

Department of Defense Revolving Funds

Justification/Overview



Fiscal Year (FY) 2024 Budget Estimates

March 2023

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TABLE OF CONTENTS

WASHINGTON HEADQUARTER SERVICES	4
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND (PRMRF) - Summary of Operations	4
PRMRF Fund-2 Changes in the Costs of Operations	13
PRMRF Fund-11 Source of New Orders & Revenue	15
PRMRF Fund-14 Revenue and Costs	19
PRMRF Fund-PR1 Cost of Service	21
PRMRF Fund-9A Activity Capital Investment Summary	23
PRMRF Fund-9B Activity Capital Purchase Justification	25
PRMRF Fund-9C Capital Budget Execution	29
BUILDING MAINTENANCE FUND (BMF) - Summary of Operations	34
BMF Fund-2 Changes in the Costs of Operation.....	39
BMF Fund-11 Source of New Orders & Revenue	41
BMF Fund-14 Revenue and Costs	45
BMF Fund-PR1 Cost of Service	47
DEFENSE LOGISTICS AGENCY (DLA), STRATEGIC MATERIALS	52
NATIONAL DEFENSE STOCKPILE TRANSACTION FUND (NDSTF) Overview	52
NDSTF Fund-11 Source of New Orders & Revenue	57
NDSTF Fund-23 Statement of Financial Condition	61
NDSTF Fund-SP1 Stockpile Financial Status Report.....	63
NDSTF Fund-2 Changes in the Costs of Operation.....	65
DEFENSE COUNTERINTELLIGENCE SECURITY AGENCY (DCSA)	70
DCSA Narrative	70
DCSA Fund-2 Summary of Price, Program, and Other Changes	75
DCSA Fund-11 Source of New Orders and Revenue	77
DCSA Fund-14 Revenue and Costs	81

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**Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund**



**Fiscal Year (FY) 2024 Budget Estimates
March 2023**

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WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

The National Defense Authorization Act for FY 1991 established the Pentagon Reservation Maintenance Revolving Fund (PRMRF) and Title 10, United States Code (USC) Section 2674 codified it. The fund finances the maintenance, sustainment, protection, repair and renovation of the Pentagon Reservation. As established, the “Pentagon Reservation” refers to the 240 acres of land located in Arlington, Virginia, on which stand the Pentagon Building, the Pentagon Heating and Refrigeration Plant, and the Sewage Treatment Plant. It also refers to other related facilities including parking areas, the Raven Rock Mountain Complex (RRMC), and the Mark Center (MC) Campus. PRMRF customers pay a basic user charge for space and standard building services. Customers who request above standard services pay an additional charge for those services.

The PRMRF is managed by the Washington Headquarters Services (WHS) and finances select activities of WHS and the Pentagon Force Protection Agency (PFPA) within the Pentagon Reservation. The WHS and PFPA used the National Defense Strategy as a guide to validate and optimize current and future service acquisition requirements. The National Defense Strategy calls for DoD to improve and strengthen business operations by focusing on the resource drivers of Defending the Homeland, Building Enduring Advantages and Taking Care of People.

Activity Group Composition

The PRMRF provides space, building services, deep underground relocation capability, and force protection for DoD Components, including Military Departments and other activities located within the Pentagon Reservation.

Real Property Operations (RPO): Through the RPO, WHS provides for safe and efficient operation, maintenance and repair of the Pentagon Reservation, the RRMC, and the MC. RPO services include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, and administrative support. Additional services include purchased utilities and operation of the Pentagon’s heating and refrigeration plant and classified waste incinerator. The RPO maintains the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to Reservation buildings, support systems, and operating equipment. The RPO also provides financial management and acquisition services for the Pentagon Reservation and the PFPA.

The RRMC satisfies the DoD Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense, the Joint Staff and Senior DoD Leadership. COOP support includes cleaning, operation and repair of mechanical and utility systems, roads and grounds maintenance, fire and emergency services, food services, information management support services, and administrative support. The RRMC provides facility maintenance and upkeep of facilities within the complex at levels adequate to support assigned mission and to prevent deterioration and damage to facilities, systems, and equipment. The RRMC also supports operational readiness by providing a safe and secure environment for DoD functions.

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Pentagon Force Protection Agency (PFPA): The PFPA is responsible for providing law enforcement; force protection; security; counterintelligence; antiterrorism; and chemical, biological, radiological, and nuclear protection to the people, facilities, infrastructure and other resources at the Pentagon Reservation, to the DoD activities within the National Capital Region (NCR), and to the RRMCC. The PFPA is the lead agency for coordination with DoD components, executive departments, agencies, and state and local authorities on matters involving force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR.

The following table summarizes PRMRF actual and estimated obligations by activity group.

Budget Sub-Activity	Dollars in Millions					
	FY 2022		FY2023		FY2024	
	Operating	Capital	Operating	Capital	Operating	Capital
Real Property Operations	417.0	4.4	476.7	7.5	486.2	58.7
Pentagon Force Protection Agency	256.3	10.6	281.8	6.6	290.0	7.1
Total by Category	673.3	15.0	758.5	14.1	776.2	65.8
Total PRMRF	688.3		772.6		842.0	

Note: Totals may not add due to rounding

Customer rates are set to recover both operating and capital investment costs budgeted for each year. The FY 2024 request reflects an increase to the standard rates of 14.56% from FY 2023 rates.

Narrative Explanation of changes from FY 2023 to FY 2024

Overall, the FY 2024 President's Budget request reflects a net increase of \$69.4 million from the FY 2023 President's Budget, which consists of a price adjustment of \$28.2 million and a program increase of \$41.2 million.

The total program increase in FY 2024 of \$41.2 million is attributable to addressing structural deterioration needs of the Pentagon Reservation, providing additional security staff at RRMCC, increasing staff by 68 due to Army transferring the Pentagon Motor Pool responsibilities to WHS, and increase in contracts supporting building operations. The overall price increase is the result of an increase in labor costs of \$17.2 million and general purchase inflation of \$10.9 million.

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

POSAS II:

During the FY 2021 Program Budget Review, the Deputy Secretary of Defense directed a Pentagon Occupancy and Space Allocation Study II (POSAS II) to address space requirements resulting from significant mission and organizational changes affecting Pentagon tenants, which have emerged since the 2006 POSAS I study. The POSAS II also directed the Director of Administration and Management (DA&M) to analyze Pentagon space allocations, identify space to accommodate new requirements, analyze Pentagon, Mark Center and leased space in the NCR to identify opportunities for reducing the cost of DoD-leased facilities, and to analyze impacts of telework requirements in an effort to optimize underutilized or /vacant space.

