Fiscal Year 2024 Budget Estimates

Defense Logistics Agency

March 2023

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

	FY 2022 Actuals	Price Change	Program Change	FY 2023 Enacted	Price Change	Program Change	FY 2024 Estimate
DLA	426,136	9,493	3,644	439,273	11,046	-3,588	446,731

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

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

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

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

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

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

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

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

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

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

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

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I. Description of Operations Financed: (Cont.)

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

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

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

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

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

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

8. DoD Enterprise Business Systems (DEBS): Department of Defense Enterprise Business Systems (DEBS) Infrastructure provides oversight and support across all DEBS programs while ensuring the modernization supports human performance goals across multiple business areas such as

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I. Description of Operations Financed: (Cont.)

Business Capability Management via ServiceNow deployment. This gives business leaders the ability to reimagine processes and outcomes prior to IT selection and provides a robust application rationalization process that will standardize and quantify the business value and technical fit of IT assets. It will also provide an Enterprise Capability Management process that drives continuous improvement in delivering business enabling IT solutions through a holistic view of enterprise capabilities, ensuring alignment with evolving business needs. Currently, the three systems and DEBS Infrastructure are managed under the DEBS portfolio as follows:

a) Defense Agencies Initiative (DAI): The Defense Agencies Initiative (DAI) is a financial management system of nine integrated business processes that provides real time, web-based access for over 115 thousand personnel records, auditors, and other DoD employees including over 80 thousand users who make sound business decisions in support of the Warfighter. The DAI Program Management Office (PMO) supports these business processes at 29 DoD organizations. The primary goal is to deploy a standardized system solution to improve overall financial management and comply with Business Enterprise Architecture (BEA), Standard Financial Information Structure (SFIS)/Standard Line of Accounting (SLOA), and Office of Federal Financial Management (OFFM) requirements.

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

During FY 2024, the DAI will transition their application from an on-premises DISA hosted environment to a commercial cloud hosting environment. This transition will provide improved system performance and enable cost-effective scalability to respond to future customer growth. For FY 2024 and beyond, the DAI will also continue to develop and deploy Departmental initiatives to include G-Invoicing, My Travel Implementation, Travel Payment Gateway, and Identity Credential Access Management (ICAM).

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

c) Joint Contingency Contract System (JCCS): The Joint Contingency Contracting System (JCCS) is the only DLA program that provides the warfighter with the necessary contracting systems to ensure warfighters and their support staff can travel safely In-Theatre, manage In-Theatre cash transactions, award and monitor In-Theatre contracts, and vet and manage In-Theatre vendors. The JCCS is the primary source for vendor information in the CENTCOM (21 Countries), and AFRICOM (53 Countries) areas of responsibility.   The JCCS provides a capability to register host nation vendors in English and Arabic and includes vendor past performance information. In addition, the JCCS provides a capability for vendors to submit proposals, track historical contract data, and allow oversight of In-Theatre contracts to monitor cost, schedule, performance, and vendor activities. The JCCS provides the combatant command professionals a single source of data for host nation Vendor Management to include: Host Nation Vendor Registration, Vendor Vetting, Invoice and Payment for

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I. Description of Operations Financed: (Cont.)

contracting and financial data to support mission spend analysis, strategic sourcing and staffing requirements. The JCCS produces a myriad of contract and financial reports to support the Warfighter's overall acquisition forecasting. The JCCS is also a platform for web services delivery of expeditionary and contingency business applications to include Theatre Business Clearance (TBC), Government Furnished Life Support Validation (GFLSV) and the Civilian Army Authorization Management System (CAAMS). Other applications in the JCXS platforms used in contingency environments and in worldwide operations include the 3in1 Next Generation (3in1 NG), Contingency Acquisition Support Module (cASM) and the ACSA-Global Acquisition Tracking Reporting Tool (AGATRS).

