

DEFENSE COMMISSARY AGENCY
(DECA)
OPERATING AND CAPITAL BUDGET



Fiscal Year (FY) 2024 Budget Estimates
March 2023

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Defense Commissary Agency
DeCA WORKING CAPITAL FUND
EXECUTIVE SUMMARY
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OVERVIEW

The Defense Commissary Agency's (DeCA) mission is to deliver a vital benefit of the military compensation package that improves quality of life and readiness by providing grocery items at significant savings. It is DeCA's vision to be THE grocery provider of choice for our eligible patrons – delivering a vital benefit exclusively for our military community and their families. DeCA's values are captured in the acronym "PASSION" (we **P**ursue excellence, we are **A**ccountable to our patrons and workforce, we demonstrate a **S**pirit of commitment and urgency, we maintain relevant and high **S**tandards, we **I**nstill trust and confidence, we take **O**wnership of our performance and behavior, and we are **N**ecessary to improve quality of life for the military family). These are foundational and guiding principles as we deliver the Commissary benefit and they inspire us to make the right decisions as well as define our culture. Our commitment to delivering the commissary benefit encompasses:

- Value
- Convenience
- Products needed
- Clean and safe stores
- Premier customer service and
- A great shopping experience

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

I. OPERATING AND CAPITAL BUDGETS

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

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

The **Commissary Operations** business activity finances the operating costs of commissaries, headquarters operations, and field operating activities. The primary revenue source for this activity group is a direct appropriation. For FY 2024, DeCA's direct appropriation is \$1,447.6 million. Another \$105.4 million is anticipated to meet operational demands. Specific costs include civilian and military labor, labor contracts, transportation of commissary goods overseas, and other general and administrative support. Commissary Operations also receives limited additional revenues from manufacturers' coupon redemption fees, Military Star Card, and reimbursements for other support. These collections generate Reimbursable Authority within the business activity. In addition, Commissary Operations also receives revenue generated from business like activities that involve variable pricing of grocery items and private label goods.

DeCA's **Surcharge Collections Trust Fund** is primarily financed by the five percent surcharge applied to patron sales. The fund also derives revenue from prompt payment discounts to vendor, sale of recycled cardboard and plastic, and a return on the sale of used surcharge-purchased equipment when replaced in the stores. The surcharge revenue

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pays for sustainment, modernization and replacement of store-level construction, maintenance/repair, and equipment (including store level IT equipment).

II. WORKLOAD ASSUMPTIONS

The annual sales forecast for FY 2024 is \$4,728.1 million. Sales are the foremost driving factor in determining DeCA's workload. We establish our sales projections based on factors such as the number of authorized patrons, the number and location of commissaries, distribution systems, operating hours and days and other factors that impact similar retail operations.

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

b. **Organization:** The DeCA will begin FY 2024 with 236 commissaries, five Commissary and Exchange operations located overseas (NexMarts), eight distribution centers, and a meat processing plant located Overseas.

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

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

e. **Workforce:** In FY 2024, DeCA projects a full-time equivalent (FTE) level of 12,615. The DeCA uses a mix of full-time and part-time employees to provide scheduling flexibility required by commissaries. Military personnel strength level for FY 2024 is four.

Full-time Equivalents (FTEs)	FY23	FY24
Civilian FTEs	12,612	12,615
Direct Hire - US	10,941	11,030
Direct Hire - FN	547	537
Indirect Hire - FN	1,124	1,048
Military FTEs	4	4

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

III. HIGHLIGHTS

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The DeCA embodies a culture of efficiency, strength, relevancy and resiliency. It is a priority to continually seek to be good stewards of the taxpayer dollar while providing an exclusive benefit to the most deserving group of patrons. In FY 2024, DeCA aims to reaffirm our commitment to premier customer service, providing items that our patrons want and need, and delivering on the mandated 25% savings. To achieve success, DeCA's clear and intentional vision is fully support by a defined Game Plan 2.0 with refreshed lines of efforts (LOE) that identify specific measures to achieve desired outcomes. These LOEs will create positive change, offer more opportunities for our eligible patrons, improve our patron's shopping experience and strengthen the delivery of the benefit.

Remaining laser focused on our Game Plan 2.0 while maintaining our transformational momentum along with operational excellence will provide the foundation for success and propel DeCA forward as THE grocery provider of choice to our soldiers, their families and other authorized shoppers.

"Your Commissary, it is worth the trip!"

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Defense Commissary Agency
Working Capital Fund
Commissary Operations
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FUNCTIONAL DESCRIPTION

