333	17.012
Operation & Maintenance Accounts	3.974	4.839	7.264
Res, Dev, Test & Eval Accounts	1.584	1.929	2.895
Procurement Accounts	0.005	0.006	0.009
Military Construction, Defense	0.000	0.000	0.000
Defense Health Program	3.692	4.496	6.749
DoD Other	0.052	0.063	0.095
Appropriation not available - DoD	0.000	0.000	0.000
b. Orders from other Fund Activity Groups	40.011	48.724	73.137
Navy	0.137	0.167	0.250
Army	0.000	0.000	0.000
Air Force	0.001	0.001	0.002
Other DoD	39.873	48.556	72.885
c. Total DoD	142.059	172.996	259.670
d. Other Orders	4.709	5.735	8.608
Other Federal Agencies	4.238	5.161	7.747
Credit Card Purchases	0.000	0.000	0.000
Non-Federal Agencies	0.260	0.317	0.475
Foreign Military Sales	0.211	0.257	0.386
Other (non-interfund approp data not available)	0.000	0.000	0.000
Total New Orders	146.768	178.731	268.278
2. Carry-In Orders	4.271	4.271	4.271
3. Total Gross Orders	151.039	183.002	272.549
4. Funded Carry-Over	0.000	0.000	0.000
5. Reimbursable Sales	6.935	6.935	6.935
6. Adjustments/JVs	103.464	103.463	103.466
6. Total Gross Sales	261.438	293.400	382.950

DEFENSE LOGISTICS AGENCY  
Defense-Wide Working Capital Fund  
DLA Document Services  
Revenue and Cost  
Fiscal Year (FY) 2023 Budget Estimates  
April 2022

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Revenue</b>			
Gross Sales	261.4	293.4	383.0
Operations	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	261.4	293.4	383.0
<b>Cost</b>			
Cost of Material Sold from Inventory	0.0	0.0	0.0
<b>Salaries and Wages:</b>			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	40.6	41.7	43.7
Travel & Transportation of Personnel	0.1	0.4	0.4
Materials & Supplies (For Internal Operations)	9.5	15.8	17.0
Equipment Purchases	11.4	13.2	13.4
Other Purchases from Revolving Funds	2.4	3.4	2.5
Transportation of Things	1.2	0.9	0.9
Capital Investment Recovery	0.0	0.0	1.2
Printing and Reproduction	64.9	66.0	67.9
Advisory and Assistance Services	1.6	0.9	0.9
Rent, Communications, Utilities, & Misc. Charges	77.9	92.0	94.5
Other Purchased Services	68.8	72.1	71.8
Total Expenses:	278.4	306.3	314.1
Operating Result	(16.9)	(12.9)	68.8
Net Operating Result	(16.9)	(12.9)	68.8
<b>Prior Year Adjustments</b>			
Prior Year AOR	(39.0)	(55.9)	(68.8)
Accumulated Operating Result	(55.9)	(68.8)	0.0
<b>Non-Recoverable Adjustment Impacting AOR:</b>			
Deferred Operating Results and Depreciation	0.0	0.0	
Accumulated Operating Results for Budget Purposes	(55.9)	(68.8)	0.0

Fiscal Year (FY) 2023 Budget Estimates  
 Defense Finance and Accounting Service  
 Activity Capital Purchase Justification  
 April 2022  
 (Dollars in Millions)

		FY 2021		FY 2022		FY 2023	
Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE Equipment		\$ -		\$ -		\$ -
2	ADPE & Telecom Equip						
2a	- Computer Hardware (Production)		\$ -		\$ -		\$ -
2b	- Computer Hardware (Network)		\$ 2.5		\$ 7.0		\$ 0.5
2c	- Computer Software (Operating System)		\$ -		\$ -		\$ -
2d	- Telecommunications		\$ -		\$ 1.0		\$ 0.8
2e	- Other Support Equipment		\$ -		\$ -		\$ -
3	Software Development						
3a	- Internally Developed		\$ 2.3		\$ 71.2		\$ 2.9
3b	- Externally Developed		\$ 2.8		\$ 5.4		\$ 5.4
4	Minor Construction Capabilities						
4a	- Replacement		\$ -		\$ -		\$ -
4b	- New Construction		\$ 2.1		\$ 3.7		\$ -
4c	- Environmental		\$ -		\$ -		\$ -
	<b>TOTAL OBLIGATIONS</b>		<b>\$ 9.7</b>		<b>\$ 88.2</b>		<b>\$ 9.6</b>
	<b>Total Capital Outlays</b>		<b>\$ 17.8</b>		<b>\$ 14.7</b>		<b>\$ 21.9</b>
	<b>Total Depreciation Expense</b>		<b>\$ 26.2</b>		<b>\$ 25.4</b>		<b>\$ 24.8</b>

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates			<b>D. Activity Identification</b> A. ELAN			
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)						
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Enterprise Local Area Network (ELAN)			\$ 2,500			\$ 5,450			\$ -

**Narrative Justification:**  
 A. ELAN is the primary backbone computing infrastructure for the Agency. Major services include network connectivity, messaging and fax services, collaboration capabilities, remote connectivity, network storage, and application hosting environments to enable DFAS Lines of Business to accomplish their respective missions. FY23 funds are not being requested as this function is planned to be transferred to DISA. FY22 funds will allow for sustainment efforts to ensure that the various services offered by the infrastructure are kept in compliance. This includes equipment replacement scheduled for vendor end-of-service life, upgrades for compatibility, addressing security requirements and satisfying DoD mandates. Key subprojects include Network Hardware Sustainment, Storage Sustainment, and Virtualization Sustainment. FY21 funds focused on Network Hardware Sustainment, Storage Sustainment, Virtualization Sustainment, Network Load Balancer and the funding of a continuous monitoring server requirement.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates			<b>D. Activity Identification</b> B. Security			
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)						
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
B. Security			\$ -			\$ 1,535			\$ 500

**Narrative Justification:**  
 B. The Security program is a part of I&T Infrastructure and Production Support at DFAS Indianapolis. The program consists of the Cybersecurity Service Provider (CSSP) team. It ensures meeting all security requirements to minimize vulnerabilities to the ELAN infrastructure. This means replacement equipment scheduled for vendor end of service life, upgrades for compatibility, addressing security requirements, satisfying DoD mandates. The FY23 efforts will include upgrade and re-engineering of Continuous Monitoring. The FY22 funds will be used for ELAN security infrastructure sustainment.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates			<b>D. Activity Identification</b> A. Unified Communications (UNCOMM)			
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 2 - ADPE and Telecom Equipment 2d - Telecommunications						
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Unified Communications (UNCOMM)			\$ -			\$ 1,000			\$ 750

**Narrative Justification:**  
 A. Teleservices provides the underlying infrastructure for communication services for the agency. It consists of many individual parts which must work in harmony and be kept current to ensure all DFAS Lines of Business continue to meet their respective missions. Teleservices cost is mainly driven by Government and DoD mandates required to fulfill law and technical sustainment due to vendor end of life. FY23 funding will be used to enhance Call Center infrastructure through caller authentication and self-service capabilities. FY22 funding will be used to replace infrastructure components that are approaching end of life and support to enhance Video Teleconferencing (VTC) capability by adding additional end points.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed			<b>D. Activity Identification</b> A. DDS		
<b>Element of Cost</b>			<b>FY 2021</b>		<b>FY 2022</b>		<b>FY 2023</b>	
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
A. Deployable Disbursing System (DDS)					\$ 867			\$ -
<b>Narrative Justification:</b> A. The FY21 project is to transition the entire Centralized Disbursing System (CDS) to the Deployable Disbursing System (DDS). This will include identifying functionality, including interfaces, CDS currently has that DDS does not currently have.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed			<b>D. Activity Identification</b> B. DRAS-M		
<b>Element of Cost</b>			<b>FY 2021</b>		<b>FY 2022</b>		<b>FY 2023</b>	
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
B. Defense Retired & Annuitant Pay System Modernization (DRAS-M)					\$ -			\$ 67,404
<b>Narrative Justification:</b> B. With the Department's decision to defund DRAS2, DRAS requires modernization to ensure continued sustainability in the future. DRAS is currently made up of 6 subsystems, consisting of mainframe and mid-tier application software solutions. The 6 subsystems will be re-written into a single, unifying code base that will maximize sustainability while maintaining existing functionality. DRAS-M will create a replacement normalized database structure that will incorporate existing data from mainframe and mid-tier databases. FY22 funding will be used to upgrade the architecture of DRAS. This effort will include implementation of standard line of accounting (SLOA) and Treasury Direct Disbursing (TDD), adding the Space Force as a new branch of service in DRAS, implementing remaining Blended Retirement System (BRS) functionality, improving workflow and self-service capabilities, and modernizing the DRAS user interface.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed			<b>D. Activity Identification</b> C. EFD		
<b>Element of Cost</b>			<b>FY 2021</b>		<b>FY 2022</b>		<b>FY 2023</b>	
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
C. Enterprise Funds Distribution (EFD)					\$ -			\$ 3,800
<b>Narrative Justification:</b> C. The FY22 project is to transfer certain capabilities and functionalities from the Program Budget Accounting System (PBAS) to the Enterprise Funds Distribution (EFD) system. The transferred capabilities and functionalities will be new to the EFD system and will occur after the EFD system is transferred from DLA to DFAS.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed			<b>D. Activity Identification</b> D. DDMS		
<b>Element of Cost</b>			<b>FY 2021</b>		<b>FY 2022</b>		<b>FY 2023</b>	
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
D. Defense Debt Management System (DDMS)					\$ -			\$ 2,920
<b>Narrative Justification:</b> D. The services (Army, Navy, Air Force) have been working on the SFIS initiative for several years and the DDMS system will have to be able to send and receive information to these systems once they complete the SFIS update. The DDMS system coding will have to be updated to be in the SFIS format. The DDMS existing interfaces (both internal all and external) inclusive of future Integrated Personnel and Pay System (IPPS) and a new Treasury interface will also be set up.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates					
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed			<b>D. Activity Identification</b> E. CEDMS		
<b>Element of Cost</b>			<b>FY 2021</b>		<b>FY 2022</b>		<b>FY 2023</b>	
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
E. Corporate Electronic Document Management System (CEDMS)					\$ 580			\$ -
<b>Narrative Justification:</b> E. FY21 excess capital funds were used for additional funding for FY19 carryover (\$580K) project for a more robust enterprise solution, CEDMS required additional customization to include full PII redaction; development of ad hoc reporting capabilities; development of user generated reports; and integration with MS SharePoint.								

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates								
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3a - Internally Developed				<b>D. Activity Identification</b> F. DCPS				
<b>Element of Cost</b>			FY 2021			FY 2022			FY 2023		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
F. Defense Civilian Pay System (DCPS)					\$ 848			\$ -			\$ -
<b>Narrative Justification:</b> F. FY21 excess capital funds were used for additional funding for FY19 carryover (\$580K) project to add functionality to charge and collect interest, penalties, and administrative fees on salary debts that become delinquent.											

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates								
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3b - Externally Developed				<b>D. Activity Identification</b> A. ERM				
<b>Element of Cost</b>			FY 2021			FY 2022			FY 2023		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Enterprise Risk Management Toolset (ERM)					\$ 331			\$ -			\$ -
<b>Narrative Justification:</b> A. FY21 funds were used for an Enterprise Risk Management Toolset. Current environment consists of eight applications that are independent of each other: AART, AMT, FISCAM, FFMA, ICONTROL, IDASHBOARD, METRICS, and REMEDY (Audit module). These tools do not provide a long-term, centralized platform to support the maturity of the Agency's risk management activities. This new system allows for standardization in the risk control space for more efficient Audit Steadiness operations.											