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

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

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

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

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I. Description of Operations Financed: (Cont.)
15. Morale, Welfare and Recreation (MWR)
16. Unemployment Compensation
17. Warstopper

1. Audit Readiness: This funding supports the audit activities of the DLA General Fund appropriations. This includes: 1) Audit readiness support; 2) Business Process Controls (BPC) support to include Process Cycle Memorandum Review, BPC identification and testing, Corrective Action Plans (CAP), Request for Change (RFC) and CAP validation and documentation remediation; 3) Service provider support which will include updated Memorandum of Agreements, Memorandum of Understanding, or Service Level Agreements and Defense Information Systems Agency (DISA) support; and 4) Other systems and micro applications, CAPs, RFCs, CAP validation and update System Assertion Work Products.

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

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

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

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

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

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I. Description of Operations Financed: (Cont.)

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

8. Disability Compensation: This program provides required funding for disability compensation claims for qualified personnel formerly employed at the DLA Clothing Factory (Troop Support) which closed in 1993.

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

10. Law Enforcement Support Office (LESO): LESO administers the transfer of excess DoD personal property suitable for use by other Federal and State agencies in law enforcement activities, including preference to the Department of Homeland Security, counter-drug/counter terrorism and border security activities, as prescribed in the under Section 1033 of the FY 1997 National Defense Authorization Act (NDAA) (10 USC 2576a); LESO provides information and training on the process and procedures of the excess property program to Federal and State agencies annually in accordance with Section 1401 of the FY 2003 NDAA (10 USC 380). The 1033 Program has transferred $7.7 billion in materiel since the program's inception and $160 million in FY 2022. Approximately 8,000 law enforcement agencies nationwide currently participate in this highly visible program that enhances law enforcement capabilities while saving taxpayer dollars. LESO has consultation and coordination of authority with the OSD, Department of Justice (DoJ), and the Office of National Drug Control Policy (ONDCP) in an effort to aide in the National Military Strategy and the National Drug Control Strategy.

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

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

13. Mapping: DLA serves as the DoD Integrated Materiel Manager and Distributor of approximately 70,000 map items. DLA provides a unified world-wide tailored distribution system for all geospatial products. Map products are no longer strictly hard copy, but also include a wide variety of classified and unclassified hydrographic, topographic, and aeronautical maps in digital form, as well as charts and various publications required to support the warfighter.

14. Military Global Positioning System (GPS) User Equipment (MGUE): MGUE are modernized receiver platforms used in hundreds of military equipment items and critical weapon systems. Recently, the trusted foundry responsible for the production of Application-Specific Integrated Circuits (ASICs) that are integrated into the GPS provided end-of-life notification to the Department of Defense. The DLA has been tasked by the Department to conduct the end-of-life procurement of all remaining ASIC units and to provide oversight for their storage and distribution, which will

I. Description of Operations Financed: (Cont.)

provide a stable supply of these circuits to the Military Services until FY 2028, or until the next incremental ASIC is developed and produced. The O&M funding only provides oversight for MGUE.

15. Morale, Welfare and Recreation (MWR): MWR provides programs and services designed to foster readiness, and enhance lives of Warfighters, Families, Civilians, Retirees, and other eligible patrons. This work is vital to DLA in support of the total well-being of over 25,000 personnel to better serve the Warfighter and our Nation. Included are family programs, child and youth programs, recreation and sports programs, and leisure activities. Funding is based on program operational requirements and DoD funding standards for MWR activities.