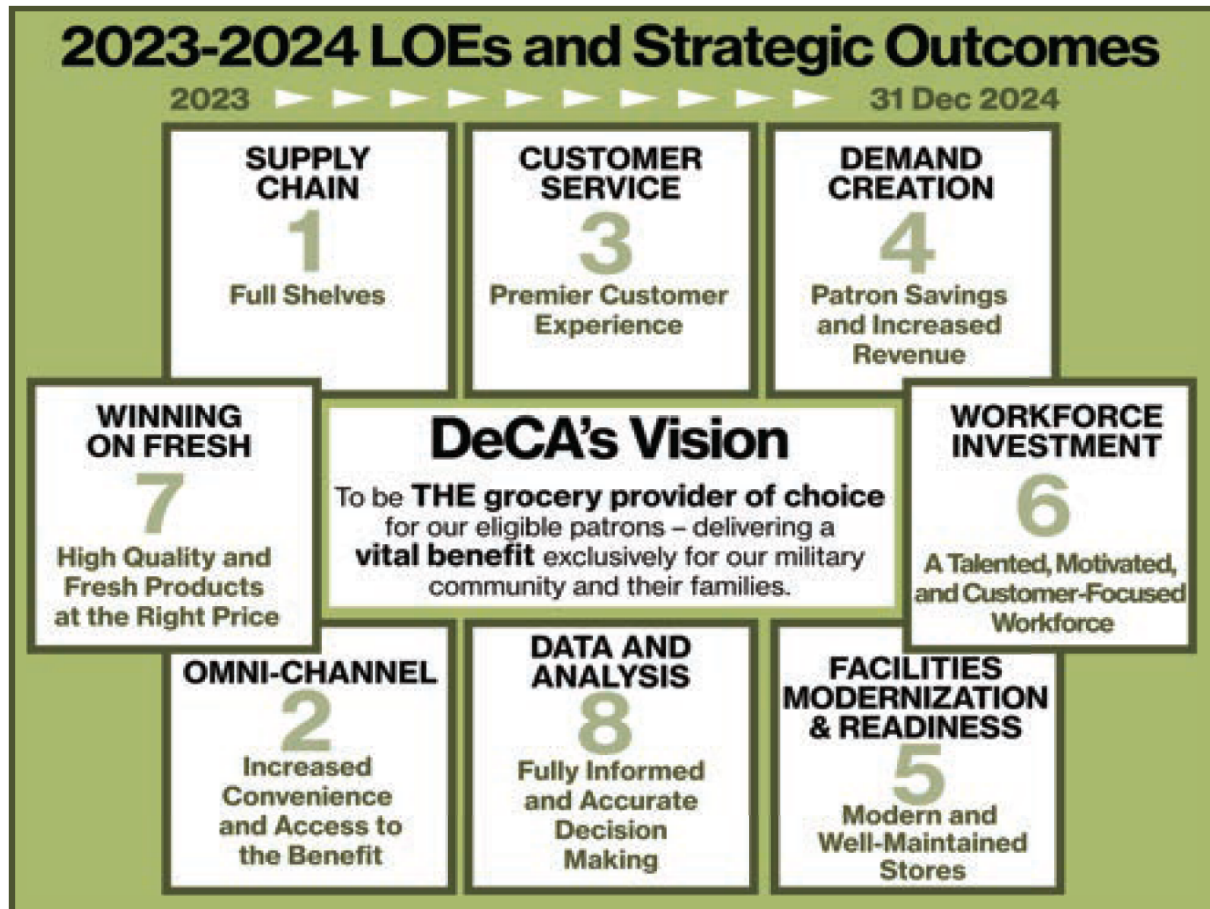
The DeCA Working Capital Fund (WCF) Commissary Operations activity provides appropriated resources for personnel costs, headquarters and administrative costs and other operating support costs associated with the 236 commissaries, along with eight distribution centers and a meat processing plant located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

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

A direct appropriation of \$1,447.6 million in FY 2024 provides DeCA's commissary operations funds. Another \$105.4 million is anticipated to meet operation demands. The appropriation supports providing patrons access to fully-stocked shelves of high-quality products in a clean and safe facility that offers exceptional customer service each and every day. In addition to the appropriation, other revenue of approximately \$20.1 million is generated through sources such as fees paid by the grocery industry for redemption of manufacturers' coupons, revenue from the use of the AAFES military star card, along with margin from private label goods and variable pricing. Provisions of the Status of Forces agreements with Korea and Japan provide labor burden sharing costs in the operation of commissary stores in those countries.

STRATEGIC DIRECTION:

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



CASH MANAGEMENT:

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

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

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

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

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

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

FY22 Baseline:

-The data displayed on the Fund-13 are actuals, where applicable, and in accordance with the figures shown on the July 2022 SF133.

Changes from FY22 to FY23:

-Total disbursements changed based on historical disbursement data based on our level of funding.
-The Upper and Lower Operating Range is based on historical rates of disbursement in comparison to funding levels and transfers in from Resale.

Changes from FY23 to FY24:

-Total disbursements changed based on historical disbursement data based on our level of funding.
-The Upper and Lower Operating Range is based on historical rates of disbursement in comparison to funding levels and transfers in from Resale.

BUDGET HIGHLIGHTS:

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

Services Reimbursement (\$Millions)	FY2023	FY2024
Transferred		
Total Appropriation	1,421.0	1,447.6
Other Appropriation		244.8
Services Transfer (Appropriation request)		1,202.8
Army (37.5%)		450.4
Air Force (34.2%)		410.8
Navy (20.7%)		249.5
Marines (7.7%)		92.1

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Summary Overview	<u>FY22</u> (\$K)	<u>FY23</u> (\$K)	<u>FY24</u> (\$K)
Revenue	1,276,777.1	1,451,786.9	1,467,718.7
Cost	1,355,182.0	1,483,391.0	1,590,069.0
NOR	(78,405.0)	(31,604.0)	(122,350.0)
AOR	48,653.8	17,049.8	0.0
Cash Collections	15,000.0	30,700.0	20,100.0
Appropriations	1,162,071.0	1,421,023.0	1,447,600.0
Disbursements	1,324,700.0	1,410,900.0	1,484,100.0
Transfers	99,700.0	0.0	0.0
Net Outlays	47,900.0	(40,800)	16,400.0
Ending Cash	320,700.0	361,500.0	345,100.0
Civilian FTEs	12,764.0	12,612.0	12,615.0
Military End Strength	4.0	4.0	4.0
Average Military Strength	4.0	4.0	4.0
Capital Program Authority	543.0	13,145.6	23,852.7
Estimated Annual Capital Cash Outlays	7,834.0	6,447.0	3,382.0