The initiative is driven primarily by the reallocation of Pentagon office space for existing Pentagon tenants, to provide space for the United States Space Force, mission expansion within the Office of the Secretary of Defense (OSD), and other DoD component requirements. Based on survey data from DoD components competing for Pentagon space, the POSAS II satisfies 50% of the 117,500 SF of new space requirements identified; improves overall space efficiency by 9 percent in the Pentagon due to telework; and restores the National Guard Bureau's (NGB) assigned space.

While the POSAS II was the primary initiative, it was complemented by an ongoing Mark Center Efficiency Study to optimize usage of Mark Center space. When fully implemented, POSAS II and the Mark Center study will allow additional reductions of leased space, ensure effective space management within the Pentagon and Mark Center, and generate cost savings in leased space within the NCR. The WHS manages the GSA Lease portfolio for the Department within the NCR, and as part of the WHS Leased Space Reduction Effort, WHS identified the following:

- For some DoD components vacating leased space, WHS enterprise cost will temporarily increase and be absorbed by WHS.
- Polk and Suffolk buildings have failing infrastructures and do not meet current GSA security standards.
- Plan to relocate Polk and Suffolk building tenants with other leased facility tenants to Mark Center as part of the optimization plan.

As a result of the POSAS II, the Mark Center Efficiency Study, and the WHS Leased Space Reduction effort, an implementation plan has been established to ensure effective space management within the Pentagon Reservation and generate cost savings in leased space within the NCR. In FY 2024, total requirements to fund Pentagon, leased space, and Mark Center space alterations, leased space rent exposure, prepare leased space for turn-in (e.g., decommissioning IT and Security infrastructure), and furniture procurement will cost \$53,395 thousand, which will be funded as WHS Operations and Maintenance. Of that, approximately \$27.498 thousand is expected to be spent in the PRMRF. Space realignment costs will continue through FY 2025 with savings beginning to be realized in FY 2026.

Motor Transport Division:

The Office of the Administrative Assistant to the Secretary of the Army signed a Memorandum of Agreement 16 February 2022 transferring the operations and management of the Pentagon Motor Transport Division from the Headquarters, Department of the Army to the Executive Services

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Directorate within WHS. The FY 2024 WHS O&M budget request reflects the full transfer of the Motor Pool program equating to a total transfer of \$9,347 thousand in mission and labor funding beginning in FY 2024.

This service has historically been provided by the Army and is the latest transfer of responsibilities associated with the Pentagon from the Army to WHS. The Pentagon Motor Pool supports Army, Air Force, Joint Staff and OSD requirements. Related services already provided by WHS within the Pentagon reservation include parking and traffic management, and bus services. Consolidating the Motor Pool under the WHS further consolidates transportation services for the Pentagon tenants.

Transfer of the Motor Pool operations includes a total of 73 FTEs. Of these, five will be executed directly with WHS O&M funding and 68 will be aligned to the Pentagon Reservations Maintenance Revolving Fund and will be funded on a reimbursable basis through a WHS O&M funded order.

Financial Profile:

		(Dollars in Millions)		
		FY 2022	FY 2023	FY 2024
Revenue		662.0	718.4	859.7
Expenses		673.3	756.7	776.5
Capital Investments		15.0	15.9	65.5
Net Operating Results (NOR)		-26.3	-54.2	17.7
Disbursements		671.8	729.4	795.8
Transfer Out		0.0	0.0	0.0
Collections		740.0	717.4	784.1
Net Outlays		-68.2	12.0	11.7
Beginning Cash Balance		479.2	547.4	535.4
Ending Cash Balance		547.4	535.4	523.7
Change in Cash Balance		68.2	-12.0	-11.7

Note: Totals may not add due to rounding

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Operating Budget

The operating budget includes annual inflationary increases for supplies, equipment, service contracts and personnel. It also provides for a safe and secure environment, including effective, proactive force protection and anti-terrorism programs for Pentagon Reservation personnel, assets and facilities.

Capital Budget

The capital budget includes security improvements and Facilities Related Control Systems (FRCS) upgrades at the Pentagon; FRCS upgrades at the Mark Center; network upgrades, Facility Sustainment, Restoration, and Modernization (FSRM) projects and new fire-fighting apparatus at the RPMC. The capital budget also includes security infrastructure modernization and access control upgrades to meet Homeland Security Presidential Directive 12 (HSPD-12) requirements.

Recent Initiatives

The WHS and the PFPA continually pursue opportunities to improve business practices and efficiencies, and minimize costs to customers. Some examples of recent initiatives are:

- Reevaluating contract support requirements and the use of insourcing when cost effective
- Reduced personnel costs by workforce reshaping when possible
- Identification and reduction of services that are no longer cost effective
- Consolidation of accounting functions for PFPA in WHS to improve efficiency, standardize operations, increase auditability
- Inclusion of overtime heating ventilation and air conditioning in basic Pentagon Rents
- Over the past several years, WHS received transfer of responsibilities for a number of services previously provided to tenants of the Pentagon by the Army including the below activities. Personnel transfers to WHS were made per signed Memoranda of Agreement

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(MOAs) and funding for these operations was transferred from the Army to the actual tenants of the Pentagon at the time of each transition and is now included in annual Pentagon Rent bills.

Operation of the Pentagon Library
Operation of the Pentagon Post Office
Operation of the Pentagon Motor Pool
Operation of the Pentagon Athletic Centers (PAC)
Financial responsibility for safety requirements for operation of the Pentagon Helipad

WHS has undertaken several architectural and engineering studies as a result of infrastructure deterioration from normal aging and use of the buildings supported by the PRMRF. Real Property typically requires periodic infusion of funding in order to maintain the integrity of the physical plant and preserve the value of the property. Since the conclusion of the Pentagon Renovation efforts in 2012, in an effort to minimize customer rent bills and maximize funding for warfighters, WHS has not programmed to fund annual capital repairs at the level that is needed to keep the exterior of the Pentagon in good repair and safely support the mission of the DoD tenants. The Mark Center has now been in service for a decade and requires programmed investment in physical plant and security to support the critical mission of the 26 DoD tenants. WHS is initiating in FY 2024 an ongoing Facility Sustainment, Restoration, and Modernization (FSRM) program to repair, restore, and properly maintain the exterior of buildings on the Pentagon Reservation, adequately secure facilities as standards change, and preserve the integrity of those portions of the Pentagon Reservation which hold Historical Landmark status.