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates								
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3b - Externally Developed				<b>D. Activity Identification</b> B. DFAS Portal				
<b>Element of Cost</b>			FY 2021			FY 2022			FY 2023		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. DFAS Portal - Business Process Workflows (BPW)					\$ 2,279			\$ 720			\$ -
<b>Narrative Justification:</b> B. FY21 funds were used to develop a Business Process Workflows (BPW) workflow application that automates existing business processes across the DFAS enterprise such as telework requests, Safety Form 603, Awards, purchase requests, and virtual private network account requests. The costs determined capital for the solution include: Design, Coding, Installation to Hardware, Project personnel costs, Technical Acceptance, Testing, and Quality assurance testing of integration/implementation of the software BPW Workflow solution into the DFAS Portal. FY21 to FY22 approved carryover to fund contracts with option years for the DFAS Portal project.											

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates								
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3b - Externally Developed				<b>D. Activity Identification</b> C. eBiz				
<b>Element of Cost</b>			FY 2021			FY 2022			FY 2023		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. e-Biz Momentum (G-Invoicing)					\$ -			\$ 3,500			\$ -
<b>Narrative Justification:</b> C. This project will upgrade from Momentum 7.7P13 to 7.9 and will establish the full G-Invoicing functionality which will include General Terms & Conditions (GT&C), Orders, Performance, Settlements and UEI for Acquisition, Financial Management and other federal solutions. The FY22 funds will be used to pay for an upgrade of the Momentum software that is a Treasury mandate for all Department of Defense (DoD) that will add significant functionality. The functionality will be in the form of new modules that will allow for one warehouse of agreements, the processing orders, invoices, GEX files, and finally give the ability to close out the contract on the back end.											

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates						<b>D. Activity Identification</b> D. CMIS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3b - Externally Developed								
<b>Element of Cost</b>			<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
D. Configuration Management Information System (CMIS) (Integration Hub)					\$ 153			\$ -			\$ 5,420

**Narrative Justification:**  
 D. Configuration Management Information System (CMIS) acts as the DFAS repository for Configuration Management. It is a Powerbuilder GUI and Oracle Database that warehouses, and maintains DFAS Systems Configuration Management functions. Currently there are shortcomings inherent to the system significant enough that a replacement of CMIS is requested. FY23 efforts will be to purchase licenses/subscriptions, server space, and configure the software Integration Hub to allow the current system to interface with other systems while supporting both Unauthorized – Information Technology (U-IT) / Development Security Operations (DevSecOps), configure the AppEng, and build the Enterprise Development Ops within CMIS to interface with the new Air Force DevSecOps capability. FY21 excess capital funds were used for additional funding for FY19 carryover (\$153K) project for current individual help desks to be consolidated and additional help desks to utilize Remedy via the Information Technology Service Mgmt (ITSM) environment.

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)			<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates						<b>D. Activity Identification</b> E. IWMS		
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021			<b>C. Line No and Item Description</b> 3- Software Development 3b - Externally Developed								
<b>Element of Cost</b>			<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
			<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
E. Interactive Workplace Management Suite (IWMS)								\$ 1,137			\$ -

**Narrative Justification:**  
 E. FY21 to FY22 approved carryover for funds to implement a Space Management module of an IWMS system to provide Hoteling & Room Reservations functionality to meet DFAS' demands for managing mobile employees who split work between the office and telework. Office hoteling enables individual employees to reserve space temporarily, such as a cubicle or office, that they can access for a few hours, the day, or the week. Room Scheduling is used for locating and reserving suitable spaces for employee and team functions.

Fiscal Year (FY) 2023 Budget Estimates  
 Defense Finance and Accounting Service  
 Capital Purchase Justification  
 Minor Construction  
 April 2022

<b>ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION</b> (\$ in Thousands)		<b>A. Budget Submission</b> Fiscal Year (FY) 2023 Budget Estimates								
<b>B. Component/Business Area/Date</b> Defense Finance and Accounting Service (DFAS) December 2021		<b>C. Line No and Item Description</b> 4 - Minor Construction Capabilities						<b>D. Activity Identification</b>		
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>			
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	
4b - New Construction										
A. Cleveland			\$ -			\$ 1,916			\$ -	
B. Columbus			\$ 1,089			\$ -			\$ -	
C. Indianapolis			\$ -			\$ -			\$ -	
D. Limestone			\$ 1,016			\$ 1,320			\$ -	
E. Rome			\$ 20			\$ 431			\$ -	
<b>Total New Construction</b>			<b>\$ 2,125</b>			<b>\$ 3,667</b>			<b>\$ -</b>	
<b>Narrative Justification:</b>										
A. FY22 Funds (\$1,916K) will be used to purchase and install a physical access control system (PACS) that will allow centralized secured access permissions and will bring the DFAS Cleveland facility up to the DoD physical access requirements. It will require facility modifications for the areas of the access control point installations. This will include the permanent installation of PACS, including affixing and wiring, on 139 doors throughout the building. The work will additionally include the replacement or modification of some doors at these control points to bring them up to Fire and Life Safety requirements.										
B. FY21 funds (\$1,055K) were used to convert existing Property and Mailroom facilities located in the DFAS Columbus building 21 basement to a 50-person capacity open storage area with Secret Internet Protocol Router Network (SIPRNet) functionality. FY21 excess capital funds were used for an FY17 carryover (\$34K) project to reimburse US Army Corps of Engineers (CoE) for funds returned in error to DFAS and the project was capitalized and closed.										
C. No funds for FY 2021 - 2023.										
D. FY22 funds (\$1,320K) will be used for the purchase and installation of an interlocking door system at all six entrances of DFAS Limestone. This interlocking door system will allow only one door of the two layers of entry doors, to be opened at a time, thereby creating a delay in direct access to the facility and reducing the probability of "piggy backing". The funds will also be used to purchase and install new common access card (CAC) enabled security doors. FY21 funds (\$941K) were used for the purchase and installation of new tamper alarm switches (including wiring) and a physical access control system into the current Seacoast Security Alarm and Monitoring System. FY21 excess capital funds were used for additional funding for FY20 carryover (\$75K) project for the Automatic Transfer Switch (ATS).										
E. FY22 funds (\$431K) will be used to bring the GFEBs area up to a secure environment that will make it compliant for the new secure workload to be done at DFAS Rome. The funds will be used to extend the existing walls of room E132 to the ceiling, add sound attenuation to the walls, and replace existing personnel doors with doors that meet Unified Facilities Criteria (UFC) requirements to bring the room into compliance to perform SA work in the space. Work also includes adding a secure VTC conference room and secure room for SIPR/NIPR servers. This project includes running all necessary SIPR/NIPR wiring for the secure area and any other lines needed for the secure area. FY21 excess capital funds were used for additional funding for FY20 Carryover (\$20K) project for design fees relating to the steam boiler project.										



Fiscal Year (FY) 2023 Budget Estimates  
 Defense Finance and Accounting Service  
 Capital Budget Execution  
 April 2022  
 (Dollars in Millions)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
<b>FY 2021</b>				
ADPE and Telecom	\$ 13.950	\$ 2.500	\$ (11.450)	Decrease due to ELAN requirements lasting longer than planned for end of life. Further decrease for Security due to former DFAS security functions moving to DISA, thus lowering FY21 needed funding, continuous monitoring server requirement was funded under ELAN, and the web content filtering was transitioned to another solution. Teleservices FY21 funding was not needed as multiple projects were cancelled due to the current systems being determined adequate. The replacement of Avaya SBC's was determined to no longer be a requirement.
Software Development	\$ 4.082	\$ 5.058	\$ 0.976	Increase due to the addition of the Deployable Disbursing System (DDS) - Centralized Disbursing System (CDS) migration to DDS, and DFAS Portal (BPM) project. Further increases were in the form of additional funds for the following prior year carry over projects; FY19 Corporatate Electronic Document Management System (CEDMS), FY19 Defense Civilian Pay System (DCPS), and the FY19 CMIS - REMEDY Action Request System (REMEDY). These increases were offset by the Learning Management System (LMS) and Standard Material Accounting System (SMAS) no longer being requirements. The ERMT configuration obligated for less than planned. Further offsets were due to the Interactive Workplace Management Suite being delayed due to the full time telework environment as a result of COVID, and a DFAS Portal Business Process Workflows carryover request to FY22 for a portion of project funds to cover the option year for a contractor labor contract.
Minor Construction	\$ 2.407	\$ 2.125	\$ (0.282)	Decreased due to the removal of the DFAS Indianapolis Secure Work Space Build Out. This was partially offset by the addition of the DFAS Columbus Secure area. There was also an increase due to the MINCON - Limestone - Security System Expansion - Tamper Alarm Switches being added in place of the Security Turnstiles project. The Leasehold Improvement - Cleveland - Convert rooms to break-out rooms project was removed. Further increases were in the form of additional funds for the following prior year carry over projects for MINCON; Columbus FY17 HVAC Zoning, Limestone FY20 Automatic Transfer Switch (ATS), and Rome FY20 Steam Boiler design fees.
<b>Total FY 2021</b>	<b>\$ 20.439</b>	<b>\$ 9.683</b>	<b>\$ (10.756)</b>	
<b>FY 2022</b>				
ADPE and Telecom	\$ 7.985	\$ 7.985	\$ -	
Software Development	\$ 49.049	\$ 76.561	\$ 27.512	Defense Retired & Annuitant Pay System Modernization (DRAS-M) contractor and civilian labor estimates increased. Further increases were due to FY21 to FY22 approved carryover projects for the Interactive Workplace Management System (IWMS), and the DFAS Portal project's contract with option years.
Minor Construction	\$ 3.667	\$ 3.667	\$ -	
<b>Total FY 2022</b>	<b>\$ 60.701</b>	<b>\$ 88.213</b>	<b>\$ 27.512</b>	
<b>FY 2023</b>				
ADPE and Telecom	\$ 1.250	\$ 1.250	\$ -	
Software Development	\$ 6.931	\$ 8.340	\$ 1.409	Increase due to the addition of the Defense Debt Management System (DDMS) - SFIS project being added. This increase was partially offset by a decrease in the estimate of the Configuration Management Information System (CMIS) - Integration Hub (Service NOW) project.
Minor Construction	\$ -	\$ -	\$ -	
<b>Total FY 2023</b>	<b>\$ 8.181</b>	<b>\$ 9.590</b>	<b>\$ 1.409</b>	