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

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

II. Force Structure Summary:
Not Applicable.

III. Financial Summary ($ in Thousands):

A. BA Subactivities	FY 2022 Actuals	Budget Request	FY 2023 Congressional Action			Current Enacted	FY 2024 Estimate
			Amount	Percent	Appropriated		
BA4 Administration and Service-Wide Activities: DoD Programs	**$91,027**	**$92,519**	**$1,072**	**1.16%**	**$93,591**	**$93,591**	**$110,024**
Business Process Reengineering Center	$2,910	$2,549	$-2	-0.08%	$2,547	$2,547	$2,686
Defense Business Systems Support Office (DBSSO)	$1,698	$2,652	$-39	-1.47%	$2,613	$2,613	$2,686
Defense Property Accountability System	$18,023	$18,594	$-277	-1.49%	$18,317	$18,317	$18,745
Defense Standardization Program Office	$10,915	$8,170	$-82	-1.00%	$8,088	$8,088	$10,094
Logistic Support Activities (LSA)	$48,494	$51,206	$1,829	3.57%	$53,035	$53,035	$66,250
Logistics Transformation	$7,942	$8,279	$-357	-4.31%	$7,922	$7,922	$8,444
Property & Equipment Policy	$1,045	$1,069	$0	0.00%	$1,069	$1,069	$1,119
BA4. Administration and Service-Wide Activities: DoD Programs - DoD Enterprise Business Systems	**$98,779**	**$107,460**	**$-1,148**	**-1.07%**	**$106,312**	**$106,312**	**$127,335**
Defense Agencies Initiative	$68,740	$80,512	$-538	-0.67%	$79,974	$79,974	$100,120
DoD Enterprise Business Systems Infrastructure	$9,644	$9,549	$-376	-3.94%	$9,173	$9,173	$9,562
Enterprise Funds Distribution	$2,935	$0	$0	0.00%	$0	$0	$0
Joint Contingency Contract System	$1,971	$1,930	$-19	-0.98%	$1,911	$1,911	$1,994
Standard Procurement System	$15,489	$15,469	$-215	-1.39%	$15,254	$15,254	$15,659
BA4. Administration and Service-Wide Activities: HQ DLA Programs	**$236,330**	**$229,081**	**$10,289**	**4.49%**	**$239,370**	**$239,370**	**$209,372**
Audit Readiness	$2,738	$3,698	$-55	-1.49%	$3,643	$3,643	$3,761
Contingency Logistics	$46,691	$84,457	$14,743	17.46%	$99,200	$99,200	$60,044
Continuing Health	$0	$117	$-2	-1.71%	$115	$115	$119
Counter Drug	$599	$0	$0	0.00%	$0	$0	$0
Data Loss Prevention	$0	$3,254	$-48	-1.48%	$3,206	$3,206	$3,079
Defense Critical Infrastructure Program	$1,120	$1,172	$-17	-1.45%	$1,155	$1,155	$1,196
Defense Environmental Restoration	$4,992	$0	$0	0.00%	$0	$0	$0

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Operation and Maintenance, Defense-Wide
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III. Financial Summary ($ in Thousands): (Cont.)

| A. BA Subactivities | FY 2022 Actuals | Budget Request | FY 2023 Congressional Action | | | Current Enacted | FY 2024 Estimate |
			Amount	Percent	Appropriated		
Activity							
Defense Finance & Accounting Service	$2,829	$3,134	$-47	-1.50%	$3,087	$3,087	$3,201
Defense Information System Network	$6,456	$6,591	$-98	-1.49%	$6,493	$6,493	$6,727
Disability Compensation	$835	$839	$0	0.00%	$839	$839	$853
Homeless Blankets	$2,596	$3,868	$-58	-1.50%	$3,810	$3,810	$3,959
Law Enforcement Support Office	$3,371	$3,575	$-13	-0.36%	$3,562	$3,562	$3,761
Logistics & Manufacturing Technology	$3,927	$4,127	$-61	-1.48%	$4,066	$4,066	$4,248
Managerial Support	$17	$25	$0	0.00%	$25	$25	$27
Mapping	$27,841	$29,858	$-934	-3.13%	$28,924	$28,924	$30,562
Military Global Positioning System (GPS) User Equipment (MGUE)	$2,913	$5,791	$-86	-1.49%	$5,705	$5,705	$5,709
Morale, Welfare & Recreation	$24,376	$25,675	$372	1.45%	$26,047	$26,047	$27,349
Procurement Technical Assistance Program	$49,603	$0	$0	0.00%	$0	$0	$0
Unemployment Compensation	$4,126	$5,905	$-1,881	-31.85%	$4,024	$4,024	$5,867
Warstoppers	$51,300	$46,995	$-1,526	-3.25%	$45,469	$45,469	$48,910
Total	**$426,136**	**$429,060**	**$10,213**	**2.38%**	**$439,273**	**$439,273**	**$446,731**