Cash Requirement Projection

PRMRF monthly cash range estimates were determined using Comptroller established basic methodology, adjusted for operational facts associated with normal execution of the PRMRF.

Rate of Disbursement: Anticipated disbursements during the budget year were calculated by applying historical disbursement rates for the base year of FY 2024 plus five previous years, which typically disburse during the budgeted year (e.g., in FY 2024, PRMRF anticipates disbursing funds that were obligated in FY 2019 – FY 2024). The total of that anticipated annual disbursement amount is divided by the 12 monthly collection cycles to obtain an estimated monthly rate of disbursement.

Range of Operation: The lower level of the operational range for cash for FY 2024 is determined by adding the amount needed to fund reserves with the amount needed for risk mitigation. The lower limit for the operational range for FY 2024 is \$392.4 million. The upper estimated limit of the operational range is the lower limit plus four months of anticipated disbursements. The lower level was adjusted in this way to accommodate for the significant increase in rents in FY 2024, which will not practically start disbursing until late in the year. The month end PRMRF cash during FY 2024 should stay between \$392.4 million and \$641.9 million.

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Risk Mitigation: The primary risk experienced by the PRMRF is typically related to delays in receiving orders at the start of the fiscal year. Normal start up delays for our customers to receive appropriations and issue funded orders have been exacerbated by the new normal of experiencing continuing resolutions every year. Monthly disbursements are mostly for payroll and contract related costs and typically are fairly consistent from month to month. No separate amount was set aside in the FY 2024 budget exhibit for risk mitigation. However, provision was made in the range calculation to allow for the impact of several months of catch-up rent collections being received in a single month when delayed orders are received and processed.

Reserves: Cash should already be in the bank to fund confirmed unpaid obligations, which are typically funded through rent. Rent from prior years has generally already been collected and should already be in the bank to fund obligations. A reserve was included in the amount of \$367.8 million based on projected unpaid obligations calculated as anticipated disbursements from the cash computation worksheet. A reserve amount is included for unfunded leave liability in the amount of \$8 million. Finally, a reserve line in the amount of \$16.6 million was included to fund unobligated balances carried forward into the budget year.

The cash phasing report in the Fund 13 applies historical monthly collection and disbursement rates and adjustments which reflect the typical pace of operations of the PRMRF. In FY 2014, WHS moved to an enterprise accounting system and was not taken off a separate monthly Transactions by Others (TBO) uncleared process. The error was identified in FY 2021 and the adjustments generated in that uncleared process during FY 2017 – FY 2021 needed to be reversed (corrections had previously been made for FY 2014 - 2016). As noted in the Fund 13, FY 2021 and 2022 included Fund Balance with Treasury (FBWT) collection corrections of adjustments which occurred from FY 2017 – FY 2021. No additional corrections for the PRMRF are expected. The calculations of the lower range limit slightly decreased from the President's Budget (PB) 2023 budget cycle to the PB 2024 budget cycle.

The FY 2021 Cash Requirement was updated in the FY 2022 PB request to include in the reserves the full amount of the unpaid obligations per the PRMRF general ledger, reduced by the amount of unfilled Above Standard orders. Unlike rents, spending to fulfill Above Standard orders typically happens before the order is collected, so there should not already be cash in the account. The PB 2023 and 2024 Cash Requirement also utilized one month's operating expense in the calculation of the upper limit and not the lower limit to widen the acceptable operational range.

WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Staffing

	Full Time Equivalents (FTE)		
	FY 2022	FY 2023	FY 2024
Real Property Operations - RPO	728	728	803
Pentagon Force Protection Agency - PFPA	1,058	1,058	1,112
Total	1,786	1,786	1,915

Narrative Explanation of Staffing Changes:

The workforce requirements increased from FY 2023 to FY 2024 by 129 positions. PFPA increased by 54 positions to support additional security requirements at RPMC. WHS RPO increased by 75 positions, all of which were transferred due to realignment of organizational responsibilities. 68 of 75 the positions were received into the PRMRF as part of the transfer of the responsibility for the Pentagon Motor Pool from the Army to WHS and 7 were as the result of an internal realignment of organizational responsibilities.

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Pentagon Reservation Maintenance Revolving Fund
Changes in the Costs of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>Costs</u>
FY 2022 Estimated Actual:	\$688.341
FY 2023 Estimate in President's Budget:	\$772.626
Estimated Impact in FY 2023 of Actual FY 2022 Experience:	0.000
Pricing Adjustments:	25.781
General Purpose Inflation	14.874
Annualization of Pay Raises	1.797
FY 22 Pay Raise	9.110
Program Changes:	58.504
Compensation and Benefits: Repricing for projected FY execution, increase from Economic Assumptions	3.246
Rents and Leases	-6.819
Material & Supplies	-1.196
Advisory and Assistance Services: impact of unobligated balances carried forward	-24.361
Utilities: projected increase in requirements	-5.317
Communications: Projected increase in requirements	13.910
Facilities Maintenance: impact of unobligated balances carried into FY22	32.364
Land and Structures	-0.258
Purchases/Contracts: Projected decrease in requirements	32.981
Other Purchased Services	12.543
	0.000
Travel/Transportation/Printing	1.411
FY 2023 Current Estimate:	\$772.626

Pentagon Reservation Maintenance Revolving Fund
Changes in the Costs of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>Costs</u>
Pricing Adjustments:	28.170
General Purchase Inflation	10.921
Annualization of Pay Raises	2.836
Price Growth Pay	14.413
 Productivity Initiatives and Other Efficiencies:	 0.000
 Program Changes:	 41.252
Compensation and Benefits	22.030
Material & Supplies	-7.184
Advisory and Assistance Services	20.283
Utilities: projected increase in requirements	1.662
Advisory and Assistance Services	0.000
Communications	-0.263
Facilities Maintenance	10.999
	0.000
Supplies and Equipment Maintenance and Purchase	-18.429
Other Purchases/Contracts	11.887
Travel/Transportation/Printing	0.268
 FY 2024 Estimate:	 \$842.049

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
1. New Orders			
a. Orders from DoD Components:	631.517	689.885	790.329
Army	107.392	117.153	133.896
Operations & Maintenance	107.392	117.153	133.896
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Navy	68.525	73.909	84.698
Operations & Maintenance	68.525	73.909	84.698
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Air Force	97.095	105.968	121.383
Operations & Maintenance	97.095	105.968	121.383
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Marine Corps	32.775	36.095	41.366