Commissary Operations
Changes in the Costs of Operation
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(Dollars in Millions)

	<u>Costs</u>
FY 2022 Estimated Actual:	\$1,355.182
FY 2023 Estimate in President's Budget:	\$1,483.400
Estimated Impact in FY 2023 of Actual FY 2022 Experience:	0.000
Pricing Adjustments:	23.800
General Purpose Inflation	10.800
Pay Inflation	13.000
Program Changes:	104.409
Transformation Initiatives	61.500
PCS	2.000
Commercial Activities	40.909
FY 2023 Current Estimate:	\$1,483.391
Pricing Adjustments:	19.300
General Purchase Inflation	2.600
Pay Inflation	16.700
Productivity Initiatives and Other Efficiencies:	0.000
Purchased Services	0.000
Travel	0.000
Program Changes:	87.378
Commercial Activities	24.078
Equipment	50.000
Minimum Wage Contracts Increase	13.300
FY 2024 Estimate:	\$1,590.069

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Commissary Operations
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
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(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
1. New Orders			
a. Orders from DoD Components:	1,160.9	1,220.6	1,210.7
Army	433.4	453.6	450.5
Operations & Maintenance	433.4	453.6	450.5
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Navy	240.0	251.2	249.5
Operations & Maintenance	240.0	251.2	249.5
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Air Force	395.2	413.6	410.8
Operations & Maintenance	395.2	413.6	410.8
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Marine Corps	88.6	92.8	92.1
Operations & Maintenance	88.6	92.8	92.1
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Defense-Wide	3.6	9.4	7.9
Operations & Maintenance	3.6	9.4	7.9
DAU Acquisition Services	0.0	0.0	0.0
DoD Civilian Expeditionary Workforce Program	0.0	0.2	0.2
OSD Burden Sharing Contribution, Defense	3.6	9.2	7.6
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0

Commissary Operations
Source of New Orders & Revenue
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	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Military Construction	0.0	0.0	0.0
Defense Health Program	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
b. Orders from other Fund Activities	5.7	210.6	245.6
Army Working Capital Funds	0.0	0.0	0.0
Army Industrial Operations	0.0	0.0	0.0
Army Supply Management	0.0	0.0	0.0
Navy Working Capital Funds	0.0	0.0	0.0
Navy Depot Maintenance (Fleet Readiness Center)	0.0	0.0	0.0
Navy Supply Management	0.0	0.0	0.0
R&D	0.0	0.0	0.0
Transportation	0.0	0.0	0.0
USMC Depot Maintenance	0.0	0.0	0.0
USMC Supply Management	0.0	0.0	0.0
Air Force Working Capital Funds	0.0	0.0	0.0
Air Force Depot Maintenance (CSAG-M)	0.0	0.0	0.0
AF Supply Wholesale (CSAG-S)	0.0	0.0	0.0
AF Supply Retail (SMAG-R)	0.0	0.0	0.0
USTRANSCOM	0.0	0.0	0.0
Defense-wide	0.0	0.0	0.0
DLA, Defense Working Capital Fund	0.0	0.0	0.0
Supply Chain	0.0	0.0	0.0
Energy	0.0	0.0	0.0
Document Services	0.0	0.0	0.0
DFAS, Defense Working Capital Fund	0.0	0.0	0.0
DISA, Working Capital Fund	0.0	0.0	0.0
Other Working Capital Funds	0.0	0.0	0.0
Pentagon Reservation Maintenance Revolving Fund	0.0	0.0	0.0
Building Maintenance Fund	0.0	0.0	0.0
Defense Counterintelligence and Security Agency	0.0	0.0	0.0
Other	5.7	210.6	245.6
c. Total DoD	1,166.6	1,431.2	1,456.3
d. Other Orders:	110.2	20.6	11.5
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	108.1	17.6	8.4
Federal Agencies	2.1	3.0	3.1
Foreign Military Sales	0.0	0.0	0.0
Total for New Orders	1,276.8	1,451.8	1,467.7

Commissary Operations
Source of New Orders & Revenue
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	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	1,276.8	1,451.8	1,467.7
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	1,276.8	1,451.8	1,467.7
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	1,276.8	1,451.8	1,467.7
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	1,276.8	1,451.8	1,467.7