**Activity Group Capital Investment Summary**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

	FY 2021 Quantity	FY 2021 Total Cost	FY 2022 Quantity	FY 2022 Total Cost	FY 2023 Quantity	FY 2023 Total Cost
<b>Non-ADPE Equipment</b>	<b>6.000</b>	<b>\$14.183</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>
<b>Replacement Equipment</b>	<b>6.000</b>	<b>\$14.183</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>
Facilities Equipment	6.000	\$14.183	0.000	\$0.000	0.000	\$0.000
<b>ADPE &amp; Telecom Equipment Capabilities</b>	<b>6.000</b>	<b>\$100.416</b>	<b>18.000</b>	<b>\$205.230</b>	<b>23.000</b>	<b>\$207.874</b>
<b>Telecom-</b>	<b>0.000</b>	<b>\$0.000</b>	<b>8.000</b>	<b>\$9.595</b>	<b>3.000</b>	<b>\$23.752</b>
Fourth Estate Network Optimization - Hardware	0.000	\$0.000	8.000	\$9.595	3.000	\$23.752
<b>Other Support Equipment</b>	<b>6.000</b>	<b>\$100.416</b>	<b>10.000</b>	<b>\$195.635</b>	<b>20.000</b>	<b>\$184.122</b>
EMSS Gateway Evolution	0.000	\$0.000	1.000	\$5.200	8.000	\$8.663
EMSS Mobile Switching Center	0.000	\$0.000	1.000	\$9.000	0.000	\$0.000
EVoIP/ECVoIP - Hardware	0.000	\$0.000	1.000	\$7.019	1.000	\$7.483
VCAP - Hardware	1.000	\$2.082	1.000	\$9.242	0.000	\$0.000
EMSS Secure Voice Upgrade	1.000	\$1.540	0.000	\$0.000	0.000	\$0.000
Perimeter Defense	0.000	\$0.000	2.000	\$4.195	0.000	\$0.000
DISN Critical Infrastructure	1.000	\$3.072	1.000	\$4.400	1.000	\$3.600
DISN Internet Protocol (IP) Optimization - COVID19 - CPDI02	1.000	\$0.042	0.000	\$0.000	0.000	\$0.000
DISN Survivable Networking	1.000	\$53.108	1.000	\$57.960	1.000	\$67.918
DISN Internet Protocol (IP) Optimization	1.000	\$40.572	1.000	\$71.786	1.000	\$63.352
Facilities Support Equipment	0.000	\$0.000	1.000	\$26.833	8.000	\$33.106
<b>Software Development</b>	<b>3.000</b>	<b>\$7.872</b>	<b>11.000</b>	<b>\$27.202</b>	<b>6.000</b>	<b>\$9.733</b>
<b>Externally Developed</b>	<b>3.000</b>	<b>\$7.872</b>	<b>11.000</b>	<b>\$27.202</b>	<b>6.000</b>	<b>\$9.733</b>
EVoIP/ECVoIP - Software	0.000	\$0.000	1.000	\$2.425	1.000	\$1.408
VCAP - Software	1.000	\$3.622	1.000	\$3.246	0.000	\$0.000
New Financial System	1.000	\$2.921	1.000	\$4.500	1.000	\$3.000
IDEAS	1.000	\$1.329	1.000	\$1.600	1.000	\$1.600
Mainframe MIAP Replacement	0.000	\$0.000	1.000	\$2.500	0.000	\$0.000
IBM Software Modernization	0.000	\$0.000	1.000	\$0.500	0.000	\$0.000
CIC Client License - GL	0.000	\$0.000	1.000	\$0.510	1.000	\$0.510

**Activity Group Capital Investment Summary**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

	FY 2021 Quantity	FY 2021 Total Cost	FY 2022 Quantity	FY 2022 Total Cost	FY 2023 Quantity	FY 2023 Total Cost
CIC to Servicenow Integrations - GL	0.000	\$0.000	1.000	\$10.030	1.000	\$1.215
4ENO - Axway Validation	0.000	\$0.000	1.000	\$0.618	0.000	\$0.000
4ENO - Fortenix & GEM One Crypto Management	0.000	\$0.000	1.000	\$0.274	0.000	\$0.000
Service Development	0.000	\$0.000	1.000	\$1.000	1.000	\$2.000
<b>Minor Construction Capabilities</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>	<b>2.000</b>	<b>\$3.000</b>
<b>New Construction</b>	<b>0.000</b>	<b>\$0.000</b>	<b>0.000</b>	<b>\$0.000</b>	<b>2.000</b>	<b>\$3.000</b>
Minor Construction - Facilities	0.000	\$0.000	0.000	\$0.000	2.000	\$3.000
<b>Total</b>	<b>15.000</b>	<b>\$122.471</b>	<b>29.000</b>	<b>\$232.433</b>	<b>31.000</b>	<b>\$220.607</b>
<b>Total Capital Investment Recovery</b>		<b>\$55.085</b>		<b>\$102.401</b>		<b>\$128.488</b>
<b>Total Capital Outlays</b>		<b>\$0.000</b>		<b>\$174.948</b>		<b>\$260.930</b>

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Information Services / April 2022</b>			<b>C. Software Development</b>			<b>D. Service Development</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>Service Development</b>	0.00	0.00	0.00	1.00	1,000.00	1,000.00	1.00	2,000.00	2,000.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1.00</b>	<b>2,000.00</b>	<b>2,000.00</b>

**Narrative Justification:**

DISA provides Defense Information Network (DODIN) operations for the joint warfighter to enable lethality across all warfighting domains in defense of our Nation. The current environment of great power competition requires us to evolve our operating processes to align with next generation capabilities, defend against new cyberspace threats and increase lethality for our warfighters while ensuring best value.

**Description and Purpose:**

The purpose of the Service Development project is to provide DISA with increased flexibility to execute capital investments more quickly as emerging requirements are identified internally or by our mission partners. Examples of investments include new services development, where a new service may be required to address a latency, failure or cybersecurity issue, growth of existing services where year of execution mission partner growth has forced us above the capital threshold, requiring the use of investment funds for requirements that previously fell below threshold, and rapid evolution of data center services resulting from adoption of cloud computing. The flexibility provided would allow us to meet customer demand, and develop new services more quickly than we might otherwise have the ability to.

**Current Deficiency and/or Problem:**

DISA's service offerings are rapidly evolving to support our mission partners requirements and defend against new cyberspace threats. Currently, there is not a way to address immediate needs for new service development or growth of existing services that require capital investments. The current timeline to include capital investments in our budget can occasionally present issues when we need to quickly address new service development in support of cybersecurity and next generation capabilities, or year of execution customer growth.

**Impact:**

The Service Development investment will alleviate the delay in investments by providing greater flexibility when new service requirements or growth of existing services arise. This investment is necessary to immediately respond to our rapidly evolving requirements in support of our mission partners. Not funding puts mission partners with emerging requirements at an operational and/or cyber risk due to the delay in our ability to make an investment.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification (\$ in thousands)</b>							<b>A. Fiscal Year 2023</b>		
<b>B. Computing Services / April 2022</b>			<b>C. Minor Construction - Facilities</b>			<b>D. Defense Information Systems Agency</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>Minor Construction - Facilities</b>	4.00	875.00	3,500.00	0.00	0.00	0.00	2.00	1,500.00	3,000.00
<b>Total</b>	<b>4.00</b>	<b>875.00</b>	<b>3,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>1,500.00</b>	<b>3,000.00</b>

**Narrative Justification:**  
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.

**Description and Purpose:**  
The FY 2023 capital investment program authority request is comprised of two minor construction projects at the DoD Core Data Centers: both San Antonio and Oklahoma City require adequately sized conditioned warehouse secure storage space with new roll-up doors, flooring and built-in shelving.

**Current Deficiency and/or Problem:**  
Datacenter facilities are in need of upgrades and renovations in order to meet current standards, including design work and minor repairs completed. Multiple code violations have been found and the only remediation is through minor construction efforts.

**Impact:**  
If these infrastructure investments are not funded, life-safety hazards or continued code negligence will result. Age-related infrastructure and equipment deficiencies could result in unexpected system failures, placing site personnel at risk and potentially resulting in unnecessary data center downtime. DISA's ability to provide a reliable and safe 24/7/365 operational capability could be jeopardized.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification (\$ in thousands)</b>						<b>A. Fiscal Year 2023</b>			
<b>B. Computing Services / April 2022</b>			<b>C. ADPE and Telecom - Equipment</b>			<b>D. Defense Information Systems Agency</b>			
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<b>ADPE Facilities - Various</b>	12.00	2,666.67	32,000.00	1.00	26,833.00	26,833.00	8.00	4,138.25	33,106.00
<b>Total</b>	<b>12.00</b>	<b>2,666.67</b>	<b>32,000.00</b>	<b>1.00</b>	<b>26,833.00</b>	<b>26,833.00</b>	<b>8.00</b>	<b>4,138.25</b>	<b>33,106.00</b>

**Narrative Justification:**  
The DISA Computing Services business area operates the DoD's Core Data Centers, which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.

**Description and Purpose:**  
The capital investment authority requested consists of various projects required to maintain DoD Core Data Center facilities.

FY 22 includes a new emergency generator and generator gear equipment which are needed to support current and planned IT workloads in a 2N redundant configuration at Yakota.

Examples of projects that will be executed in FY23 include providing Data Center Oklahoma City with an upgrade to the Critical Utility Switchgear as well as a new chiller, cooling tower and evaporator; providing Ford Island with a mechanical upgrade, a comprehensive security system, and Anti-Terrorism Force Protection (ATFP) upgrades; providing Mechanicsburg with a new condenser water filtration system and piping; a raised floor upgrade at Montgomery; the installation of Cold Aisle/Hot Aisle Containment systems in various rooms at Columbus; Installing and connecting proposed system furniture workstations at Ogden, and providing electrical power to the proposed and existing furniture as required.

**Current Deficiency and/or Problem:**  
Many of DISA's facilities are in need of cyclical upgrades to their infrastructures and equipment. These upgrades are necessary to ensure adequate reliability, security and redundancy to support customer workload. With these upgrades, additional capacity for growth and increased reliability is built in.

**Impact:**  
If these system and infrastructure investments requirements are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies can result in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7 operations for customers will be jeopardized.

**Energy Savings:**  
Existing uninterruptible power supply (UPS) units are older, less efficient units and have power factor (PF) ratings of .8. The newer UPS units are designed to be more efficient and have a PF of .9 or better. This allows for a 10% savings on power capacity, and more efficient UPS units and electrical distribution saves of up to 3% of the data center energy consumption. Older generator systems burn larger amounts of fuel than newer, more efficient units. Fuel savings from the system upgrades are estimated between 5%-10% with an additional 10% saving possible from new paralleling gear that only runs the number of generators required to operate safely as opposed to 100% at all times they are running. Building automation systems that are installed allow for the proper tracking of energy use and control of major equipment to optimize their running configurations. Increasing Computer Room Air Conditioning (CRAC) unit capacity provides instant energy savings and improved performance and allows for higher reliability and redundancy. The creation of a solar farm will generate green electricity and assist DISA in meeting Presidential Executive Orders on green energy consumption. Electric consumption may be reduced between 10% and 30%.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification (\$ in thousands)</b>				<b>A. Fiscal Year 2023</b>						
<b>B. Computing Services / April 2022</b>		<b>C. Software Development</b>			<b>D. Defense Information Systems Agency</b>					
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>			
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	
<b>Mainframe MIAP Replacement</b>	1.00	7,175.00	7,175.00	1.00	2,500.00	2,500.00	0.00	0.00	0.00	
<b>IBM Software Modernization</b>	1.00	2,000.00	2,000.00	1.00	500.00	500.00	0.00	0.00	0.00	
<b>CIC to ServiceNow Integration</b>	0.00	0.00	0.00	1.00	10,029.63	10,029.63	1.00	1,215.28	1,215.28	
<b>CIC Client Licenses</b>	0.00	0.00	0.00	1.00	509.59	509.59	1.00	509.59	509.59	
<b>Total</b>	<b>2.00</b>	<b>4,587.50</b>	<b>9,175.00</b>	<b>4.00</b>	<b>3,384.81</b>	<b>13,539.23</b>	<b>2.00</b>	<b>862.44</b>	<b>1,724.88</b>	
<b>Narrative Justification:</b>										
To accomplish DISA's mission as an enterprise computing service provider, DISA must deliver systems that assure availability, capacity, continuity, and security. Additionally, systems are required to monitor, track, report, and ensure that service level agreements (SLAs) with customers are met. DISA employs a variety of geographically dispersed mainframes and distributed computing systems. These systems require software investments to eliminate functionally equivalent products, streamline the inventory, and create the most secure and efficient processing environment for the customer.										
<b>Description and Purpose:</b>										
IBM Software Modernization: This project will invest in software to more efficiently host systems that provide a highly available, secure, and robust computing environment.										
The new solution of Multi-Host Internet Access Protocol (MIAP) architecture will provide a secure web-based access point used to front end a Mainframe Modernization initiative to enhance and modernize the user experience of the traditional 3270 access. This new solution will assist in enabling a Graphic User Interface (GUI) to replace the need to know command line verbiage thus enhancing access for the user.										
The Customer Interaction Center (CIC) replaces legacy Automated Contact Distribution (ACD) Systems used by DOD organizations migrating to DISA 4E for Commodity IT Support. CIC deployment supports the DOD 4ENO initiative to optimize and standardize Commodity Information Technology Support across DOD to include 14 Defense Agencies and Field Activities. The integration of CIC with ITSM+ (aka ServiceNow®) establishes a comprehensive Tier I service delivery system to remove and/or eliminate redundancy and expedite incident handling/resolution. Integration facilitates initial and full configuration as well as Chat services to optimize customer experience at the Tier 0, Self Service area. The result is a Tier I experience providing seamless IT service support between the Automated Contact Distribution System and a modernized Information Technology System Management operation. CIC Client Licenses are currently used by Global Service Desk Tier I agents to receive/answer phone calls and/or emails.										
<b>Current Deficiency and/or Problem:</b>										
Existing software systems risk security vulnerability, and may be inadequate to provide the proper assurance of availability and capacity to support the customers' mission requirements.										
<b>Impact:</b>										
Without these investments, DISA will not be able to effectively operate and manage the diverse and increasing number of systems in our enterprise. There is an increased risk that service level agreements will not be met due to downtime of systems, performance degradation, and lack of proactive means of measuring and correcting system capacity and availability problems. The ever increasing volume of operating environments in DISA's computing centers cannot be managed without enterprise-level system tools and lack of these tools could result in an inability to accurately monitor, report, and review service performance.										