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Operations & Maintenance	32.775	36.095	41.366
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Defense-Wide	325.730	356.760	408.986
Operations & Maintenance	325.730	356.760	408.986
Defense Intelligence Agency	19.511	19.951	23.085
Defense Information Systems Agency	33.321	29.807	34.628
Defense Logistics Agency	0.361	0.416	0.475
Joint Chiefs of Staff	83.106	89.777	102.320
National Geospatial-Intelligence Agency	1.319	1.516	1.738
National Security Agency	0.362	0.417	0.477
National Guard Bureau	2.847	3.787	4.106
Washington Headquarters Services and Office of the Secretary of Defense	158.470	182.261	209.554
Defense Finance and Accounting Service	0.481	0.525	0.608
Defense Humas Resources Activity	8.541	9.314	10.020
Department of Defense Education Activity	3.749	4.089	4.732
Department of Defense Inspector General	10.505	11.456	13.258
Defense Technology Security Administration	1.875	2.045	2.366
Office of Military Commission	0.435	0.474	0.549
Defense Test Resource Management Cetner	0.848	0.925	1.071
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Defense Health Program	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Other	0.000	0.000	0.000
b. Orders from other Fund Activities	29.274	27.582	68.468
Army Working Capital Funds	0.000	0.000	0.000
Navy Working Capital Funds	0.000	0.000	0.000
Air Force Working Capital Funds	0.000	0.000	0.000
Defense-wide	29.274	27.582	68.468
Above Standard Orders: Building Services and Space Adjustments	15.646	14.566	54.644
Above Standard Orders: Force Protection	7.068	10.423	11.175
Above Standard Orders: Raven Rock Mountain Complex	6.560	2.593	2.649
Other Working Capital Funds	0.000	0.000	0.000
Other	0.000	0.000	0.000
c. Total DoD	660.791	717.467	858.797
d. Other Orders:	1.209	0.975	0.975
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	1.209	0.975	0.975
Federal Agencies	0.000	0.000	0.000
Foreign Military Sales	0.000	0.000	0.000
Total for New Orders	662.000	718.442	859.772
2. Carry-In Orders	49.188	50.000	50.000
3. Total Gross Orders	711.188	768.442	909.772
4. Carry-Out Orders (-)	0.000	0.000	0.000

Pentagon Reservation Maintenance Revolving Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
5. Gross Sales	711.188	768.442	909.772
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	711.188	768.442	909.772
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	711.188	768.442	909.772

Pentagon Reservation Maintenance Revolving Fund
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Income			
Standard Level	632.726	690.860	791.304
Above Standard Level	29.276	27.582	68.468
Total Income	662.002	718.442	859.772
Standard Level Expenses:			
Real Property Operations	402.982	428.421	503.910
Compensation and Benefits	94.167	110.493	116.494
Cleaning	31.916	31.275	35.085
Utilities and Fuel	24.816	20.481	24.597
Maintenance	63.966	53.475	61.208
Other Building Services	43.595	64.150	65.578
Administration	4.244	16.840	18.964
Repairs (over \$10,000)	59.468	51.430	69.806
Information Technology	17.334	15.664	16.013
Library	2.407	0.807	2.727
Acquisition Services	5.547	0.296	1.718
Misc. Support (Human Resources, Financial Manangement)	25.441	17.964	40.386
Other Services (RRMC)	3.957	4.603	4.381
RRMC Improvements	26.124	40.943	46.954
Pentagon Force Protection Agency	259.664	267.063	287.394
Law Enforcement	4.554	10.545	13.279
Emergency Management	0.000	0.849	0.832
Threat Management	5.124	6.937	6.776
Security Integration & Technology	53.586	57.127	52.328
Mission Integration	29.167	34.059	30.137
Compensation and Benefits	162.295	150.971	176.948
Human Capital and Training	0.000	0.000	0.000
Security Services Capital Requirements	4.938	6.575	7.094
Total Standard Level Expenses	662.646	695.484	791.304
Above Standard Reimbursable Expenses:			

Pentagon Reservation Maintenance Revolving Fund
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Above Standard Real Property Operations	18.430	55.830	41.047
Projects and Services	8.075	41.784	23.534
Compensation / Benefits	6.154	8.882	15.838
RRMC Projects and Services	4.201	5.164	1.675
Above Standard Pentagon Force Protection Agency	7.265	21.312	9.698
Compensation and Benefits	6.419	6.821	7.166
Advisory and Assistance Services	0.510	3.391	1.106
Supplies and Equipment Maintenance	0.336	11.100	1.426
Total Above Standard Level Expenses	25.695	77.142	50.745
Total Expenses	688.341	772.626	842.049
Operating Result	-26.339	-54.184	17.723
Net Operating Result	-26.339	-54.184	17.723
Prior Year AOR	62.800	36.461	-17.723
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	36.461	-17.723	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000

Pentagon Reservation Maintenance Revolving Fund
Cost of Service
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

Cost Center	FY 2022		FY 2023		FY 2024	
	<u>Square Footage*</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>
Pentagon	4,570,341		4,570,341		4,570,341	
Real Property						
Operations		\$56.51		\$65.06		\$78.66
Pentagon Force						
Protection		\$46.90		\$53.93		\$57.69
Total Cost/SF		\$103.41		\$118.99		\$136.35
Mark Center	1,281,580		1,281,580		1,281,580	
Real Property						
Operations		\$28.36		\$31.32		\$38.11
Pentagon Force						
Protection		\$12.5		\$13.24		\$13.46
Total Cost/SF		\$40.86		\$44.56		\$51.57

* Square footage is the total amount of billable space in the Pentagon Building.

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Pentagon Reservation Maintenance Revolving Fund
Activity Capital Investment Summary
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(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	1	\$11.2	1	\$7.4	1	\$7.1
2.	ADPE & Telecom Equip	1	\$4.0	1	\$6.7	1	\$6.2
3.	Software Development	0	\$0.0	0	\$0.0	0	\$0.0
4.	Minor Construction Capabilities	0	\$0.0	0	\$0.0	0	\$52.2
	TOTAL OBLIGATIONS	2	\$15.2	2	\$14.1	2	\$65.5
	Total Capital Outlays		\$3.3		\$7.0		\$18.0
	Total Depreciation Expense		\$0.0	0	\$0.0	0	\$0.0

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Pentagon Reservation Maintenance Revolving Fund
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
March 2023