DLA

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

B. Reconciliation Summary	Change FY 2023/FY 2023	Change FY 2023/FY 2024
BASELINE FUNDING	**$429,060**	**$439,273**
Congressional Adjustments (Distributed)	10,372	
Congressional Adjustments (Undistributed)	0	
Adjustments to Meet Congressional Intent	0	
Congressional Adjustments (General Provisions)	-159	
SUBTOTAL APPROPRIATED AMOUNT	**439,273**	
Fact-of-Life Changes (2023 to 2023 Only)	0	
SUBTOTAL BASELINE FUNDING	**439,273**	
Supplemental	0	
Reprogrammings	0	
Price Changes		11,046
Functional Transfers		0
Program Changes		-3,588
CURRENT ESTIMATE	**439,273**	**446,731**
Less: Supplemental	0	
NORMALIZED CURRENT ESTIMATE	**$439,273**	**$446,731**

DLA

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

FY 2023 President's Budget Request (Amended, if applicable)..**$429,060**

1. Congressional Adjustments $10,213

    a) Distributed Adjustments... $10,372

        1) MWR - Child Development Center Employee Discount... $372

        2) Pacific Disaster Center - Global Water Security Center.. $2,500

        3) Titanium Stockpile $20,000

        4) Unobligated balances returned to Treasury .... $-12,500

    b) Undistributed Adjustments $0

    c) Adjustments to Meet Congressional Intent...$0

    d) General Provisions .... $-159

        1) Federally Funded Research and Development Centers (FFRDC) .... $-159

FY 2023 Appropriated Amount **$439,273**

2. Supplemental Appropriations...$0

    a) Supplemental Funding...$0

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

    a) Functional Transfers...$0

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

      b) Technical Adjustments $0

      c) Emergent Requirements...$0

FY 2023 Baseline Funding..$439,273

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

      a) Increases $0

      b) Decreases $0

Revised FY 2023 Estimate...$439,273

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

      a) Less: Supplemental Funding..$0

FY 2023 Normalized Current Estimate $439,273

6. Price Change $11,046

7. Functional Transfers $0

      a) Transfers In $0

      b) Transfers Out...$0

8. Program Increases...$42,232

      a) Annualization of New FY 2023 Program $0

DLA

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

b) One-Time FY 2024 Increases $0

c) Program Growth in FY 2024 .... $42,232

    1) Compensation and Benefits - One additional Compensable Workday $14
    One additional compensable day is included in FY2024. The number of compensable days for FY 2023 is
    260 days (2,080 hours), and for FY 2024 is 261 days (2,088 hours)
    (FY 2023 Baseline: $33,033 thousand; 156 FTEs)

    2) Contingency Logistics $1,739
    Hazardous Material Information Resource System (HMIRS)/Hazardous Material Management System
    (HMMS) ($679 thousand) …These systems manage environmental safety and occupational health
    information for the DoD, including information on the transportation, handling, and storage of hazardous
    materials; technical/engineering support; and protection of DoD employees and real property. Cyber security
    requirements have been increasing for the past two years, and currently comprise 24.5% of the HMIRS
    budget and is considered an enduring requirement.

    Contingency and Adaptive Planning Software Integration System (CAPSIS) ($418 thousand) … CAPSIS
    helps standardize the DLA Logistics Supportability Analysis to improve the efficient use of
    commodities/systems in support of the warfighter. Additional funds requested for software acquisition and
    contract support for sustainment.

    DLA Land & Maritime, Generalized Emulation of Microcircuits (GEM) ($642 thousand) ... GEM program
    replaces obsolete microcircuits for the DoD and U.S. government agencies in support of over 500 military
    weapon systems. Additional funding provided to cover contract increases due to the higher complexity of
    new designs.
    (FY 2023 Baseline: $99,200 thousand)

    3) Defense Agencies Initiative $18,083
    DAI mission is to deliver an auditable, CFO Act compliant business environment for Defense customer
    organizations by providing accurate, timely, authoritative financial data supporting the DoD goal of
    standardizing financial management practices, improving financial decision support, and supporting audit
    response. DAI has replaced multiple non-compliant financial management systems supporting diverse
    operational functions and the warfighter in decision-making and financial reporting. The DAI currently
    provides the capability to produce timely, auditable reports as noted in four consecutive annual unmodified
    System and Organization Controls report (SOC-1). The increased funding is required for both DAI's

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

migration to the cloud and to support increased application complexity including warfighter organization requirements with the United States Marine Corps (USMC) and Naval Special Warfare Command (NSW).
(FY 2023 Baseline: $79,974 thousand)