**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2023		
B. Telecommunications Services / April 2022			C. ADPE and Telecom - Equipment				D. Defense Information Systems Network (DISN) Infrastructure		
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<b>DISN Critical Infrastructure</b>	1.00	4,000.00	4,000.00	1.00	4,400.00	4,400.00	1.00	3,600.00	3,600.00
<b>DISN Survivable Networking</b>	1.00	53,710.00	53,710.00	1.00	57,960.00	57,960.00	1.00	67,918.00	67,918.00
<b>DISN Internet Protocol (IP) Optimization</b>	1.00	55,383.00	55,383.00	1.00	71,786.00	71,786.00	1.00	63,352.00	63,352.00
<b>TOTAL</b>	<b>3.00</b>	<b>37,697.67</b>	<b>113,093.00</b>	<b>3.00</b>	<b>44,715.33</b>	<b>134,146.00</b>	<b>3.00</b>	<b>44,956.67</b>	<b>134,870.00</b>

**Narrative Justification:**

The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.

**Description and Purpose:**

Capital investment program authority is required to purchase and install end-of-life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating the need for a one-to-one technology refreshment of all components but rather technology refreshment at service and capability layers. These projects will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure.

The Critical Infrastructure project provides essential next generation optical platforms at DISN critical locations to increase survivability, diversity, redundancy and resiliency in support of Mission Critical Operations, Computing Ecosystems, and security boundaries.

The Survivable Networking project includes: technology refreshment for end-of-life DISN Optical Transport System equipment, which will increase operational capability from 10 Gbps to a greater than 100 Gbps capable Packet-Optical Transport System; Network Access Consolidation Evolution initiatives which will enable the removal of legacy technologies from core transport architecture, ensuring standardization and modernization of backbone infrastructure; and transmission security (TRANSEC) initiatives which will provide a modern security framework by replacing TDM-based transmission security.

The IP Optimization project includes: core router refresh focusing on regrooming the network to support elimination of legacy routers and upgrading route switch processor cards; SIPRNet router refresh focusing on upgrading SIPRNet maximum bandwidth rates to 100G, increasing cyber protection, and increasing network efficiency; technology refreshment of legacy Timing & Synchronization resources across the DISN; and replacement of end-of-life/end-of-support equipment for operation systems support, network management, Enterprise Voice Services, and other DISN capabilities.

**Current Deficiency and/or Problem:**

The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoD Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoD's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoD users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA's challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.

**Impact:**

If these capabilities are not funded, DISA will be unable to meet the technology refreshment and equipment upgrades required to ensure a secure a robust global network is available to the DoD and its mission partners. DISN customers will not benefit from network enhancements if the network is not resilient enough to endure attacks and restore failures. In today's environment of modern warfare silent attacks on the network can result in devastating and debilitating influences, therefore amplifying the need to increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable operational risks, without replacement, service disruptions, increased vulnerabilities and security breaches are inevitable.



**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

Information Services Activity Group: Capital Investment Justification (\$ in thousands)				A. Fiscal Year 2023					
B. Telecommunications Services / April 2022			C. ADPE and Telecom - Equipment			D. Perimeter Defense			
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ZND Tech Refresh	0.00	0.00	0.00	1.00	2,810.65	2,810.65	0.00	0.00	0.00
DNS ERS	0.00	0.00	0.00	1.00	1,384.35	1,384.35	0.00	0.00	0.00
Equipment	1.00	4,192.00	4,192.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1.00</b>	<b>4,192.00</b>	<b>4,192.00</b>	<b>2.00</b>	<b>2,097.50</b>	<b>4,195.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Narrative Justification:**

The Zero-Day Network Defense (ZND) program provides detection and sandbox analysis of complex and Zero-Day threats. The ZND-Email system provides advanced email security services at the Department of Defense Information Network (DoDIN) perimeter for e-mail systems and serves as an enterprise perimeter line of defense for zero-day and advanced persistent threats.

The Domain Name Service (DNS) program allows DoD personnel to be able to securely resolve DNS addresses to the internet and protect from insecure or illegal connections to the Internet.

**Description and Purpose:**

This project provides technology refreshment for all devices within the Zero-Day Network Defense (ZND) architecture at operation sites and management sites. The devices include Cisco switches, Dell servers, F5 load balancers, Security appliances, and ZND Management devices. Technology refreshment is also required for the DoD Domain Name Service (DNS) Program due to the existing hardware reaching end-of-life.

**Current Deficiency and/or Problem:**

Aging devices within the existing ZND environments require updating in order to keep these sites operational, to test patches and upgrades, and to ensure the program remains a relevant part of email security. The existing hardware, F5 load balancers and HP servers, will be end-of-life and must be replaced. They cannot be maintained for DNS operational or perimeter security support of the DoDIN.

**Impact:**

If unfunded, the ZND and DNS programs will be forced to operate using old operating systems, outdated equipment, and may become vulnerable due to end of development for software updates.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

Information Services Activity Group: Capital Investment Justification (\$ in thousands)				A. Fiscal Year 2023						
B. Telecommunications Services / April 2022		C. Software Development			D. Fourth Estate Network Optimization - Fornetix & GEM One Crypto Management					
Element of Cost	FY 2021			FY 2022			FY 2023			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Fornetix & GEM One Crypto Management	0.00	0.00	0.00	1.00	274.00	274.00	0.00	0.00	0.00	
AXWAY	0.00	0.00	0.00	1.00	618.00	618.00	0.00	0.00	0.00	
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>446.00</b>	<b>892.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

**Narrative Justification:**  
As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.

**Description and Purpose:**  
Capital investment program authority is required to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Fornetix manages certificates for multiple applications, GEM One is a Monitoring and Management tool for encryption devices, and Axway provides improved authentication speed.

**Current Deficiency and/or Problem:**  
Software capabilities must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment/software described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.

**Impact:**  
If these purchases are not completed, we risk being out of compliance with the Dep Sec Def mandate, and infrastructure will remain vulnerable and unreliable for the site.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
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Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2023		
B. Telecommunications Services / April 2022			C. ADPE & Telecom - Equipment				D. Fourth Estate Network Optimization		
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
4ENO Hardware	1.00	9,200.00	9,200.00	8.00	1,199.43	9,595.47	3.00	7,917.33	23,752.00
<b>TOTAL</b>	<b>1.00</b>	<b>9,200.000</b>	<b>9,200.00</b>	<b>8.00</b>	<b>1,199.433</b>	<b>9,595.47</b>	<b>3.00</b>	<b>7,917.333</b>	<b>23,752.00</b>
<p><b>Narrative Justification:</b>  As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.</p> <p><b>Description and Purpose:</b>  Capital investment program authority is required to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Equipment may include, but is not limited to, routers, switches, intrusion detection systems, firewalls, and encoders necessary to modernize the network in preparation for DoDNet migration and sustainment.</p> <p><b>Current Deficiency and/or Problem:</b>  Equipment must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.</p> <p><b>Impact:</b>  If these purchases are not completed, we risk being out of compliance with the Dep Sec Def mandate, and infrastructure will remain vulnerable and unreliable for the site.</p>									

**Capital Investment Justification**  
**Defense Information Systems Agency**  
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<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Telecommunications Services / April 2022</b>			<b>C. ADPE and Telecom - Equipment</b>			<b>D. EMSS Mobile Switching Center</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>EMSS MSC</b>	0.00	0.00	0.00	1.00	9,000.00	9,000.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>9,000.00</b>	<b>9,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Narrative Justification:**  
The existing Mobile Switching Center (MSC) provides the critical interface to the satellite constellation and is essential for establishing and maintaining the unclassified and secure voice services utilized by the warfighter at the tactical edge. The current system has reached end-of-life and needs to be replaced in order to maintain operational capabilities and meet Information Assurance (IA) compliance. Failure to implement the replacement will lead to a MSC failure resulting in global, EMSS service outages that directly impact warfighter operations worldwide. EMSS services are critical in providing communication advantages to U.S. Government agencies and warfighter operations in disadvantaged regions across the globe.

**Description and Purpose:**  
The purpose of this project is to lifecycle replace the MSC responsible for all EMSS Mobile to Mobile, and Mobile to Terrestrial call processing and switching functions. Replacing the MSC is vital to mitigating the risk of an extended loss of EMSS unclassified and secure voice services. It is also necessary in order to correct IA findings and maintain IA compliance.

**Current Deficiency and/or Problem:**  
The current MSC has reached end-of-life which has reduced the reliability and increased the risk of catastrophic failures. Parts/service availability is decreasing and cost for maintenance continues to increase. In addition, the current system can not meet IA compliance without this replacement.

**Impact:**  
If the current end-of-life MSC is not replaced, the risk of a catastrophic failure will continue to increase. This failure would result in an extended, global outage of EMSS mobile, unclassified and secure communications capabilities that would have a direct impact on critical warfighter missions, worldwide. In addition, without the replacement, the risk of an IA compromise will also continue to increase.

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**Defense Information Systems Agency**  
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<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)				<b>A. Fiscal Year 2023</b>					
<b>B. Telecommunications Services / April 2022</b>		<b>C. ADPE and Telecom - Equipment</b>			<b>D. EMSS Gateway Evolution</b>				
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>EMSS Gateway Evolution</b>	0.00	0.00	0.00	1.00	5,200.00	5,200.00	8.00	1,082.88	8,663.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>5,200.00</b>	<b>5,200.00</b>	<b>8.00</b>	<b>1,082.88</b>	<b>8,663.00</b>
<b>Narrative Justification:</b>									
The Gateway Evolution project is a series of activities that refreshes various components of the Enhanced Mobile Satellite Services (EMSS) Gateway to ensure security compliance and alignment with the Iridium Commercial Baseline (ICB). Maintaining alignment of the ICB is critical to continued operation of the network over the Iridium Satellite Constellation.									
<b>Description and Purpose:</b>									
The purpose and objective of the Gateway Evolution Project and related activities is to facilitate the core mission of the EMSS program (e.g., deliver Iridium-based satellite communications capabilities) and otherwise optimize capabilities at the EMSS Gateway that will improve quality of service. FY 2022 and FY 2023 sub-projects include the following components: Replace the Generator Synchronizer, which controls the seamless transition from commercial power to generator power for all the critical systems within the gateway to ensure continuity of operations during power outages; replace the Uninterrupted Power Supply (UPS) system which provides uninterruptable power to all the critical systems within the gateway to ensure continuity of operations during power outages; replace the High Power Amplifiers (HPA) provide the signal power necessary for continuous connection between the EMSS gateway and the Iridium Constellation; replace the GPS Receivers which are required for synchronization, timing and connectivity between the EMSS gateway terminals and the Iridium Constellation; replace the Software Defined Modems (SDM) provide the connectivity and continuous communications between the EMSS gateway and the Iridium Constellation; replace the OMC system which provides the EMSS Operations Center with the visibility and control of the critical, global EMSS services used by the warfighter at the tactical edge; replace the 5ESS carrier class telephony switch serves as the primary interface between the EMSS systems and the DSN network; and replace the existing network infrastructure which provides connectivity for the critical gateway systems that support the warfighter at the tactical edge.									
<b>Current Deficiency and/or Problem:</b>									
Various EMSS Gateway components or capabilities are reaching end of life or otherwise need to be replaced. The components that are being addressed by this effort will cumulatively ensure availability of all current and planned capabilities of EMSS services and ensure that the security posture of all facilities are modernized.									
<b>Impact:</b>									
Failure to execute these projects will result in increased operational risk to users of the EMSS gateway.									