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				
Pentagon Force Protection Agency	Non - ADP Equipment								
	FY 2022			FY 2023			FY 2024		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non - ADP Equipment	1	\$10,631.000	\$10,631.000	1	\$6,575.000	\$6,575.000	1	\$7,094.000	\$7,094.000
Narrative Justification									
<p>FY 2022: \$10,631 thousand in PFPA initiatives for Sentry and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$3,068 +982 = 4,050 thousand) - Sentry Access Control Procurement (\$1,629 thousand) - Sentry Access Control Support (\$631 + 1,300 = 1,931 thousand) - Chemical, Biological, and Radiological Security System Sensor Integration (\$249 thousand) - PFPA MILCON Equipment (\$997 thousand) - Sentry Personnel Entry Control Point (\$0 + \$600 = \$600 thousand) - Sentry Vehicle Entry Control Point (\$0+ \$1,175 = \$1,175 thousand) <p>FY 2023: \$6,575 thousand in PFPA initiatives for Access Control, Force Protection, and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$4,315 thousand) - Electronic Access Control (\$1,658 thousand) - PFPA MILCON Equipment (\$602 thousand) <p>FY 2024: \$7,094 thousand in PFPA initiatives for Access Control, Force Protection, and Video Surveillance Program</p> <ul style="list-style-type: none"> - Video Surveillance Program (\$2,025 thousand) - Electronic Access Control (\$1,301 thousand) - PFPA MILCON Equipment (\$3,768 thousand) <p>Note: The Sentry capital requirements to upgrade security systems no longer exist and have been replaced by specific Access Control, Force Protection and Equipment projects. Minor reduction to Video Surveillance Program funding is due to a slight funding increase for Equipment. The CBR Sensor Integration requirement no longer exists.</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				
WHS Real Property Operations	Non - ADP Equipment								

Pentagon Reservation Maintenance Revolving Fund
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
March 2023

	FY 2022			FY 2023			FY 2024		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non - ADP Equipment	1	\$556.000	\$556.000	1	\$777.000	\$777.000	1	\$33.000	\$33.000
Narrative Justification									
FY 2022: \$556 thousand -Non - ADP Equipment: Firefighting apparatus (\$556 thousand) FY 2023: \$777 thousand -Non - ADP Equipment: Firefighting apparatus (\$777 thousand) FY 2024 \$33 thousand -Non - ADP Equipment: Firefighting apparatus (\$33 thousand)									
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			
WHS Real Property Operations	ADPE and Telecommunications								
	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	1	\$4,062.000	\$4,062.000	1	\$6,683.000	\$6,683.000	1	\$6,183.000	\$6,183.000
Narrative Justification									
FY 2022: \$4,062 thousand -Lifecycle ADPE hardware and software (\$4,062 thousand) FY 2023: \$6,683 thousand -Lifecycle ADPE hardware and software: Facilities Related Control Systems (FRCS) replacement (\$6,683 thousand) FY 2024: \$6,183 thousand -Lifecycle ADPE hardware and software: Facilities Related Control Systems (FRCS) replacement in the Pentagon (\$6,183 thousand)									
Activity Group Capital Investment Justification	A. Budget Submission								

Pentagon Reservation Maintenance Revolving Fund
Activity Capital Purchase Justification
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(\$ in Thousands)	Fiscal Year 2024 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
WHS Real Property Operations	Minor Construction								
	FY 2022			FY 2023			FY 2024		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction			\$0.000			\$0.000	1	\$52,200.000	\$52,200.000
Narrative Justification									
FY 2024 \$52,200 thousand - Mark Center facility maintenance and repairs (\$15,000 thousand) - Pentagon restoration and maintenance and repairs (\$29,900 thousand) - RPMC Security updates and upgrades (\$7,300 thousand)									

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Pentagon Reservation Maintenance Revolving Fund
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	6.615	11.400	4.800	Delay in execution of various phases of Sentry I Project
	Equipment - ADPE and Telecommunications	4.632	4.100	-0.500	Delay in execution of various phases of Sentry I Project.
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2022	11.247	15.500	4.300	
FY 2023					
	Equipment except ADPE and Telecommunications	7.400	6.700	-0.700	Unobligated balances brought into FY 2023
	Equipment - ADPE and Telecommunications	6.700	6.700	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2023	14.100	13.400	-0.700	
FY 2024					
	Equipment except ADPE and Telecommunications	7.100	7.100	0.000	
	Equipment - ADPE and Telecommunications	6.200	6.200	0.000	
	Software Development	52.200	52.200	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2024	65.500	65.500	0.000	

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Washington Headquarters Services Building Maintenance Fund



March 2023
Fiscal Year (FY) 2024 Budget Estimates

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WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Overview

In Fiscal Year (FY) 1995, the Secretary of Defense established the Buildings Maintenance Fund (BMF) per Title 10, United States Code (U.S.C.) Section 2208. The BMF provides for the operation, maintenance, protection, and repair of 11 federally owned facilities, 35 non-delegated leased facilities, and 25 delegated leased facilities occupied by the Department of Defense (DoD) in the National Capital Region (NCR). The Washington Headquarters Services (WHS) operates the facilities services under delegated authority per the General Services Administration (GSA) and the Department of Homeland Security (DHS). Customers pay a user charge for space and basic building services and customers who request above standard services pay an additional amount for those services.

Through the BMF GSA/DHS Rent Program, the WHS collects from all DoD tenants in leased facilities throughout the NCR and pays monthly GSA rent and DHS security bills. The program improves DoD oversight of tenant payment status and enables the Department to make timely and efficient payments to GSA and DHS.

The BMF finances select activities of the WHS and Pentagon Force Protection Agency (PFPA) within the NCR. The BMF provides space, building services and force protection for DoD components, including Military Departments and other activities located within the NCR. The WHS and the PFPA continue to use the National Defense Strategy as a guide to validate and optimize current and future service requirements by focusing on the resource drivers of Defending the Homeland, Building Enduring Advantages, and Taking Care of People.

Activity Group Composition

Real Property Operations (RPO): RPO is responsible for the safe and efficient operation and management of all DoD delegated buildings within the NCR. RPO includes services such as cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, metered utilities in leased facilities, and administrative support. The scheduled maintenance and day-to-day customer support provide operational continuity for the customer's mission. The GSA/DHS Rent Program simplifies lease and security payments for BMF customers by combining GSA and DHS costs into one monthly rent bill. The program has significantly improved oversight and visibility of the transactions and costs associated with the BMF.

Pentagon Force Protection Agency (PFPA): The Deputy Secretary of Defense established the PFPA as a Defense Agency under Title 10 USC 191. The PFPA provides force protection, security, anti-terrorism, law enforcement, and chemical, biological, radiological, and nuclear protection as required for the people, facilities, infrastructure and other DoD resources within the NCR.