4) Defense Standardized Policy (DSP) Office (DSPO) $1,754
DSPO is authorized by Sections 2451-2457 of Title 10, USC, and the DoDI 4120.24, which implements DSP in the DoD. The DSPO is responsible for preparing and maintaining DoD policy and procedures for the DSP, to include the development and use of military specifications and standards; DoD adoption of non-Government standards; and Diminishing Manufacturing Sources and Material Shortages (DMSMS). The increase in funding is to formalize DoD's Parts and DMSMS management program which will generate improved policy and guidance; support additional analyses to develop case studies and best practices to foster continuous process improvement; and ensure the existence and availability of training and outreach. Results will be a more informed and effective DoD Parts and DMSMS management workforce and the Department better positioned to perform its oversight role regarding parts selection, DMSMS design resilience, and proactive DMSMS management for the weapon systems that the Department buys and sustains.
(FY 2023 Baseline: $8,088 thousand)

5) DoD Enterprise Business Systems (DEBS) Infrastructure.. $159
Department of Defense Enterprise Business Systems (DEBS) Infrastructure provides oversight and support across all DEBS programs while ensuring the modernization supports human performance goals across multiple business areas such as Business Capability Management via ServiceNow deployment. This gives business leaders the ability to reimagine processes and outcomes prior to IT selection and provides a robust application rationalization process that will standardize and quantify the business value and technical fit of IT assets. It will also provide an Enterprise Capability Management process that drives continuous improvement in delivering business enabling IT solutions through a holistic view of enterprise capabilities, ensuring alignment with evolving business needs.   The budget increase is due to leaderships modernization strategy and scrutiny of all DEBS IT programs in such areas as audit readiness, process automation, and program rationalization.
(FY 2023 Baseline: $9,173 thousand)

6) Homeless Blankets.. $149
The Homeless Blankets program provides blankets to qualified organizations working with the homeless.
 Program experienced an increase in requirements/requests for blankets.
(FY 2023 Baseline: $3,810 thousand)

7) Logistics Support Activities.. $14,158

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

This is a classified program
(FY 2023 Baseline: $53,035 thousand)

8) Logistics Transformation $347
The program facilitates efforts to develop and implement effective supply chain management and logistics
processes in the Department, from sources of supply to operational customers, and from early acquisition
planning through sustainment and disposal. The increase is required for enhanced capabilities in supporting
collaborative sustainment and readiness efforts with the Services, particularly logistics initiatives.
(FY 2023 Baseline: $7,922 thousand)

9) Mapping.. $1,001
The Supply chain manager provides worldwide logistics for hard-copy and digital media in support of the
warfighter mission and federal agencies' humanitarian efforts. Increase support is integral to the MCO
mission, which includes procurement, item management, supporting workload and ordering/distribution
procedures. DLA Aviation Mapping Customer Operation (MCO) required additional funding to support FTE
cost, travel (pertinent travel to mission partners, mapping stakeholders, inter-agency quarterly meetings,
customer training requirements, CONUS/OCONUS mandatory conferences and working groups) and
additional shortfall in the Mapping Enterprise Business System (MEBS).   Additional funding is required for
MEBS Sustainment Support Contract for FY23/FY24 Oracle Enterprise Software Maintenance Contract and
supports updating the automation for the National-Geospatial Intelligence Agency's Control and Release
security process, upgrading the Accounts Management process with AMPS, improving data integration with
the DLA Map Catalog files, and improving the Automated Print Process, etc. Oracle raised their rates
starting December 2022; majority of the increases are subscriptions.
(FY 2023 Baseline: $28,924 thousand)

10) Morale, Welfare and Recreation (MWR) $894
The MWR program enhances the DLA's readiness and resilience by offering services that reduce stress,
promote self-confidence and foster strong esprit de corps. The increase is due to the Executive Order #
EO14003 mandating all Federal employees to be paid $15 per hour and the impact of various pay tables and
pay compression additional funds will be required to meet this mandate going forward. The labor increases
will have a continued impact on all subsequent fiscal years.
(FY 2023 Baseline: $26,047 thousand)