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<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Telecommunications Services / April 2022</b>			<b>C. ADPE and Telecom - Equipment</b>			<b>D. Enterprise Voice Services Evolution</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>Enterprise Voice Services Evolution</b>	1.00	3,900.00	3,900.00	1.00	7,019.00	7,019.00	1.00	7,483.00	7,483.00
<b>Total</b>	<b>1.00</b>	<b>3,900.00</b>	<b>3,900.00</b>	<b>1.00</b>	<b>7,019.00</b>	<b>7,019.00</b>	<b>1.00</b>	<b>7,483.00</b>	<b>7,483.00</b>

**Narrative Justification:**

DISA's Enterprise Voice Services provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The Enterprise Voice Services portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).

**Description and Purpose:**

The purpose of the Enterprise Voice Services Evolution project is to facilitate continuous tech refresh activities to resolve open end-of-life and support issues, improve quality of service, and ensure infrastructure is scalable to meet customer demand. Examples of tech refresh activities include expanding sensor coverage and tech refreshing session border controllers, media gateways, network switches, and backup devices.

**Current Deficiency and/or Problem:**

End-of-life equipment will cause information assurance vulnerabilities in the environment, placing mission partners and DoD missions at risk.

**Impact:**

The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the potential of failure in the field due to end-of-life equipment. This equipment will be necessary for testing capabilities and future enhancement supporting the Voice Services.

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**Defense Information Systems Agency**  
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(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Telecommunications Services / April 2022</b>			<b>C. Software Development</b>			<b>D. Enterprise Voice Services Evolution</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>Enterprise Voice Services Evolution</b>	1.00	3,000.00	3,000.00	1.00	2,425.00	2,425.00	1.00	1,408.00	1,408.00
<b>Total</b>	<b>1.00</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>1.00</b>	<b>2,425.00</b>	<b>2,425.00</b>	<b>1.00</b>	<b>1,408.00</b>	<b>1,408.00</b>

**Narrative Justification:**

DISA's Enterprise Voice Services provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The Enterprise Voice Services portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).

**Description and Purpose:**

The purpose of the Enterprise Voice Services Evolution project is to facilitate continuous tech refresh activities to resolve open end-of-life and support issues, improve quality of service, and ensure infrastructure is scalable to meet customer demand. Examples of tech refresh activities include expanding sensor coverage and tech refreshing session border controllers, media gateways, network switches, and backup devices. This project will purchase Software supporting those tech refresh activities. The Capital investments are required to tech refresh equipment in the EVOIP / ECVOIP environment.

**Current Deficiency and/or Problem:**

End of life equipment is causing information assurance vulnerabilities and CAT 1 severity level findings in the environment, placing mission partners and DISA-provided services at risk (to include multiple failures in the EVOIP / ECVOIP network to include the DOD IP voice and commercial voice environments).

**Impact:**

The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the immediate potential of failure in the field due to end of life of equipment. This equipment will be necessary for a testing capabilities and future enhancement supporting the Voice Services. Not funding puts the service offering at risk both from an operational and a cyber security perspective.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Telecommunications Services / April 2022</b>			<b>C. ADPE and Telecom - Equipment</b>			<b>D. Enterprise Voice Services Evolution</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>Voice Cloud Access Point (VCAP)</b>	0.00	0.00	0.00	1.00	9,242.00	9,242.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>9,242.00</b>	<b>9,242.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Narrative Justification:**

The DoD components are transitioning users to Office365 Impact Level 5 tenant environments that require connectivity between that service and commercial voice environments.

**Description and Purpose:**

This project is required to meet projected increases in concurrent call volume as additional DoD Components transition to the Office365 environment. The VCAP capability has been established at an initial capacity of 50,000 maximum concurrent calls and this project is intended to expand that capacity to 100,000 maximum concurrent calls. Equipment purchases required to expand the VCAPs at all Boundary Cloud Access Point (BCAP) locations consists of all routing, security, monitoring, and management devices. This equipment securely connects IL 5-hosted Session Border Controllers (SBCs) to the VCAP-hosted SBCs for DSN calling and to the commercial SBCs for Commercial calling.

**Current Deficiency and/or Problem:**

The Army, the Air Force, and other DoD components are transitioning up to 3.2 million users from the temporary CVR collaboration solution hosted in an Office365 Impact Level 2 tenant environment to individual, Service-owned Office365 Impact Level 5 tenant environments, but have no available connectivity between that service and commercial voice environments. Expansion of the VCAP infrastructure will be required to meet customer demand as additional users transition to the Office 365 Impact Level 5 environment.

**Impact:**

Without the ability to connect new users on the commercial phone network, users will lose much of the utility of the Office365 capability, and will face significant barriers to effective collaboration, especially while on maximum telework scenarios such as the current response to COVID-19.



**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

Information Services Activity Group: Capital Investment Justification (\$ in thousands)							A. Fiscal Year 2023			
B. Telecommunications Services / April 2022				C. Software Development			D. Enterprise Voice Services Evolution			
Element of Cost	FY 2021			FY 2022			FY 2023			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Voice Cloud Access Point (VCAP)	0.00	0.00	0.00	1.00	3,246.00	3,246.00	0.00	0.00	0.00	
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>3,246.00</b>	<b>3,246.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

**Narrative Justification:**

The DoD components are transitioning users to Office365 Impact Level 5 tenant environments that require connectivity between that service and commercial voice environments.

**Description and Purpose:**

This project is required to meet projected increases in concurrent call volume as additional DoD Components transition to the Office365 environment. The VCAP capability has been established at an initial capacity of 50,000 maximum concurrent calls and this project is intended to expand that capacity to 100,000 maximum concurrent calls. Equipment purchases required to expand the VCAPs at all Boundary Cloud Access Point (BCAP) locations consists of all routing, security, monitoring, and management devices. This equipment securely connects IL 5-hosted Session Border Controllers (SBCs) to the VCAP-hosted SBCs for DSN calling and to the commercial SBCs for Commercial calling.

**Current Deficiency and/or Problem:**

The Army, the Air Force, and other DoD components are transitioning up to 3.2 million users from the temporary CVR collaboration solution hosted in an Office365 Impact Level 2 tenant environment to individual, Service-owned Office365 Impact Level 5 tenant environments, but have no available connectivity between that service and commercial voice environments. Expansion of the VCAP infrastructure will be required to meet customer demand as additional users transition to the Office 365 Impact Level 5 environment.

**Impact:**

Without the ability to connect new users on the commercial phone network, users will lose much of the utility of the O365 capability, and will face significant barriers to effective collaboration, especially while on maximum telework scenarios such as the current response to COVID-19.

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification (\$ in thousands)</b>				<b>A. Fiscal Year 2023</b>					
<b>B. Enterprise Acquisition Services / April 2022</b>			<b>C. Software Development</b>			<b>D. Famis Account Management Information System (FAMIS)</b>			
Element of Cost	FY 2021			FY 2022			FY 2023		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
FAMIS	1.00	2,900.00	2,900.00	1.00	4,500.00	4,500.00	1.00	3,000.00	3,000.00
<b>Total</b>	<b>1.00</b>	<b>2,900.00</b>	<b>2,900.00</b>	<b>1.00</b>	<b>4,500.00</b>	<b>4,500.00</b>	<b>1.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>Narrative Justification:</b>									
The DISA implemented a new enterprise financial system in FY 2019 by modernizing the legacy Financial Accounting Management Information System (FAMIS). The new financial system provides a single, compliant system across the Information Services Activity Group.									
<b>Description and Purpose:</b>									
Capital investment program authority for software development is required to ensure the new financial system will remain compatible with other legacy and future systems and so that any change requests required to implement policy, procedural, or security changes can be met. The DISA must be able to rapidly address compatibility issues to ensure the financial operations of the Agency are not negatively impacted. DISA is also in the process of consolidating two DWCF activity groups to a single activity group, which will require additional systems changes.									
<b>Current Deficiency and/or Problem:</b>									
This authority is being requested to ensure DISA can consolidate financial operations to a single activity group and that any emerging deficiencies can be resolved timely.									
<b>Impact:</b>									
If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.									

**Capital Investment Justification**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
(Dollars in Thousands)

<b>Information Services Activity Group: Capital Investment Justification</b> (\$ in thousands)						<b>A. Fiscal Year 2023</b>			
<b>B. Enterprise Acquisition Services / April 2022</b>			<b>C. Software Development</b>			<b>D. IDEAS</b>			
<b>Element of Cost</b>	<b>FY 2021</b>			<b>FY 2022</b>			<b>FY 2023</b>		
	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Total Cost</b>
<b>IDEAS</b>	1.00	1,600.00	1,600.00	1.00	1,600.00	1,600.00	1.00	1,600.00	1,600.00
<b>Total</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>	<b>1.00</b>	<b>1,600.00</b>	<b>1,600.00</b>

**Narrative Justification:**

The Integrated Defense Enterprise Acquisition System (IDEAS) is the Defense Information Technology Contracting Organization's (DITCO's) modernized procurement system used for telecommunications and traditional contracting business.

**Description and Purpose:**

This capital project will provide a mechanism to fulfill expected change requests to the Integrated Defense Enterprise Acquisition System (IDEAS). Changes to policy, procedures, security, infrastructure, and interfaces can drive urgent enhancements and the organization must be agile enough to satisfy those enhancements promptly. This effort will start the process to identify and collect user requirements for the multiple types of contract managed by the customer, establish a logical sequence to design, code and implement compliant contracting workflows, and migrate contracts from existing systems into IDEAS.

**Current Deficiency and/or Problem:**

DISA does not have a centralized, mature system to manage contracts in an end-to-end data compliant format. The current system lacks the capability to support the introduction of the mandated Procurement Data Standard (PDS) and Purchase Request Data Standard (PRDS) as well as critical workflows supporting traditional contracting (i.e not telecom). This authority is being requested to ensure any emerging change requests can be resolved timely.

**Impact:**

If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed.