The following table summarizes BMF obligations by activity group.

WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Budget Sub-Activity	Dollars in Millions		
	FY 2022	FY2023	FY2024
	Operating	Operating	Operating
Real Property Operations	256.4	279.8	314.9
Pentagon Force Protection Agency	41.7	51.2	42.7
Total BMF Obligations	298.2	330.9	357.6

Customer rates are set to recover operating costs budgeted for each year. The FY 2024 request reflects an increase of 6.5% over FY 2023 rates.

Narrative Explanation of changes from FY 2023 to FY 2024

Overall, the FY 2024 President's Budget request reflects a net increase of \$26.7 million, which consists of a price increase of \$8.1 million and a program increase of \$18.6 million. The overall price increase includes an increase in labor costs of \$1.24 million and general purchase inflation of \$6.829 million.

The total program increase in FY 2024 of \$18.6 million is primarily the budget impact of an anticipated increase in rent and non-rent orders. During the FY 2021 Program Budget Review, the Deputy Secretary of Defense directed a Pentagon Occupancy and Space Allocation Study II (POSAS II) to address space requirements resulting from significant mission and organizational changes affecting Pentagon tenants, which have emerged since the 2006 POSAS I study. The POSAS II also directed the Director of Administration and Management (DA&M) to analyze Pentagon space allocations, identify space to accommodate new requirements, analyze Pentagon, Mark Center and leased space in the NCR to identify opportunities for reducing the cost of DoD-leased facilities, and to analyze impacts of telework requirements in an effort to optimize underutilized or /vacant space.

The initiative is driven primarily by the reallocation of Pentagon office space for existing Pentagon tenants, to provide space for the United States Space Force, mission expansion within the Office of the Secretary of Defense (OSD), and other DoD component requirements. Based on survey data from DoD components competing for Pentagon space, the POSAS II satisfies 50% of the 117,500 SF of new space requirements identified; improves overall space efficiency by 9 percent in the Pentagon due to telework; and restores the National Guard Bureau's (NGB) assigned space.

While the POSAS II was the primary initiative, it was complemented by an ongoing Mark Center Efficiency Study to optimize usage of Mark Center space. When fully implemented, POSAS II and the Mark Center study will allow additional reductions of leased space, ensure effective space management within the Pentagon and Mark Center, and generate cost savings in leased space within the NCR. The WHS manages the GSA Lease portfolio for the Department within the NCR, and as part of the WHS Leased Space Reduction Effort, WHS identified the following:

WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

- For some DoD components vacating leased space, WHS enterprise cost will temporarily increase and be absorbed by WHS.
- Polk and Suffolk buildings have failing infrastructures and do not meet current GSA security standards.
- Plan to relocate Polk and Suffolk building tenants with other leased facility tenants to Mark Center as part of the optimization plan.

As a result of the POSAS II, the Mark Center Efficiency Study, and the WHS Leased Space Reduction effort, an implementation plan has been established to ensure effective space management within the Pentagon Reservation and generate cost savings in leased space within the NCR. In FY 2024 total requirements to fund Pentagon, lease space, and Mark Center space alterations, Leased Space rent exposure, prepare leased space for turn-in (e.g., decommissioning IT and Security infrastructure), and furniture procurement will cost \$53,395 thousand, which will be funded as WHS Operations and Maintenance. Of that, approximately \$22.02 thousand is expected to be spent in the BMF. Space realignment costs will continue through FY 2025 with savings beginning to be realized in FY 2026.

Financial Profile

	(Dollars in Millions)		
	FY 2022	FY 2023	FY 2024
Revenue	284.0	316.4	342.0
Expenses	293.8	330.9	357.6
Net Operating Results (NOR)	(9.8)	(14.5)	(15.6)
Disbursements	327.8	318.1	348.2
Transfer Out	0.0	0.0	0.0
Collections	351.1	316.4	342.0
Net Outlays	(23.3)	(0.1)	6.2
Beginning Cash Balance	46.4	69.7	68.0
Ending Cash Balance	69.7	68.0	61.8
Change in Cash Balance	23.3	-1.7	-6.2

Note: Totals may not add due to rounding

WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Operating Budget

The operating budget includes annual inflationary increases for supplies, equipment, service contracts and personnel. It also provides for a safe and secure environment, (including effective, proactive force protection and anti-terrorism programs) for DoD personnel, assets and facilities in leased space within the NCR.

Cash Requirement Projection

BMF monthly cash range estimates were determined using Comptroller established basic methodology, adjusted for operational facts associated with normal execution of the BMF.

Rate of Disbursement. Anticipated disbursements during the budget year were calculated by applying historical disbursement rates for the base year of 2024 plus five previous years (i.e., in FY 2024, BMF anticipates disbursing funds that were obligated in FY 2019 – FY 2024). The total of that anticipated annual disbursement amount is divided by the 12 monthly collection cycles to obtain an estimated monthly rate of disbursement.

Range of Operation. The lower level of the operational range for cash for 2024 is determined by adding the amount needed to fund reserves with the amount needed for risk mitigation, which results in the lower limit for the operational range for FY 2024 of \$22.8 million. The upper estimated limit of the operational range is the lower limit plus two months of anticipated disbursements. The month end BMF cash during FY 2024 should stay between \$22.8 million and \$80.9 million.

Risk Mitigation. The primary risk experienced by the BMF is typically related to delays in receiving orders at the start of the fiscal year. Normal start up delays for our customers to receive appropriations and issue funded orders have been exacerbated by the new normal of experiencing continuing resolutions every year. Other than the significant outlay to GSA and DHS, monthly disbursements are mostly for payroll and contract related costs. BMF passes through the GSA and DHS payments on a monthly basis, or as soon as collections are made, so this amount is not included in the amount for risk mitigation. The amount set aside in the FY 2024 budget exhibits for risk mitigation is the monthly anticipated disbursements, net of the monthly amount passed through to GSA and DHS.

Reserves. Cash should already be in the bank to fund confirmed unpaid obligations, which are typically funded primarily through rent. Rent from prior years has generally already been collected and should already be in the bank to fund obligations, so a reserve was identified for unliquidated obligations. Certain obligations reported on financial statements as unpaid are known to have been received by the vendor, so adjustment (where appropriate) has been made in anticipation of the posting of the disbursement. In FY2024, no reserve was included for the funding of carry forward of unobligated balances.