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Commissary Operations
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
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(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Revenue			
Gross Sales	1,162.071	1,421.023	1,447.613
Operations	1,162.071	1,421.023	1,447.612
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.000	0.000	0.000
Other Income	114.706	30.764	20.106
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	1,276.777	1,451.787	1,467.720
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	797.210	815.429	860.979
Military Personnel Compensation & Benefits	0.503	0.546	0.558
Civilian Personnel Compensation & Benefits	796.707	814.883	860.422
Travel & Transportation of Personnel	4.134	12.262	12.516
Materials & Supplies (For Internal Operations)	34.106	51.602	107.560
Equipment	0.000	0.000	0.000
Other Purchases from Revolving Funds	58.638	41.709	42.608
Transportation of Things	90.687	94.597	96.769
Capital Investment Recovery (CIR)	3.095	6.229	6.291
Printing & Reproduction	0.333	0.291	3.308
Advisory & Assistance Services	0.000	0.000	0.000
Rent, Communication, Utilities, & Misc. Charges	109.214	139.374	142.423
Other Purchased Services	257.767	321.899	317.614
Total Expenses	1,355.182	1,483.391	1,590.069
Operating Result	-78.405	-31.604	-122.349
Other Adjustments Affecting NOR	0.000	0.000	105.300
Other Revenues Affecting NOR/AOR	0.000	0.000	105.300
Net Operating Result	-78.405	-31.604	-17.049
Prior Year AOR	127.059	48.654	17.050
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	0.000
Total Accumulated Operating Results for Budget Purposes	48.654	17.050	0.001

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Commissary Operations
Activity Capital Investment Summary
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(Dollars in Millions)

<u>Line Item</u>	<u>Item Description</u>	<u>FY 2022</u>		<u>FY 2023</u>		<u>FY 2024</u>	
		<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>
1.	Non-ADPE Equipment	0	\$0.0	0	\$0.0	0	\$0.0
2.	ADPE & Telecom Equip	3	\$0.0	6	\$13.1	3	\$23.9
2a	Hardware (Production) Corp Server	1	\$0.0	1	\$2.5	1	\$23.3
2a	Hardware (Production) Enterprise Business Solution	1	\$0.0	1	\$0.5	0	\$0.0
2a	Hardware (Production) Enterprise Data Warehouse	0	\$0.0	1	\$6.2	0	\$0.0
2a	Hardware (Production) Network Infrastructure	0	\$0.0	1	\$1.2	0	\$0.0
2b	Computer Software (Operating System) CORP	1	\$0.0	1	\$0.5	1	\$0.5
2b	Computer Software (Operating System) EBS	0	\$0.0	0	\$0.0	1	\$0.1
2b	Computer Software (Operating System) EDW	0	\$0.0	1	\$2.3	0	\$0.0
3.	Software Development	0	\$0.0	0	\$0.0	0	\$0.0
3a.	Internally Developed	0	\$0.0	0	\$0.0	0	\$0.0
3b.	Externally Developed	0	\$0.0	0	\$0.0	0	\$0.0
4.	Minor Construction Capabilities	1	\$0.5	0	\$0.0	0	\$0.0
4a.	Replacement	1	\$0.5	0	\$0.0	0	\$0.0
4b.	New Construction	0	\$0.0	0	\$0.0	0	\$0.0
4c.	Environmental	0	\$0.0	0	\$0.0	0	\$0.0
	TOTAL OBLIGATIONS	4	\$0.5	6	\$13.1	3	\$23.9
	Total Capital Outlays	0	\$7.8	0	\$6.4	0	\$3.4
	Total Depreciation Expense	0	\$3.1	0	\$6.2	0	\$6.3

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Commissary Operations
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
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Activity Group Capital Investment Justification	A. Budget Submission								
(\$ in Thousands)	Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
Defense Commissary Agency / September 2022	2003. CORP Servers				Defense Commissary Agency (DeCA)				
	FY 2022			FY 2023			FY 2024		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE and Telecommunications Capability	1	\$3,000.000	\$3,000.000	1	\$3,000.000	\$3,000.000	1	\$23,750.000	\$23,750.000
Narrative Justification									
<p>Narrative Justification: DeCA currently uses multiple HP-Unix servers and Dell server to run DeCA's critical financial and business applications, database and agency COOP operations. FY 2016 Capital funding was used to replace unsupported, EOL HP-Unix Itanium II) and end of life Dell servers. In FY 2018 and FY 2019 Capital funding will be used to replace EOL server hardware and adding to the agency storage capacity in support of the agency's growing VM and system space requirements. In FY 2020-2021 Capital funding will be used to continue replacement of EOL server hardware and adding to the agency storage capacity in support of the agency's growing VM and system space requirements. In FY22, Capital funding will be used to continue the Infrastructure Refresh for Data Center West at an estimated 2.5M. In FY23, no Capital funding is projected to be used due to the start of the DeCA Data Center closures initiative.</p> <p>Economic Analysis Summary: Prior DeCA initiatives focused on replacing individual systems and/or addressing specific functional requirements, resulting in point based technical solution. CORP is bringing transformational changes through standardization, simplification, elimination of functional and systematic stovepipes, and enableing end-to-end business processes with the implementation of a redundant VM environment. This will significantly improve DeCA operations.</p> <p>Impact of Proposed Capital Investment Disapproval: DeCA's Corp Servers are at End of Life (EOL) and continued usage places the agency at risk of failing their mission to provide the Commissary benefit to Armed Services patrons. DoD Information Assurance standards and policy cannot be supported with EOL hardware. Replacement of Corp Servers with new Virtual Machines is aligned with Federal Data Center Consolidation Initiative (FDCCI) to reduce energy costs and increase DeCA's security posture on the DoD Global Information Grid (GIG). DeCA will continue to incur increased maintenance and sustainment costs for outdated hardware; not reduce system integration complexities and redundancies; not compliant with business enterprise architecture standards; and will not support business process reengineering efforts. DOD and Agency requirements such as Time and Attendance (TAS), Warehouse Management (WMS), Guard and Reserve Sales, etc. will be shut down.</p>									
Activity Group Capital Investment Justification	A. Budget Submission								
(\$ in Thousands)	Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
Defense Commissary Agency / September 2022	2005. Enterprise Business Solution System				Defense Commissary Agency (DeCA)				
	FY 2022			FY 2023			FY 2024		