**Capital Budget Execution**  
**Defense Information Systems Agency**  
**INFORMATION SERVICES ACTIVITY GROUP**  
**April 2022**  
**(Dollars in Millions)**

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
<b>FY 2021</b>					
	Equipment except ADPE and Telecommunications	0.000	14.183	14.183	
	Equipment - ADPE and Telecommunications	172.968	100.416	(72.552)	4ENO and EVOIP projects not executed; various DISN and Computing Facilities projects under executed; carryover requested
	Software Development	16.675	7.872	(8.803)	EVOIP and Computing Services projects no longer required for FY21.
	Minor Construction	3.500	0.000	(3.500)	Computing Services projects no longer required for FY21
	<b>TOTAL FY 2021</b>	<b>193.143</b>	<b>122.471</b>	<b>(70.672)</b>	
<b>FY 2022</b>					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	209.473	205.230	(4.243)	Decrease due to elimination of VDI project and Public Key Infrastructure (PKI) requirements; Reduction in Facilities Support projects
	Software Development	7.414	27.202	19.788	Additional requirements for the Global Service Desk (GSD) Customer Interaction Center (CIC) to ServiceNow & addition of Mainframe MIAP
	Minor Construction	3.100	0.000	(3.100)	Computing Services projects no longer required for FY22
	<b>TOTAL FY 2022</b>	<b>219.987</b>	<b>232.432</b>	<b>12.445</b>	
<b>FY 2023</b>					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	207.874	207.874	0.000	
	Software Development	9.733	9.733	0.000	
	Minor Construction	3.000	3.000	0.000	
	<b>TOTAL FY 2023</b>	<b>220.607</b>	<b>220.607</b>	<b>0.000</b>	

DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
APRIL 2022  
(\$ IN MILLIONS)

Line Number	Item Description	FY 2021		FY 2022		FY 2023	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
MAT 200-01	Material Handling/Storage Space Utilization - Distribution	15	66.244	7	52.852	12	42.188
MAT 200-02	Material Handling/Storage Space Utilization - Materiel Supply Chain	1	0.261	0	0.000	0	0.000
IS 200-01	Installation Security - Materiel Supply Chain	0	0.000	1	0.400	2	2.525
MAD 200-01	Material Disposal - Disposition	5	2.138	3	2.000	2	1.145
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	21	68.643	11	55.252	16	45.858
NET 100	Network Hardware - Distribution	0	0.000	3	5.024	3	47.446
NET 200	Network Hardware - Materiel Supply Chain	5	5.142	2	11.295	2	7.295
	<u>TOTAL EQUIPMENT (ADP/T)</u>	5	5.142	5	16.319	5	54.741
SWD 200-01	Supply Chain Management - Enterprise Business System (EBS)/ Enterprise Resource Planning (ERP)		6.053		14.000		74.000
SWD 200-02	Supply Chain Management - Defense Medical Logistics Standard System (DMLSS)		2.461		2.397		2.543
SWD 200-03	Supply Chain Management - DoD EMALL/FedMALL		6.304		6.304		6.304
SWD 200-04	Supply Chain Management - Functional Executive Agent Medical Support (FEAMS)		2.257		2.306		2.357
SWD 200-05	Supply Chain Management - Federal Logistics Information System (FLIS)		0.000		8.621		13.540
SWD 200-06	Supply Chain Management - Distribution Standard System (DSS)		29.328		20.396		22.001
SWD 300-01	Net-Centric Hubs - Enterprise Software		5.483		4.639		10.000
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		51.886		58.663		130.745
REP 200-01	Minor Construction \$250,000 - \$2,000,000 (Materiel Supply Chain)		0.802		3.526		3.526
REP 200-02	Minor Construction \$250,000 - \$2,000,000 (Distribution)		5.115		9.002		9.002
REP 200-03	Minor Construction \$250,000 - \$2,000,000 (Disposition)		6.011		3.261		4.521
	<u>TOTAL MINOR CONSTRUCTION</u>		11.928		15.789		17.049
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	26	137.599	16	146.023	21	248.393
	Total Capital Outlays		113.834		105.059		137.160
	Total Capital Investment Recovery		49.301		64.881		63.704

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description MAT 200-01 Non-ADP Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>MAT 200-01</u> Material Handling/Storage Space Utilization	15	4,416	66,244	7	7,550	52,852	12	3,516	42,188			
<p>Narrative Justification:</p> <p>The investments are for material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Distribution depots. Replacement equipment is for items that have reached or exceeded the useful life established for this category. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.</p> <p>Expected projects for FY2022 and FY2023 include material handling vehicles, storage and rack systems and automation systems at various locations.</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description MAT 200-02 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>MAT 200-02</u> Material Handling/Storage Space Utilization	1	261	261	0	0	0	0	0	0			
<p>Narrative Justification:</p> <p>The investments are for material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Inventory Control Points facilities. Replacement equipment is needed for items that have reached or exceeded the useful life established for this category. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>Equipment supports new/expanding missions or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals and modification to enhance safety of the operators or environment. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.</p>												

**Capital Investment Justification  
 Defense Logistics Agency  
 Supply Chain Management Activity Group  
 April 2022  
 (Dollars in Thousands)**

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description IS 200-01 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>IS 200-01</u> Installation Security	0	0	0	1	400	400	2	1,263	2,525			
Narrative Justification:  These investments projects include installation security related items. Security items such as portals, turnstiles, entrance card reader, intrusion, detection devices, and fire emergency trucks used for support to DLA facilities. Equipment of this type will provide security for items stored in the DLA occupied buildings, as well as safety and security for the DLA employees. This equipment follows security guidance provided by Department of Defense in order to rectify identified security deficiencies. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment												



**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission <b>Fiscal Year (FY) 2023 Budget Estimates</b>		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description MAD 200-01 Non-ADP Equipment						D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>MAD 200-01</u> Material Disposal	5	428	2,138	3	667	2,000	2	573	1,145			
<p>Narrative Justification:</p> <p>These investment projects are for rough terrain, forklift and shredder equipment used to aid in material disposal which have reached or exceeded the useful life established for this category. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment. Based on guidance from various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment.</p> <p>Expected projects for FY2022 are for 50k (lift weight) rough terrain forklift, shredder and a reach stacker  Expected projects for FY2023 scrap handler and a reach stacker</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description NET 100 Network Hardware						D. Activity Identification DLA Distribution		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NET 100</u> Network Hardware	0	0	0	3	1,675	5,024	3	15,815	47,446			
<p><b>Narrative Justification:</b></p> <p>This investment is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable, and middleware as part of the Warehouse Management System to include Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Distribution and the associated depots. The equipment will provide a robust LAN to support the DLA mission as well as meet DLA technology goals and initiatives. The goals are to reduce procurement lead times, design and implement a best value enterprise IT environment, continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements and improve customer response time for services and materiel.</p> <p>This investment supports Warehouse Execution System (WES), a modernization of Equipment Control System (ECS). Integration of ECS with modern Automated Material Handling Equipment (AMHE) is not possible due to legacy interface and lack of Government expertise to perform the necessary configurations. Replacing ECS with a WES and underlying Warehouse Control System (WCS) will not only provide the current capabilities fielded by the legacy software but also give DLA significant enhancements such as wave less order processing, predictive analytics, cybersecurity, active subsystem maintenance metrics / performance data, etc. As such, movement from ECS to a WES with underlying WCS at the Eastern Distribution Center (EDC) is considered a massive enhancement and the capital requirement of this effort is focused solely on those efforts.</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description NET 200 Network Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NET 200</u> Network Hardware	5	1,208	5,142	2	5,647	11,295	2	3,648	7,295			
<p><b>Narrative Justification:</b></p> <p>This investment is for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Major Subordinate Commands (MSC). This requirement is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable, and middleware infrastructure to provide a robust LAN to support the DLA mission. By reducing procurement lead times, and through the design and implementation of a best value enterprise IT environment, we continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements and improve customer response time for services and materiel. Without the capital investment required for the networks, the outdated infrastructure risks mission failure and increased cost for break-fix vice interval investment for updates/upgrades to the existing infrastructure.</p> <p>The investment to modernize network infrastructure is a major step forward as older network architectures and operational models are inefficient and will not scale. Today, network upgrades are not just about more bandwidth but also about gaining operational agility and efficiency. Building a network cabling system at Category 6 supports positive power sum attenuation to crosstalk (PSACR) channel margins up to 200 MHz, systems built on the new standard provide double the bandwidth of Category 5e cabling. Category 6 improves data throughput thanks to much better signal-to-noise ratio and offers better isolation from external noise and improved electromagnetic compatibility performance. In addition, because of the interoperability, testing and "backward compatibility" requirements imposed by the standard, all Category 6 cables (when installed with certified Cat 6 patch cords and connecting hardware and components) are designed to support all legacy applications. Network Infrastructure material costs will continually increase as will application demands on our systems. Investment today will posture our LAN/WAN environments to provide continual network information security, application capabilities and system availability to our customers.</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description SWD 200-01 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-01</u> Enterprise Business System (EBS)/ Enterprise Resource Planning (ERP)			6,053			14,000			74,000			
<p>Narrative Justification:</p> <p>The EBS program continues to be modernized and refined to maximize benefits, improve processes and analysis, implement process area business reengineering opportunities, and offer greater agility in monitoring and tracking operational and fiscal performance. Since EBS provides the Agency with the tools to respond to new challenges and trends in supporting the warfighter, the continuous refinement through process and technical improvements is critical to the Agency's supply chain management capability.</p> <p>In FY 2021, the investment allowed the accomplishment of Standard Line of Accounting (SLOA) design, development, test, and deployment of Defense Civilian Pay System (DCPS), Mechanization of Contract Administration Services (MOCAS), and ERP interfaces (Order fulfillment, procurement, and finance) solution to achieve Financial Statement of Assurance and legislative mandates for EBS. In FY 2022, the investment supports EBS Government-wide Invoicing (G-Invoicing) design, development, test, and deployment of Procure to Pay and Order to Cash for accruals, reconciliations, and reporting to achieve compliance with Treasury mandates in October 2022. For FY 2023, the investment will support the ERP effort to standardize current customizations and upgrade the applications to SAP S4 by executing S4/HANA Transformation for the technical refresh of EBS. The investment will be used for software configured / developed via Agile Sprints (Design to Release) to update our current capability from Suite 7 to SAP S4, using standard capability to the maximum extent possible.</p> <p>The benefits of the ERP Migration effort include: streamlined business processes, better performance, lower costs, improved auditability, visibility, and traceability, enhanced cybersecurity posture, improved customer experience, and enablement of rapid delivery of new capabilities. ERP Migration's ROI is broken into two pieces; Phase 1, Migration to Cloud (M2C) and Phase 2, Migration to Standard (M2S). The majority of the M2C savings are realized in FY2022 and FY2023 totaling ~\$100M. Based on industry standards, additional savings will be realized in Phase 2, M2S, which is scheduled for completion post PBR 2023 FYDP.</p>												

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**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description SWD 200-02 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-02</u> Defense Medical Logistics Standard Support (DMLSS) Wholesale			2,461			2,397			2,543			
<p><b>Narrative Justification:</b>  The Defense Medical Logistics Standard Support-Wholesale (DMLSS-W) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. The program directly funds the business process reengineering and subsequent IT capability at DLA Troop Support Philadelphia with benefits and savings cascading throughout the entire DoD medical logistics supply chain. This investment also supports capability executed in DMLSS-W applications to support Defense Medical Logistics Enterprise System (DML-ES) Authoritative Source Initiative and associated business processes. The design and implementation of product, sourcing, and pricing capabilities will consolidate and optimize management of multiple sources of back-end product and pricing, as well as associated contracts and pricing agreements. This capability will enhance the opportunities for DMLSS to enforce enterprise-centric business rules for product data management and will improve product and pricing alignment across all Medical data.</p> <p>In FY 2022, DMLSS-W will expand on its current capabilities by developing and fielding a Medical Item Standardization Application (MISA) tool to support Defense Health Agency (DHA) with a workflow approval process to improve product standardization. Additionally, the next phases of MediPrice and Business Intelligence (BI) Reporting will have the preliminary release of Distribution and Pricing Agreement (DAPA) migration into the application and begin building out BI tools such as Drug Enforcement Administration (DEA) Controlled Substance Report (DCSR), Fill Rate (FR), National Contracts Compliance Report (NCCR), and Pricing Management in separate releases to improve management visibility of medical data and prevent inconsistent product representations to customers.</p> <p>In FY 2023 investment will provide an enhanced vendor item management interface for product &amp; pricing management during data inception processes and a robust application workflow to support vendor item price management activities between DMLSS and Vendors and finalizing the MediPrice capability. Critically important to DLA and medical business operations will be the initial capability to support the Pharmaceutical Prime Vendor – Global (PPV-G) Next Gen (2024) contract. DMLSS-W Investments support services that enable the \$8.5B/yr Medical Prime Vendor Program, with an annual realization of \$217M in cost avoidance (90:1 ROI) for customers in the Medical Supply Chain.</p>												