11) Unemployment $1,493
The unemployment funding pays the Unemployment Compensation bill for all Defense Agencies. The
increase is due to increase in requirements.
(FY 2023 Baseline: $4,024 thousand)

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

       12) Warstopper $2,441
       Increase in the Aviation Cold Start Engineering Analysis requirement for National Stock Number (NSN) for the obsolescence analysis. The Warstopper program implements industrial preparedness measures and preserves critical industrial capabilities to support DoD readiness levels. These industrial readiness measures are applied to vulnerable industrial base items within the DLA supply chains such as chemical protective suits, nerve agent antidote auto-injectors, meals-ready-to eat, aging aircraft spares, specialty fuels and some specialty steels.
       (FY 2023 Baseline: $45,469 thousand)

9. Program Decreases ....$-45,820

    a) Annualization of FY 2023 Program Decreases $0

    b) One-Time FY 2023 Increases .... $-22,872

       1) MWR - Child Development Center Employee Discount.. $-372

       2) Pacific Disaster Center - Global Water Security Center... $-2,500

       3) Titanium Stockpile .... $-20,000

    c) Program Decreases in FY 2024 .... $-22,948

       1) Contingency Logistics (Contract Labor) .... $-22,505
       The decrease realigns funding from the O&M account to the Defense Logistics Agency's Defense Working Capital Fund account for this effort. The FY 2023 was to address the estimated impacts of Executive Order (E.O.) 14026, Increasing the Minimum Wage for Federal Contractors, dated April 27, 2021.
       (FY 2023 Baseline: $22,505 thousand)

       2) Data Loss Prevention (DLP)... $-198
       The Data Loss Prevention program provides enterprise-wide stewardship for the warfighters' and government employees' Personal Identifiable Information (PII) to minimize the risk of loss, theft or being compromised within information systems operated by the DLA. This program complies with statutory and regulatory requirements which direct the implementation of a risk reduction strategy using DLP technologies, which will detect and protect unsecured PII on shared drives, e-mails, websites, and throughout the

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

information lifecycle of records. The FY 2023 request includes the initial startup cost; program will transition into sustainment in FY 2024
(FY 2023 Baseline: $3,254 thousand)

3) Defense Information System Network (DISN)... $-124
These funds reimburse DISA for the DISN services. The decrease of $171 thousand is due to the 6% inflation rate that has been applied to the DISN effort. The program was slightly increasing by $234 thousand but with the increased inflation it is giving a false reduction.
(FY 2023 Baseline: $6,591 thousand)

4) Military Global Positioning System (GPS) User Equipment (MGUE)... $-121
MGUE are modernized receiver platforms used in hundreds of military equipment items and critical weapon systems. Recently, the trusted foundry responsible for the production of Application-Specific Integrated Circuits (ASICs) that are integrated into the GPS provided end-of-life notification to the Department of Defense.   The decrease is due to the program moving into sustainment.
(FY 2023 Baseline: $5,791 thousand)

FY 2024 Budget Request $446,731

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

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

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

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

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

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IV. Performance Criteria and Evaluation Summary:

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

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

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

V. Personnel Summary:

	FY 2022	FY 2023	FY 2024	Change FY 2022/ FY 2023	Change FY 2023/ FY 2024
Civilian End Strength (Total)	**194**	**253**	**247**	**59**	**-6**
U.S. Direct Hire	138	156	150	18	-6
Total Direct Hire	**138**	**156**	**150**	**18**	**-6**
Reimbursable Civilians	56	97	97	41	0
Civilian FTEs (Total)	**194**	**253**	**247**	**59**	**-6**
U.S. Direct Hire	138	156	150	18	-6
Total Direct Hire	**138**	**156**	**150**	**18**	**-6**
Reimbursable Civilians	56	97	97	41	0
Average Annual Civilian Salary ($ in thousands)	**187.4**	**186.0**	**201.8**	**-1.5**	**15.8**
Contractor FTEs (Total)	**138**	**138**	**374**	**0**	**236**

Personnel Summary Explanations:

FTE reduction is due to the sunsetting of support required for the development of the Enterprise Funds Distribution (EFD) system which is now under the Defense Finance and Accounting Service.