Commissary Operations
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE and Telecommunications Capability	1	\$110.000	\$110.000	1	\$464.000	\$464.000	1	\$102.700	\$102.700
Narrative Justification									
<p>Narrative Justification: The Enterprise Business Solution (EBS) modernizes and transforms DeCA financial and supply chain management capabilities of DeCA. Through BPR activities, DeCA determined that current business processes and systems are neither integrated nor interoperable. Information systems contain redundant and inconsistent data and lack adequate business analytics and reporting capabilities across the enterprise. Furthermore, the technology that supports the core business systems is old and inflexible, with resources to maintain it becoming scarce. EBS addresses resale supply chain management: all E2E processes associated with the cataloging, ordering, receiving and inventory management of resale items and consumable supplies including space management, promotions, electronic and mobile commerce. It also addresses non-resale asset management that includes the purchase, management, accountability, maintenance, retirement and disposal of non-resale property. Constraints include the contractual structure of agreements with resale item vendors; compliance with laws, regulations and policies; legacy system limitations; lack of documentation.</p> <p>Economic Analysis Summary: Rigid and inefficient processes lead to heavy reliance on manual processing which leads to inefficient resource utilization, repetitive data entry, information repository silos, rework due to errors, and manual, intensive error-prevention efforts. Aging business critical systems have serious shortcomings. DeCA faces daily challenges in managing data, information, analytics and reporting.</p> <p>Impact of Proposed Capital Investment Disapproval: DeCA will continue to incur increased maintenance and sustainment costs for outdated legacy software; fail to reduce system integration complexities and redundancies; delay system interoperability through data standardization and business enterprise architecture standards; fall short in supporting business process reengineering efforts; would fail to meet public law, and e-government statutes. EBS will result in elimination of stove-pipe applications and redundant systems, improved business performance management, improved data accuracy and integrity, improved information access and visibility across the enterprise and improved analytics to better support decision making.</p>									
Activity Group Capital Investment Justification	A. Budget Submission								
(\$ in Thousands)	Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description					D. Activity Identification			
Defense Commissary Agency / September 2022	2008. Enterprise Data Warehouse (EDW)					Defense Commissary Agency (DeCA)			
	FY 2022			FY 2023			FY 2024		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE and Telecommunications Capability			\$0.000	1	\$8,481.600	\$8,481.600			\$0.000
Narrative Justification									
<p>Narrative Justification: DeCA maintains a Network Security Operations Center as well as a Cybersecurity Service Provider (CSSP) accreditation through USCYBERCOM to ensure worldwide network monitoring, protection, and reaction to known malicious threats and vulnerabilities that could negatively impact the Agency's business operations and the DOD Information Network (DODIN).</p> <p>The purchase of additional Test Access Point (TAP) hardware in FY21,FY23,and FY25 will correct forecasted processing capacity limitations for existing Intrusion Detection</p>									

Commissary Operations
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
March 2023

<p>Sensors/Intrusion Prevention (IDS/IPS) Sensors. These capabilities will enable the Agency to properly protect its business operations and ensure a safe and secure transaction medium for commissary patrons.</p> <p>The purchase of Cybersecurity Monitoring and Sensor (CMS) hardware and software in FY25 to refresh DeCA's network monitoring equipment will enable the collection, storage and analysis of DeCA's network traffic in real time as well as improve investigation of internal and external cyber events.</p> <p>Economic Analysis Summary: As an entity of the Department of Defense and a accredited CSSP, DeCA is mandated to maintained required network security and monitoring capabilities on a 24/7/365 basis. Failure to do so would result in DoD non-compliance and removal of the Agency's authority to operate (ATO) as a CSSP.</p> <p>Impact of Proposed Capital Investment Disapproval: The Agency's business operations and commissary patron information would be placed in jeopardy of potential unlawful compromise.</p>										
Activity Group Capital Investment Justification		A. Budget Submission								
(\$ in Thousands)		Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date		C. Line No and Item Description				D. Activity Identification				
Defense Commissary Agency / September 2022		2010. Network Infrastructure (NI)				Defense Commissary Agency (DeCA)				
		FY 2022			FY 2023			FY 2024		
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE and Telecommunications Capability				\$0.000	1	\$1,200.000	\$1,200.000			\$0.000
Narrative Justification										
<p>Narrative Justification: DeCA maintains a Network Security Operations Center as well as a Cybersecurity Service Provider (CSSP) accreditation through USCYBERCOM to ensure worldwide network monitoring, protection, and reaction to known malicious threats and vulnerabilities that could negatively impact the Agency's business operations and the DOD Information Network (DODIN).</p> <p>The purchase of additional Test Access Point (TAP) hardware in FY21,FY23,and FY25 will correct forecasted processing capacity limitations for existing Intrusion Detection Sensors/Intrusion Prevention (IDS/IPS) Sensors. These capabilities will enable the Agency to properly protect its business operations and ensure a safe and secure transaction medium for commissary patrons.</p> <p>The purchase of Cybersecurity Monitoring and Sensor (CMS) hardware and software in FY25 to refresh DeCA's network monitoring equipment will enable the collection, storage and analysis of DeCA's network traffic in real time as well as improve investigation of internal and external cyber events.</p> <p>Economic Analysis Summary: As an entity of the Department of Defense and a accredited CSSP, DeCA is mandated to maintained required network security and monitoring capabilities on a 24/7/365 basis. Failure to do so would result in DoD non-compliance and removal of the Agency's authority to operate (ATO) as a CSSP.</p> <p>Impact of Proposed Capital Investment Disapproval: The Agency's business operations and commissary patron information would be placed in jeopardy of potential unlawful compromise.</p>										