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**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description SWD 200-03 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-03</u> DOD EMALL/FedMall			6,304			6,304			6,304			
<p>Narrative Justification:</p> <p>The DOD EMALL/FedMall is a web-based government procurement application designed to allow users to search or browse for commercial and government off-the-shelf products and services through a single interface and purchase those products or services online. It fulfills Section 332 of the Fiscal Year 1999 DOD Authorization Act, Public Law 105-261, Title III, Subtitle D, October 17, 1998, which called for a single point of access for DOD ordering on the internet as part of its overall Electronic Commerce (e-commerce) implementation. In 2017, DLA deployed FedMall, DOD EMALL's modernization initiative that would leverage a COTS platform to provide the same services to the DOD, with improved functionality and performance.</p> <p>FedMall's mission is to provide world class, enterprise wide, customer centric e-Commerce purchasing capability that supports and equips ALL government agencies in meeting their mission. This investment directly supports this goal by providing additional capabilities in FedMall to increase key functionality system performance, flexibility, and scalability. In addition, development of capabilities to support new stakeholder business processes, address Cyber Security findings, improve data quality, and enhance existing data ingest workflow and architecture are critical. Essential development efforts include an Order Management System (OMS) and a business intelligence (BI) tool. An OMS provides inventory management, order tracking, reverse auction, request for quote, order management, vendor/inventory hosting, catalog management and other features common in commercial purchasing platforms. A BI tool will significantly increase data analysis and reporting capabilities and improve data integrity. In FY 2021, FedMall's development team completed the first phase of the OMS, IBM Master Data Management (MDM) replacement. They also began the BI tool implementation. In FY 2022/2023, the new FedMall Commerce and Supplier Portals and BI tool initial implementation will be completed providing the key OMS features outlined above and addressing key audit readiness considerations for DLA contracting efforts. Analysis of FedMall as the target system for rationalization of other DLA systems (i.e., Stores) will result in development/sustainment cost savings. The immediate impact of the FedMall development work is cost avoidance of ~\$4M annually in licensing fees.</p>												

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**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description SWD 200-04 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-04</u> Functional Executive Agent Medical Support (FEAMS)			2,257			2,306			2,357			
<p>Narrative Justification:  The FEAMS program is chartered to support DLA's mission as the Executive Agent for Medical Materiel and work with the Services to support the Defense Medical Logistics (DML) Enterprise by developing Materiel solutions that enable enterprise transformation and optimize supply chain operations. In accordance with the FEAMS Increment IV Capability Requirements Document (CRD), the Defense Medical Logistics (DML) Readiness community will be able to reduce Medical Contingency File (MCF) shortfall by 2%. The FEAMS program estimates an \$18,953,795 maximum potential saving in 2025, when the FEAMS MCRW Increment IV capability will be fully deployed for use by the Service functional customer community. This is a 9.28:1 ROI from the date of deployment with 10 years of operation.</p> <p>Supporting its chartered mission through the FY22 to FY23 investments, the FEAMS program, through the Medical Contingency Requirements Workflow (MCRW), will enable: FY22 [Allowance Standard Meta Management] A full allowance standard management lifecycle technical framework for enabling turnkey solutions which will allow any Service to manage their specific allowance standards metadata maintenance and modernization details. Services will be able to develop new and manage existing capabilities and conduct incremental adjustments to NSNs in their portfolio. The platform will be Service focused and will provide a look and feel specific to the Service requirements and will include specific workflow and management behavior specific to the service business processes. FY23 [Medical Materiel Requirement Forecasting - clinical] Direct integration with Service combat development shops which build medical assemblages for operation support. This will allow the Services to clinically generate assemblage content (medical materiel), evaluate if additional materiel is required, and identify the materiel that is already available in stock. The Services will be able to model more accurate outcomes and inform materiel managers and industry (vendors) of replenishment needs. [TMLS 18] A Task Time Treater (TTT) data life cycle management solution for Joint and Service clinical and logistical SMEs. [TTT Data Management] Systematically managing Task, Time, Treater (TTT) data to ensure that the medical materiel references leverage the output of the current, standardized Readiness logistics business processes, are updated with the current clinical standards of care, and are available for all the International Classification of Diseases (ICD) patient conditions required by the Services' missions described in their Patient Condition Occurrence Frequency (PCOF) files.</p>												

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**Supply Chain Management Activity Group**  
**April 2022**  
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Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022				C. Line Number & Item Description SWD 200-05 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-05</u> Federal Logistics Information System (FLIS)/ Logistics Cataloging and Data Solutions (LCDS)			0			8,621			13,540			
<p>Narrative Justification:</p> <p>Federal Logistics Information System (FLIS) provides authoritative source data on over 7.2M National Stock Numbers (NSN) to 60k military and civilian personnel across the Department of Defense (DoD), Military Services, Federal Agencies, civil agencies, and international partners throughout 28 countries to support planning, procurement, order fulfillment, distribution, warehousing, maintenance, and disposal missions. The capability enables over 8,000 procurement actions and 100,000 orders each day. This investment is to re-engineer the DoD Item Master capability for the Federal Catalog Program using standard industry business processes on a modern open-source technology platform. In addition, this investment supports the following capabilities:</p> <p>Joint Additive Manufacturing Model Exchange (JAMMEX): JAMMEX is an authoritative pool of 3D models from diverse sources that can be leveraged by the full DoD community. It provides the data that can be quickly accessed in real time to fulfill the immediate needs of the Warfighter thus reducing procurement lead time and reducing costs by filling the gap posed by obsolete or hard to procure parts.</p> <p>Technical Data Management Transformation (TDMT): OSD has directed/issued policy for DLA to manage a department-wide data sharing network for additive manufacturing. TDMT will use technology to provide an end-to-end capability to manage all types of technical data with the objective to provide the most recent technical data in real time. The technology will ensure protection and security of the technical data at all stages of use, particularly during on-demand manufacturing where the integrity of data exchange is critical. Lifecycle costs savings to host duplicative systems is \$1.2M.</p> <p>Laboratory Information Management System (LIMS): Today DLA Enterprise labs operate using differing instances of Microsoft Access Databases and various systems and local shared drives. The current systems will be sunset in FY22 due to Microsoft Access concerns as well as migrating data centers to the cloud. The DLA Laboratories will not be able to function without a LIMS Solution resulting in work stoppage at the labs. After one year, \$324K of labor costs could be avoided.</p> <p>Hazard Material Management System (HMMS): To reduce operational IT infrastructure costs and lower program life-cycle costs while improving policies, process, and compliance, we are transforming HMMS to provide critical capabilities to DoD. This investment is to re-engineer the Distribution Standard System (DSS) by partnering with WMS Modernization to meet EPA and Occupational Safety and Health Administration (OSHA) regulations for Emergency Planning and Community Right-to-Know Act (EPCRA), which provides State, local officials, and the public with specific information on potential hazards and arm the Emergency Planning and Responding Teams of instructions on how to proceed in the event of a chemical release, spill or fire reducing the loss of life and limb. This includes the locations and amount, of hazardous chemicals present at a facility during the previous calendar year (security and sourcing). OSHA allows the flexibility for manufacturers to place ranges on their product ingredients rather than exact quantities as a percentage of the product. Our systems need to be able to capture the inventory daily and merge this data containing the percentage of hazardous products and mixtures for EPCRA Tier II reporting. This investment will reduce hosting, cyber security, and manual data entry by 6 FTEs or ~ 1.2M per year moving forward.</p>												



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**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description SWD 200-06 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>SWD 200-6</u> <u>Distribution Standard System</u> <u>(DSS)</u>			29,328			20,396			22,001			
<p><b>Narrative Justification:</b></p> <p>The Distribution Standard System (DSS) Program supports distribution processing of material using DLA's Warehouse Management System (WMS) as part of the Distribution Modernization Program (DMP). This requirement is to modernize DSS to better align DLA warehouse and distribution processes with industry standards and simplify storage and distribution requirements in order to meet today's audit standards. DLA is looking to leverage brand name SAP support services to assist with platform configuration development on the Government's existing SAP software for various modules/apps within DSS.</p> <p>Failure to fund the program will negate the benefits of the original DMP investment and will adversely impact DLA distribution's ability to deliver an unmodified audit opinion No Later Than 2026 and meet their 350 Full-Time Employees (FTE) reduction reform commitment; this is manpower that has already been given up to support modernization. This DMP initiative is a sub-component of the DLA Distribution Modernization Program, which was mandated to deliver innovative distribution IT and automated warehouse solutions to government entities in support of national priorities for reducing the cost of business. No matter the time or shift that a situation appears, the implementation of industry standard IT, warehouse automation and robotics solutions can increase readiness to respond to surge requirements as the orders are entered into the procurement system, without human intervention in some cases. Scalability of workload is dramatically enhanced, and our contingency readiness goes through the roof. These automated solutions support Global Posture by rapidly enabling the location of materials required for the Warfighter, and thereby greatly increasing the accuracy of the item needed and reducing the time to ship those items. The goal for each effort is to improve efficiency by 30-35%. The Distribution modernization goal is to leverage a holistic approach for capabilities that provide an open architecture for implementing and integrating new technologies and warehouse automation that:</p> <ul style="list-style-type: none"> <li>• Delivers efficiencies (i.e., increase throughput, reduce customer wait times, simplify processes and reduce material touches)</li> <li>• Improves inventory accuracy (i.e., increase reliability, reduce stock discrepancies and material loss)</li> <li>• Enhances asset visibility, tracking and automated inventory capabilities</li> <li>• Provides an ability to conduct distributed logistics planning and re-planning (i.e., cognitive computing and predictive analysis)</li> <li>• Posture the organization to accept new business by reducing overall business costs</li> </ul>												

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**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description SWD 300-01 Software Development					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 300-01</u> Enterprise Software - Enterprise Data Solutions			5,483			4,639			10,000			
<p><b>Narrative Justification:</b></p> <p>The Enterprise Software requirement includes the DLA Enterprise Data Solution program, which provides transaction processing services, through a collection of accredited Automated Information Systems (AISs), known collectively as the Defense Automated Addressing System (DAAS). DAAS provides the capabilities needed for data exchange between the DLA Enterprise Data Solutions profile environments and diverse external customer base. This allows DLA to provide requested logistics data for DoD, other Federal Agencies, the North Atlantic Treaty Organization (NATO), and foreign military sales (FMS) countries as well as data to support Department of Defense (DoD) requisition tracking. The DoD Electronic Business gateway at DLA Enterprise Data Solutions is a highly reliable “global community services” logistics processing application serving the entire DoD community and all DoD logistics customers using DoD and commercial networks. Enterprise Software include capitalized Commercial Off-The-Shelf (COTS) application and perpetual licenses.</p> <p>The DAAS program is a collection of custom-built Government off the Shelf (GOTS) applications that have developed and sustained that has been in place for the past 40 plus years. The costs for this investment allow for the modernization of DAAS capabilities using new Commercial Off the Shelf (COTS) based products, more secure and efficient technologies. The modernization of DAAS will explore and implement new technologies and emerging standards for transaction processing such as API Gateways, blockchain, etc. The initiative will also deliver enhanced performance, security and better auditability of transactions for customers. Department of Defense Manual (DODM) 4140-01 Volume 8 requires DoD Components route their logistics transactions through DAAS. DAAS is the transaction service for over 800 interfacing systems within the DoD, Federal Civilian, state/local and commercial organizations. The ROI is not driven by the revenue or savings factors but by the need to modernize the legacy DAAS applications to ensure the DAAS and the DoD mission requirements will continue to be met.</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

<b>Activity Group Capital Investment Justification</b> (Dollars in Thousands)										<b>A. Budget Submission</b> <b>Fiscal Year (FY) 2023</b> <b>Budget Estimates</b>		
<b>B. Component/Business Area/Date</b> Defense Logistics Agency Supply Chain Management Activity Group April 2022					<b>C. Line Number &amp; Item Description</b> REP 200-01 Minor Construction					<b>D. Activity Identification</b> Materiel Supply Chain		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-01</u> Minor Construction			802			3,526			3,526			

**Narrative Justification:**

Minor Construction projects, costing between \$250,000 and \$2,000,000, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:

1. Renovation and alteration of administrative facilities.
2. Upgrades to utility systems to comply with environmental and fire protection standards.
3. Additional paving for road networks and personnel parking to comply with the new Anti-Terrorism/Force Protection standoff distances.
4. Incidental improvements associated with facilities repair projects.
5. Security enhancements
6. Americans with Disabilities Act enhancements (Site wide)
7. Vehicle washing station
8. Water storage for irrigation

All projects are required to allow DLA missions to continuing be in safe, compliant, secure and efficient facilities.