The cash phasing report in the Fund 13 applies historical monthly collection and disbursement rates and adjustments which reflect the typical pace of operations of the BMF. In FY 2014, WHS moved to an enterprise accounting system and was not taken off a separate monthly TBO un-cleared process. The error was identified in FY 2021. The adjustments generated in that un-cleared process during FY 2017 – FY 2021 needed to be reversed (corrections had previously been made for FY 2014 – 2016). As noted in the Fund 13, FY 2021 and FY 2022 included Fund Balance with Treasury (FBWT) collection corrections of adjustments

WASHINGTON HEADQUARTERS SERVICES
Building Maintenance Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

which occurred from FY 2017 – FY 2021. BMF does not anticipate any additional corrections to our Treasury account.

The PB 2022 Cash Requirement updated the methodology to include in the reserves the full amount of the unpaid obligations per the BMF general ledger, reduced by obligations for GSA and DHS since those would be fully paid as soon as they were collected and therefore no reserve was needed. The Cash Requirements for the FY 2022 through FY 2024 also reverted to formulation used in previous years where the Risk was reduced by the amount of the monthly anticipated outlay to GSA and DHS in order to align cash requirements to actual projected cash levels as shown on the Cash Management Plan.

Staffing

	Full Time Equivalents (FTE)		
	FY 2022	FY 2023	FY 2024
Real Property Operations - RPO	48	48	46
Pentagon Force Protection Agency - PFPA	88	88	88
Total	136	136	134

Narrative Explanation of Staffing Changes:

The workforce requirements in the BMF decreased by 2 from 136 to 134 full time equivalent positions.

Buildings Maintenance Fund
Changes in the Costs of Operation
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

FY 2022 Estimated Actual:	<u>Costs</u> \$298.160
FY 2023 Estimate in President's Budget:	\$330.916
Estimated Impact in FY 2023 of Actual FY 2022 Experience:	0.000
Civilian Personnel Compensation and Benefits	0.000
Material & Supplies	0.000
Commercial Equipment Purchases	0.000
Other Purchased Services from Revolving Fund	0.000
Advisory and Assistance Services	0.000
Rent, Communications, Utilities, and Misc	0.000
Other Purchased Services	0.000
Capital Investment Recovery	0.000
Pricing Adjustments:	10.745
General Purpose Inflation	9.619
Annualization of FY 2022 Pay Raise	0.161
FY 2022 Pay Raise	0.965
Program Changes:	22.011
Travel/Transportation/Printing	0.027
Compensation and Benefits: one less compensable day in FY 2023	-4.125
Rents & Leases: Change in lease portfolio (GSA and DHS costs)	-0.310
Supplies & Material/Equipment Maintenance and Purchases	0.984
Other Purchases/Contracts	-2.811
Facilities Services/Maintenance: impact of unobligated balances carried into FY 2023	35.646
Utility Costs	0.376
non-GSA rents and leases	-4.659

BMF Fund-2 Changes in the Costs of Operation

Buildings Maintenance Fund
Changes in the Costs of Operation
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>Costs</u>
Intragovernmental purchases	-3.117
FY 2023 Current Estimate:	\$330.916
Pricing Adjustments:	8.103
Annualization of FY 2023 Pay Raise	0.213
Price Growth Pay	1.061
General Purpose Inflation	6.829
Productivity Initiatives and Other Efficiencies:	0.000
Program Changes:	18.566
Travel/transportation/Printing	0.030
Compensation and Benefits	-0.221
Rents & Leases: Change in lease portfolio (GSA and DHS costs). Increase due to costs associated with turning in leases	10.450
Supplies & Material/Equipment Maintenance and Purchases	0.359
Other Purchases/Contracts	1.272
Facilities Services/Maintenance	6.651
Utility Costs	0.024
FY 2024 Estimate:	\$357.584

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
1. New Orders			
a. Orders from DoD Components:	255.749	281.841	300.131
Army	43.532	46.299	50.272
Operations & Maintenance	43.532	46.299	50.272
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Navy	17.878	20.240	18.288
Operations & Maintenance	17.878	20.240	18.288
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Air Force	4.939	5.378	5.520
Operations & Maintenance	4.939	5.378	5.520
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Marine Corps	0.000	0.000	0.000
Operations & Maintenance	0.000	0.000	0.000

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Defense-Wide	189.400	209.924	226.051
Operations & Maintenance	136.986	155.983	170.783
US Court of Appeals for the Armed Forces	2.088	2.786	3.116
COWARDIN	0.345	0.479	0.351
Defense Advanced Research Project Agency	21.774	21.979	22.658
Defense Contract Audit Agency	1.518	1.625	1.657
Defense Contract Management Agency	2.249	2.383	2.177
Defense Intelligence Agency	32.119	32.953	34.653
Defense Information Systems Agency	14.141	19.608	14.516
Defense Logistics Agency	3.809	3.075	2.571
Defense Counterintelligence Security Agency	3.963	4.607	4.627
Defense Legal Services Activity	1.687	1.718	1.808
Defense Media Activity	0.653	0.687	0.562
Defense Missing Persons Organization	1.475	1.498	1.583
DOD Classified Program	1.167	1.161	1.203
Dept of Defense Inspector General	0.000	0.000	0.275
Dept of Hearings and Appeals	2.896	3.042	3.050
Defense Security Cooperation Agency	3.437	5.130	4.537
Defense Security Services	0.000	0.000	0.000
Defense Threat Reduction Agency	5.832	6.571	6.298
Joint Staff	0.127	0.131	0.138
Joint Strike Fighter	9.321	8.602	8.595
Missile Defense Agency	0.618	0.644	0.672
Office of Economic Adjustment	0.710	0.763	0.762
Defense Technology Security Administration (DTSA)	0.000	0.274	0.000

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Office of Military Commissions	3.399	4.666	4.642
Pentagon Force Protection Agency	4.550	4.867	5.237
Defense Health Agency	0.000	0.000	0.000
Strategic Capabilities Office	0.000	0.000	0.262
Transportation Command	0.078	0.081	0.085
White House Management Office	1.210	1.527	1.253
Washington Headquarters Services and Office of the Secretary of Defense	15.573	22.682	40.434
Cross Functional Teams	0.000	1.131	1.124
Commissions	1.666	0.874	1.092
Def Microelectronics CFT (DMCFT)	0.240	0.266	0.264
5G Cross Functional Team	0.149	0.173	0.319
DOD Spec Access Program (SAPCO)	0.000	0.000	0.262
Southern Command	0.192	0.000	0.000
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.000	0.000	0.000
Military Construction	0.000	0.000	0.000
Defense Health Program	52.414	53.941	55.268
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
b. Orders from other Fund Activities	28.219	34.707	41.915
Army Working Capital Funds	0.000	0.000	0.000
Navy Working Capital Funds	0.000	0.000	0.000
Air Force Working Capital Funds	0.000	0.000	0.000
Defense-wide	28.219	34.707	41.915
Above Standard Orders: Building Services and Space Adjustments	19.504	30.382	37.373
Above Standard Orders: Force Protection	8.715	4.325	4.542
Other Working Capital Funds	0.000	0.000	0.000
Other	0.000	0.000	0.000
c. Total DoD	283.968	316.548	342.046