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Commissary Operations
Capital Budget Execution
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(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>
FY 2022	Equipment except ADPE and Telecommunications				
	Equipment - ADPE and Telecommunications	3.100	0.000		
	Software Development				
	Minor Construction		0.543		Internal reprogramming action
	Total FY 2022	3.100	0.543	0.000	
FY 2023	Equipment except ADPE and Telecommunications				
	Equipment - ADPE and Telecommunications	13.100	13.100		
	Software Development				
	Minor Construction				
	Total FY 2023	13.100	13.100	0.000	
FY 2024	Equipment except ADPE and Telecommunications				
	Equipment - ADPE and Telecommunications	23.900	23.900		
	Software Development				
	Minor Construction				
	Total FY 2024	23.900	23.900	0.000	

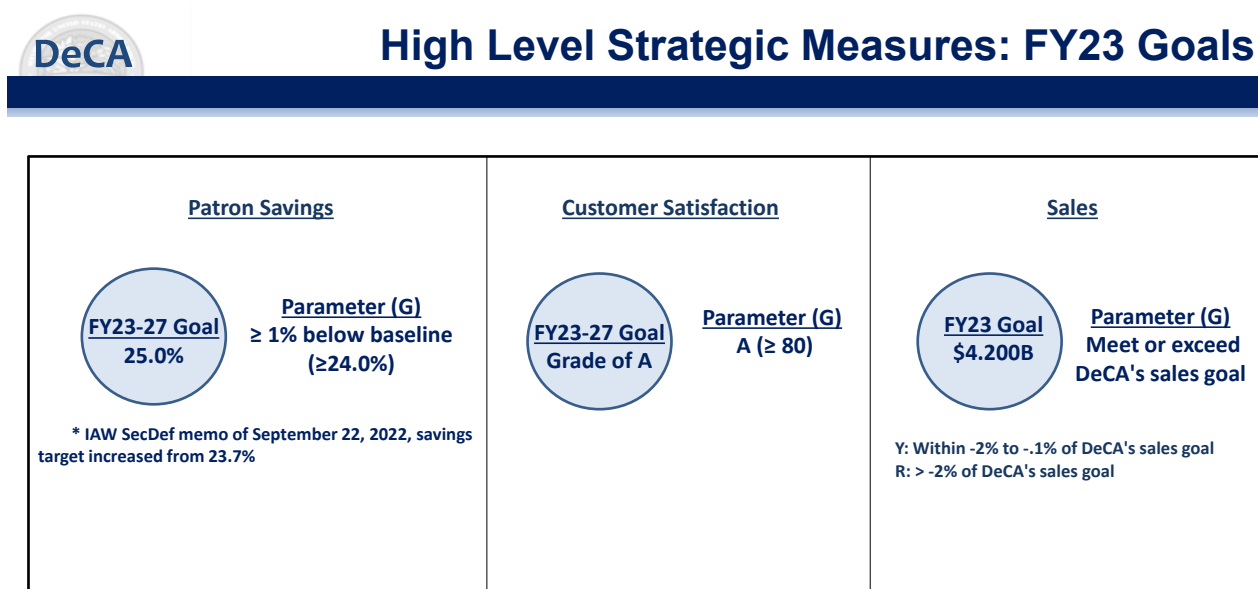
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Defense Commissary Agency
Commissary Resale Stocks Overview
Fiscal Year (FY) 2024 Budget Estimates
March 2023

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

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

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



* Detailed information is included in the glossary

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- Patron Savings** - Mandated by the FY 2016 NDAA, the Secretary of Defense's memo "Taking Care of Service Members and Families" issued on September 22, 2022 raised DeCA's required savings level to 25.0%. The updated measurement will continue to use DeCA's prior approach of incorporating a representative market basket of goods compared to local competitors in CONUS and will use an updated methodology for OCONUS. DeCA continues to evolve in how we measure savings to instill loyalty and confidence with our patrons.

2. **Customer Service** - DeCA's overall customer satisfaction is measured in a real-time format with the Customer Experience Purchaser Survey. This survey provides real-time customer service feedback through the use of the ForeSee survey platform and scoring methodology. The ForeSee framework modeling analysis uses a structural equation algorithm to evaluate customers' post-experience thought processes to examine how well the experience fulfilled the user's needs or desires; met the user's expectations; and compared to a hypothetical ideal experience for the user. This modeling analysis is used to derive an overall customer satisfaction score (CSAT). Our goal is always to provide premier customer service.
3. **Sales** – To achieve and maintain positive sales trends, Marketing and Sales activities include: expanding Commissary Store Brand (CSB) private label; Your Everyday Savings (YES) program; health and wellness focus; improved item availability; expansion of prepared meals, expansion of E-commerce options, collaboration and joint efforts with Exchanges, and increased marketing of the benefit through all social media channels to encourage increased transactions. Outcome is to deliver a premier customer experience in every store by providing a relevant and vital benefit demonstrated through positive trends.