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description REP 200-02 Minor Construction					D. Activity Identification DLA Distribution		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP 200-02</u> Minor Construction			5,115			9,002			9,002			
<p>Narrative Justification:</p> <p>Minor Construction projects, costing between \$250,000 and \$2,000,000, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:</p> <ol style="list-style-type: none"> <li>1. Installing and upgrading fire suppression and alarm systems to meet current code requirements.</li> <li>2. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards.</li> <li>3. Adding new and improving areas for open storage, road networks and operational areas.</li> <li>4. Altering and expanding facilities to accommodate mission changes, consolidation and stock repositioning.</li> <li>5. Improvements to utilities to enhance reliability and resiliency.</li> <li>6. Incidental improvements associated with facilities repair projects and capital equipment projects.</li> <li>7. Replacement of existing facilities that cannot be repaired economically or have far exceeded their service life.</li> <li>8. Installing generators to provide backup power to support cold chain management of medical items and critical mission operations.</li> </ol> <p>These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Distribution mission.</p>												

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**Supply Chain Management Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Supply Chain Management Activity Group April 2022					C. Line Number & Item Description REP 200-03 Minor Construction					D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2021			FY 2022			FY 2023			Quantity	Unit Cost	Total Cost
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP 200-03</u> Minor Construction			6,011			3,261			4,521			
<p>Narrative Justification:</p> <p>Minor Construction projects, costing between \$250,000 and \$2,000,000, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:</p> <ol style="list-style-type: none"> <li>1. Adding paving or concrete extensions to existing storage, road networks and operational areas</li> <li>2. Paving existing unpaved and un-graveled lots to be used for storage and scrap</li> <li>3. Upgrading utilities systems to accommodate mission changes, consolidation, and relocation</li> <li>4. Adding extensions to existing buildings which increases total footprint area of the building</li> <li>5. Replace entire facility that cannot be repaired economically is past its usage life expectancy</li> <li>6. Add new facilities to store equipment and material</li> </ol> <p>These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Disposition Services mission.</p>												

**DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
CAPITAL BUDGET EXECUTION  
APRIL 2022  
(DOLLARS IN MILLIONS)**

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	70.145	68.643	(1.502)	
ADPE & TELCOM Equipment:	34.090	5.142	(28.948)	Carryover approval of \$18.207M
Software Development:	50.697	51.886	1.189	
Minor Construction:	15.539	11.928	(3.611)	Under executed due to lower requirements
<b>Total FY 2021</b>	<b>170.471</b>	<b>137.599</b>	<b>(32.872)</b>	

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	55.252	55.252	0.000	
ADPE & TELCOM Equipment:	25.581	16.319	(9.262)	Adjust capital funding moving to SWD, based on the review IT capital requirements
Software Development:	35.401	58.663	23.262	Increase capital SWD for G-Invoicing Development and adjust funding from ADPE to support increase capital SWD requirements
Minor Construction:	15.789	15.789	0.000	
<b>Total FY 2022</b>	<b>132.023</b>	<b>146.023</b>	<b>14.000</b>	

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	0.000	45.858	45.858	
ADPE & TELCOM Equipment:	0.000	54.741	54.741	
Software Development:	0.000	130.745	130.745	
Minor Construction:	0.000	17.049	17.049	
<b>Total FY 2023</b>	<b>0.000</b>	<b>248.393</b>	<b>248.393</b>	

DEFENSE LOGISTICS AGENCY  
DEFENSE-WIDE WORKING CAPITAL FUND  
ENERGY MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
APRIL 2022  
(\$ IN MILLIONS)

Line Number	Item Description	FY 2021		FY 2022		FY 2023	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
NEW 200-01	Fuel Terminal Automation	1	0.010	3	12.000	2	9.200
NEW/REP 200-02	Inventory Accuracy	0	0.000	1	1.500	1	1.500
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	1	0.010	4	13.500	3	10.700
REP/ENV 200	Minor Construction \$250,000 - \$2,000,000		36.895		47.267		48.338
	<u>TOTAL MINOR CONSTRUCTION</u>		36.895		47.267		48.338
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	1	36.905	4	60.767	3	59.038
	Total Capital Outlays		42.786		58.160		59.892
	Total Capital Investment Recovery		20.117		49.066		48.728

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Energy Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group April 2022				C. Line Number & Item Description NEW 200 Non-ADP Equipment – New Mission						D. Activity Identification DLA Energy		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NEW 200-01</u> Fuel Terminal Automation – New Mission	1	0	10	3	4,000	12,000	2	4,600	9,200			
<p>Narrative Justification:</p> <p>The Automated Fuel Handling Equipment (AFHE) allows large bulk fuel locations to monitor and control fuel operations from a central location on site, via dedicated network communications, through an installed computer application. The fuel terminal automation projects include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. Integral components of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) systems are installed at the Operations Control Center (OCC) located on the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring, and data exchange. The entire operations of the terminal, such as, receiving and issuing fuel, are being controlled from the OCC. The communication infrastructure and other devices required for the transfer of alarm and inventory data and control signals from the field equipment to the OCC are included. The primary cost benefit of these automation projects is the prevention of oil spills, avoiding costly cleanup expenses and minimizing environmental risks.</p>												



**Capital Investment Justification**  
**Defense Logistics Agency**  
**Energy Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group April 2022				C. Line Number & Item Description NEW 200 Non-ADP Equipment-New Mission/Replacement						D. Activity Identification DLA Energy		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>NEW &amp; REP 200-02</u> Inventory Accuracy New Mission and Replacement	0	0	0	1	1,500	1,500	1	1,500	1,500			
<p>Narrative Justification:</p> <p>DLA is the DoD Executive Agent for more than 400 fuel terminals worldwide. In all of these terminals, there are various types of fuel tanks, each with Automated Tank Gauges (ATG). ATG systems measure and monitor fuel levels and inventories and are permanently installed in storage tanks. The devices efficiently provide information regarding the amount of product, temperature, and water in fuel tanks. These gauges have connectivity to the Enterprise Business System (EBS) Energy system, FuelsManager Defense (FMD), which will capture all the data regarding fuel stored and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel stored and have connectivity to the same EBS Energy system, FMD. The budgeted amount also includes design and review costs in conjunction with implementation. The primary cost benefit of this investment is accurate inventory records and procedures in fuel loss control.</p>												

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Energy Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Energy Management Activity Group April 2022					C. Line Number & Item Description Minor Construction Capability -Replacement/Environmental					D. Activity Identification DLA Energy		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP &amp; ENV 200</u> Minor Construction Replacement/Environmental			36,895			47,267			48,338			
<p><b>Narrative Justification:</b></p> <p>The minor construction investments represent projects, costing between \$250,000 and \$2,000,000, to construct new, replace existing, or modify current facilities to enhance mission operations and increase the level of protection of the workforce and the mission stock. These projects include:</p> <ol style="list-style-type: none"> <li>1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.</li> <li>2. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards.</li> <li>3. Incidental improvements associated with facilities repair projects</li> </ol> <p>The minor construction capital is for the requirements of aging petroleum infrastructures, to include matching funds increases in operations and maintenance, as many projects require both funding sources. Other contributing factors include inflation in construction material, labor, and transportation costs, dollar devaluation against foreign currencies mainly for OCONUS projects, and older facilities exceeding the 70% plant replacement value to repair.</p> <p>Benefits include continued safe, compliant, and efficient facility operations.</p>												

**DEFENSE LOGISTICS AGENCY  
ENERGY MANAGEMENT ACTIVITY GROUP  
FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
CAPITAL BUDGET EXECUTION  
APRIL 2022  
(DOLLARS IN MILLIONS)**

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	12.600	0.010	(12.590)	Approved carryover of \$5.5M
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	46.311	36.895	(9.416)	Under executed due to lower requirements
<b>Total FY 2021</b>	<b>58.911</b>	<b>36.905</b>	<b>(22.006)</b>	

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	13.500	13.500	0.000	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	47.267	47.267	0.000	
<b>Total FY 2022</b>	<b>60.767</b>	<b>60.767</b>	<b>0.000</b>	

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
Non-ADPE Equipment:	0.000	10.700	10.700	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	0.000	48.338	48.338	
<b>Total FY 2023</b>	<b>0.000</b>	<b>59.038</b>	<b>59.038</b>	

DEFENSE LOGISTICS AGENCY  
 DEFENSE-WIDE WORKING CAPITAL FUND  
 DLA DOCUMENT SERVICES ACTIVITY GROUP  
 FISCAL YEAR (FY) 2023 BUDGET ESTIMATES  
 ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
 APRIL 2022  
 (\$ IN MILLIONS)

Line Number	Item Description	FY 2021		FY 2022		FY 2023	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
REP 100	NON-ADPE EQUIPMENT						
	Digitization Duplication Equipment	0	0.000	6	5.738	0	0.000
	<u>TOTAL EQUIPMENT (Non ADP)</u>	0	0.000	6	5.738	0	0.000
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	0	0.000	6	5.738	0	0.000
	Total Capital Outlays		0.000		0.000		5.738
Total Capital Investment Recovery		0.000		0.000		1.156	

**Capital Investment Justification**  
**Defense Logistics Agency**  
**Document Services Activity Group**  
**April 2022**  
(Dollars in Thousands)

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2023 Budget Estimates		
B. Component/Business Area/Date Defense Logistics Agency Document Services April 2022				C. Line Number & Item Description REP 100 Replacement Non-ADP Equipment						D. Activity Identification DLA Document Services		
Element of Cost	FY 2021			FY 2022			FY 2023					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
<u>REP 100</u> Digitization Duplication Equipment			0	6	956.3	5,738	0	0	0			
<p><b>Narrative Justification:</b></p> <p>This equipment investment, for printing presses with bindery capabilities, will replace existing equipment that has reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.</p> <p>These devices will drive Document Services consumable expenses down and allow Document Services to adopt a lower price point for the MILSVCS. These savings are directly passed to the MILSVCS, allowing them to utilize their funding for other pressing needs. There will be additional savings in the form of the elimination of redundant equipment at the locations these devices will be placed. Document Services anticipate a 25% reduction in the cost of a B/W print, 125% reduction in the cost of a color print and a 15% reduction in the cost of paper.</p>												

**DEFENSE LOGISTICS AGENCY**  
**DEFENSE-WIDE WORKING CAPITAL FUND**  
**DLA DOCUMENT SERVICES ACTIVITY GROUP**  
**FISCAL YEAR (FY) 2023 BUDGET ESTIMATES**  
**CAPITAL BUDGET EXECUTION**  
**APRIL 2022**  
**(DOLLARS IN MILLIONS)**

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	0.000	0.000	
<b>Total FY 2021</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	5.738	5.738	0.000	
<b>Total FY 2022</b>	<b>5.738</b>	<b>5.738</b>	<b>0.000</b>	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.000	0.000	0.000	
<b>Total FY 2023</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	