VI. <u>OP 32 Line Items as Applicable (Dollars in thousands):</u>

		FY 2022 Program	Change from FY 2022 to FY 2023		FY 2023 Program	Change from FY 2023 to FY 2024		FY 2024 Program
			Price Growth	Program Growth		Price Growth	Program Growth	
101	EXEC, GEN'L & SPEC SCHEDS	25,754	1,064	2,191	29,009	1,459	-202	30,266
106	BENEFIT TO FMR EMPLOYEES	114	5	-119	0	0	0	0
110	UNEMPLOYMENT COMPENSATION	4,126	170	-272	4,024	202	1,493	5,719
0199	**TOTAL CIVILIAN PERSONNEL COMPENSATION**	**29,994**	**1,239**	**1,800**	**33,033**	**1,661**	**1,291**	**35,985**
308	TRAVEL OF PERSONS	542	11	244	797	18	-61	754
0399	**TOTAL TRAVEL**	**542**	**11**	**244**	**797**	**18**	**-61**	**754**
416	GSA SUPPLIES & MATERIALS	1	0	48	49	1	0	50
0499	**TOTAL DEFENSE WORKING CAPITAL FUND SUPPLIES AND MATERIALS**	**1**	**0**	**48**	**49**	**1**	**0**	**50**
647	DISA ENTERPRISE COMPUTING CENTERS	0	0	11,148	11,148	736	-1,826	10,058
679	COST REIMBURSABLE PURCHASE	0	0	5,414	5,414	0	-1,686	3,728
695	DFAS FINANCIAL OPERATIONS (DLA)	0	0	4,946	4,946	186	-2,071	3,061
0699	**TOTAL OTHER FUND PURCHASES**	**0**	**0**	**21,508**	**21,508**	**922**	**-5,583**	**16,847**
771	COMMERCIAL TRANSPORT	37	1	35	73	1		74
0799	**TOTAL TRANSPORTATION**	**37**	**1**	**35**	**73**	**1**	**0**	**74**
912	RENTAL PAYMENTS TO GSA (SLUC)	0	0	2,245	2,245	49	-2,294	0
914	PURCHASED COMMUNICATIONS (NON-FUND)	3	0	420	423	9	-334	98
915	RENTS (NON-GSA)	0	0	752	752	17	-2	767
920	SUPPLIES & MATERIALS (NON-FUND)	994	21	-1,015	0	0	0	0
921	PRINTING & REPRODUCTION	0	0	17	17	0	-17	0
923	FACILITIES SUST, REST, & MOD BY CONTRACT	0	0	6,419	6,419	141	-4,059	2,501
925	EQUIPMENT PURCHASES (NON-FUND)	16,443	345	-16,788	0	0	4,458	4,458
930	OTHER DEPOT MAINTENANCE (NON-FUND)	12,317	259	-2,129	10,447	230	4,959	15,636
932	MGT PROF SUPPORT SVCS	9,146	192	-3,086	6,252	138	9,703	16,093
933	STUDIES, ANALYSIS & EVAL	0	0	1,937	1,937	43	-1,169	811
934	ENGINEERING & TECH SVCS	68,483	1,438	4,498	74,419	1,637	13,311	89,367

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

| | | FY 2022 Program | Change from FY 2022 to FY 2023 | | FY 2023 Program | Change from FY 2023 to FY 2024 | | FY 2024 Program |
			Price Growth	Program Growth		Price Growth	Program Growth	
960	OTHER COSTS (INTEREST AND DIVIDENDS)	5	0	-2	3	0		3
985	RESEARCH & DEVELOPMENT, CONTRACTS	3,114	0	-3,114	0	0	1,001	1,001
987	OTHER INTRA-GOVT PURCH	230,647	4,844	29,940	265,431	5,839	-52,362	218,908
988	GRANTS	48,508	1,019	-49,527	0	0	0	0
989	OTHER SERVICES	5,902	124	9,442	15,468	340	27,570	43,378
0999	**TOTAL OTHER PURCHASES**	**395,562**	**8,242**	**-19,991**	**383,813**	**8,443**	**765**	**393,021**
9999	**GRAND TOTAL**	**426,136**	**9,493**	**3,644**	**439,273**	**11,046**	**-3,588**	**446,731**

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