CASH MANAGEMENT:

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

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

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

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

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

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

FY22 Baseline:

-The data displayed on the Fund-13 are actuals pulled from DeCA's September 2022 SF 133.

Changes from FY22 to FY23:

-Total disbursements changed based on historical disbursement data based on our estimated sales collections.
-The Upper and Lower Operating Range have changed based on updated anticipated disbursements, collections, and the removal of margin generation IAW the SECDEF's September 2022 "Taking Care of Service Members and Families" effort, DeCA has been relieved of the requirement to earn Margin.

Changes from FY23 to FY24:

-Total disbursements changed based on historical disbursement data based on our estimated sales collections.
-The Upper and Lower Operating Range have changed based on updated anticipated disbursements, collections, and the removal of margin generation IAW the SECDEF's September 2022 "Taking Care of Service Members and Families" effort, DeCA has been relieved of the requirement to earn Margin.

WORKLOAD INDICATORS:

Defense Commissary Agency
Commissary Resale Stocks Overview
Fiscal Year (FY) 2024 Budget Estimates
March 2023

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

<u>Workload Indicators</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Number of Commissaries (BOY)	236	236	236
Resale Stocks Sales (\$ Millions)	4,200.0	4,429.8	4,728.1
Ending Inventory on Hand (\$ Millions)	417.8	395.8	304.0

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

<u>Summary Overview</u>	<u>FY22</u> <u>(\$K)</u>	<u>FY23</u> <u>(\$K)</u>	<u>FY24</u> <u>(\$K)</u>
Revenue	4,200,248.0	4,435,774.0	4,734,119.2
Cost of Goods Sold	4,145,714.0	4,650,459.0	4,936,619.2
NOR	(45,166)	(214.685)	(202.529)
AOR	417.214	202.529	-
Cash Collections	4,195,693.0	4,442,021.0	3,994.840.0
Appropriations	-	-	-
Disbursements	4,184,461.0	4,478,518.0	3,995,900.0
Transfers	(99,700.0)	0.00	0.00
Net Outlays	88,465.4	36,497.0	1,060.0
Ending Cash	48,829.1	12,332.1	11,272.10

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Commissary Resale Stocks
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

Fund-14 Revenue and Costs

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Revenue			
Gross Sales	4,199.951	4,429.800	4,728.100
Operations	4,199.951	4,429.800	4,728.100
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.000	0.000	0.000
Other Income	0.300	6.000	6.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	4,200.251	4,435.800	4,734.100
Costs			
Cost of Material Sold from Inventory	4,145.714	4,650.500	4,936.568
Salaries and Wages:	0.000	0.000	0.000
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	0.000	0.000	0.000
Travel & Transportation of Personnel	0.000	0.000	0.000
Materials & Supplies (For Internal Operations)	0.000	0.000	0.000
Equipment	0.000	0.000	0.000
Other Purchases from Revolving Funds	0.000	0.000	0.000
Transportation of Things	0.000	0.000	0.000
Capital Investment Recovery (CIR)	0.000	0.000	0.000
Printing & Reproduction	0.000	0.000	0.000
Advisory & Assistance Services	0.000	0.000	0.000
Rent, Communication, Utilities, & Misc. Charges	0.000	0.000	0.000
Other Purchased Services	0.000	0.000	0.000
Total Expenses	4,145.714	4,650.500	4,936.568
Operating Result	54.537	-214.700	-202.468
Other Adjustments Affecting NOR	-99.700	0.000	0.000
Plus Passthrough or Other Appropriations Affecting NOR	0.000	0.000	0.000
Other Adjustments Affecting NOR	-99.700	0.000	0.000
Net Operating Result	-45.163	-214.700	-202.468
Prior Year AOR	462.328	417.168	202.468
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	0.000
Total Accumulated Operating Results for Budget Purposes	417.165	202.468	0.000

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Commissary Resale Stocks
Supply Management Summary by Division
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

SM-1 Supply Management Summary by Division

<u>Business Division</u>	FY 2022								
	Net Customer Orders	Net Sales	Obligation Targets						Target Total
			<u>Operating</u>	<u>Mobilization</u>	<u>Direct APPN</u>	<u>Total Operating Obligations</u>	<u>Total Capital Obligations</u>	<u>Variability Targets</u>	
Division:	4,145.700	4,200.200	4,145.700	0.000	0.000	4,145.700	0.000	0.000	4,145.700
Commissary Resale Stock	4,145.700	4,200.200	4,145.700			4,145.700			4,145.700
TOTAL SUPPLY CHAIN MANAGEMENT	4,145.700	4,200.200	4,145.700	0.000	0.000	4,145.700	0.000	0.000	4,145.700

Commissary Resale Stocks
Supply Management Summary by Division
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

FY 2023									
<u>Business Division</u>	Net Customer <u>Orders</u>	<u>Net Sales</u>	<u>Obligation Targets</u>						
			<u>Operating</u>	<u>Mobilization</u>	<u>Direct Appn</u>	<u>Total Operating Obligations</u>	<u>Total Capital Obligations</u>	<u>Variability Target</u>	<u>Target Total</u>
Division:	4,650.500	4,435.800	4,650.500	0.000	0.000	4,650.500	0.000	0.000	4,650.500
Commissary Resale Stock	4,650.500	4,435.800	4,650.500			4,650.500			4,650.500
Total	4,650.500	4,435.800	4,650.500	0.000	0.000	4,650.500	0.000	0.000	4,650.500

Commissary Resale Stocks
Supply Management Summary by Division
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

FY 2024									
<u>Business Division</u>	Net Customer <u>Orders</u>	<u>Net Sales</u>	<u>Obligation Targets</u>						
			<u>Operating</u>	<u>Mobilization</u>	<u>Direct Appn</u>	<u>Total Operating Obligations</u>	<u>Total Capital Obligations</u>	<u>Variability Target</u>	<u>Target Total</u>
Division:	4,936.600	4,734.100	4,936.600	0.000	0.000	4,936.600	0.000	0.000	4,936.600
Commissary Resale Stock	4,936.600	4,734.100	4,936.600			4,936.600			4,936.600
Total	4,936.600	4,734.100	4,936.600	0.000	0.000	4,936.600	0.000	0.000	4,936.600

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Commissary Resale Stocks
Inventory Status
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

SM-4 Inventory Status

	FY 2022			
<u>DLA Material Supply Chain</u>	<u>Total</u>	<u>Demand Based</u>	<u>Mobilization</u>	<u>Non-Demand Based</u>
1. Inventory - Beginning of Period (BOP)	362.000	362.000	0.000	0.000
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.000	0.000	0.000	0.000
b. Price Change Amount (Memo)	0.000			
c. Inventory Reclassified and Repriced	0.000	0.000	0.000	0.000
3. Purchases	4,145.714	4,145.714	0.000	0.000
4. Gross Sales At Cost	-4,199.951	-4,199.951	0.000	0.000
5. Inventory Adjustments				
a. Capitalizations + or (-)	362.000	362.000	0.000	0.000
Inventory BOP	362.000	362.000		0.000
b. Returns From Customers For Credit +	0.000	0.000	0.000	0.000
c. Returns From Customers Without Credit	0.000	0.000	0.000	0.000
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	0.000	0.000	0.000	0.000
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	110.000	110.000	0.000	0.000
h. Total Adjustments	472.000	472.000	0.000	0.000
6. Inventory - End of Period (EOP)	417.763	417.763	0.000	0.000
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000	0.000	0.000	0.000
b. Contingency Retention (Memo)	0.000	0.000	0.000	0.000
c. Potential DoD Reutilization (Memo)	0.000	0.000	0.000	0.000
8. Inventory on Order EOP	22.500	22.500	0.000	0.000

Commissary Resale Stocks
Inventory Status
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	FY 2023			
DLA Material Supply Chain	Total	Demand Based	Mobilization	Non-Demand Based
1. Inventory - Beginning of Period (BOP)	417.800	417.800	0.000	0.000
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.000	0.000	0.000	0.000
b. Price Change Amount (Memo)	0.000			
c. Inventory Reclassified and Repriced	0.000	0.000	0.000	0.000
3. Purchases	4,650.500	4,650.500	0.000	0.000
4. Gross Sales at Cost	-4,429.800	-4,429.800	0.000	0.000
5. Inventory Adjustments				
a. Capitalizations + or (-)	417.800	417.800	0.000	0.000
Inventory BOP	417.800	417.800		0.000
b. Returns From Customers for Credit	0.000	0.000	0.000	0.000
c. Returns From Customers Without Credit	0.000	0.000	0.000	0.000
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	0.000	0.000	0.000	0.000
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	-242.700	-242.700	0.000	0.000
h. Total Adjustments	175.100	175.100	0.000	0.000
6. Inventory - End of Period (EOP)	395.800	395.800	0.000	0.000
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000			
b. Contingency Retention (Memo)	0.000			
c. Potential DoD Reutilization (Memo)	0.000			
8. Inventory on Order EOP	10.400	10.400	0.000	0.000

Commissary Resale Stocks
Inventory Status
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	FY 2024			
DLA Material Supply Chain	Total	Demand Based	Mobilization	Non-Demand Based
1. Inventory - Beginning of Period (BOP)	395.800	395.800	0.000	0.000
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.000			
b. Price Change Amount (Memo)	0.000			
c. Inventory Reclassified and Repriced	0.000	0.000	0.000	0.000
3. Purchases	4,936.600	4,936.600	0.000	0.000
4. Gross Sales at Cost	-4,734.100	-4,734.100	0.000	0.000
5. Inventory Adjustments				
a. Capitalizations + or (-)	395.800	395.800	0.000	0.000
Inventory BOP	395.800	395.800		0.000
b. Returns From Customers for Credit	0.000	0.000		
c. Returns From Customers Without Credit	0.000	0.000		0.000
d. Returns to Suppliers (-)	0.000			0.000
e. Transfers to Property Disposal (-)	0.000			0.000
f. Issues/Receipts Without Reimbursement + or (-)	0.000			
g. Other (List/Explain)	-294.300	-294.300	0.000	0.000
h. Total Adjustments	101.500	101.500	0.000	0.000
6. Inventory - End of Period (EOP)	304.000	304.000	0.000	0.000
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000			
b. Contingency Retention (Memo)	0.000			
c. Potential DoD Reutilization (Memo)	0.000			
8. Inventory on Order EOP	10.400	10.400	0.000	0.000