Buildings Maintenance Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
d. Other Orders:	0.000	0.000	0.000
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	0.000	0.000	0.000
Federal Agencies	0.000	0.000	0.000
Foreign Military Sales	0.000	0.000	0.000
 Total for New Orders	 283.968	 316.548	 342.046
 2. Carry-In Orders	 41.941	 39.776	 26.000
 3. Total Gross Orders	 325.909	 356.324	 368.046
 4. Carry-Out Orders (-)	 0.000	 0.000	 0.000
 5. Gross Sales	 325.909	 356.324	 368.046
 6. Credit (-)	 0.000	 0.000	 0.000
 7. Net Sales	 325.909	 356.324	 368.046
 8. Reimbursable Sales/Other Income	 0.000	 0.000	 0.000
 9. Total Revenue	 325.909	 356.324	 368.046

Buildings Maintenance Fund
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Income			
Standard Level	255.749	281.841	300.131
Above Standard Level	28.219	34.707	41.915
Total Income	283.968	316.548	342.046
Standard Level Expenses:			
Real Property Operations	239.480	252.787	276.600
Compensation and Benefits	7.091	8.537	8.599
Utilities and Fuel	0.185	0.176	0.185
Maintenance	0.149	0.126	0.169
Other Building Services	3.595	10.463	4.090
Administration	0.330	0.606	0.797
GSA/DHS Rent Program	228.130	232.622	262.204
Cleaning/Trash/General	0.000	0.257	0.275
Information Technology	0.000	0.000	0.281
Pentagon Force Protection Agency	33.393	41.260	37.563
Compensation and Benefits	13.549	8.986	9.835
Deputy Director	0.000	0.000	0.000
Human Capital and Workforce Development	0.000	0.000	0.000
Law Enforcement	16.267	23.372	18.146
Mission Integration	0.162	0.360	0.380
Security Services	3.415	8.542	9.202
Threat Management	0.000	0.000	0.000
Total Standard Level Expenses	272.873	294.047	314.163
Above Standard Reimbursable Expenses:			
Above Standard Real Property Operations	16.966	26.979	38.270
RPO - Projects & Services	16.966	26.979	38.270
Above Standard Pentagon Force Protection Agency	8.321	9.890	5.152
PFPA - Compensation & Benefits	2.766	2.879	3.022
PFPA - Advisory and Assistance Services	5.556	7.011	2.130
Total Above Standard Level Expenses	25.286	36.869	43.422

Buildings Maintenance Fund
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Total Expenses	298.161	330.916	357.585
Other Adjustments Affecting NOR	4.398	0.000	0.000
Recoveries	4.398		
Operating Result	-14.191	-14.368	-15.539
Net Operating Result	-9.793	-14.368	-15.539
Prior Year AOR	39.701	29.907	15.539
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
AOR for Budget Purposes	29.908	15.539	0.000

Building Maintenance Fund
Cost of Service
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

Cost Center	FY 2022		FY 2023		FY 2024	
	<u>Square* Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>	<u>Square Footage</u>	<u>Cost per Sq. Ft.</u>
US Court of Appeals for the Armed Forces	26,009		26,009		26,009	
Real Property Operations		\$100.77		\$102.09		\$105.59
Pentagon Force Protection		\$7.26		\$5.05		\$14.21
Security Services**		\$106.27		\$110.69		\$116.15
Total Cost/SF		\$214.30		\$217.83		\$235.95

Square footage is the total amount of billable space in the building.

Security Services are provided by Pentagon Force Protection Agency on a reimbursable (above standard) basis.

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Defense Logistics Agency - Strategic Materials National Defense Stockpile Transaction Fund



**Fiscal Year (FY) 2024 Budget Estimates
March 2023**

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DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Description of Operations

The Defense Logistics Agency Strategic Materials (DLA-SM) operates under the authority of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. §98, et seq.). The Stockpiling Act provides for the acquisition and retention of certain strategic and critical materials in the National Defense Stockpile (NDS) to serve the interest of national defense. The Act also encourages the conservation and development of sources of such materials within the United States to mitigate dangerous and costly dependence upon foreign or single sources of supply in times of national emergency. DLA-SM identifies risks and develops mitigation strategies for the supply chain of defense and essential civilian industrial materials. DLA-SM activities include acquisition, storage, disposal, and management of the NDS.

DLA-SM will continue to mitigate risks by executing strategies such as research and development, acquisition of new materials to upgrade the NDS material inventory, qualification of domestic firms to expand supplier base and continued expansion of material recycling programs.

Funding:

Historically, reimbursable funding through the sale of NDS materials deemed excess to requirements provided source of funds for operations and new acquisitions of strategic and critical materials necessary to mitigate identified emerging supply chain risks. Proceeds from sales of excess materials are deposited to the NDS Transaction Fund (NDSTF), the revolving fund established to transact NDS business. The fund's cash corpus and salable assets have significantly diminished over the past two decades due to Congressionally mandated sales and cash transfers to the U.S General Treasury. The remaining quantities of NDS materials excess to NDS needs are insufficient to fully finance the program. In FY 2022 and FY 2023 the NDSTF received appropriations for material acquisitions.

The Consolidated Appropriation Act, 2022 (P.L. 117-103), Title VII, Section 8035 provides \$125 million in Direct funding in FY 2022 for acquisitions with funds availability through FY 2024.

The Consolidated Appropriation Act, 2023 (P.L. 117-328), Title VIII, Section 8034 provides \$93.5 million in Direct funding in FY 2023 for acquisitions with funds availability through FY 2025.

For FY 2024, DLA is requesting \$7.6 million to acquire and stockpile high priority critical materials. Resourcing the NDS program aligns with the White House Report, "Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth 100-Day Reviews" (June 2021) under Executive Order 14017 of February 24, 2021 (America's Supply Chains).

DLA and the Department continue efforts to mitigate long-term financial risks impacting mission capabilities.

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Sales Program:

The Sales Program offers quantities of select strategic and critical materials for sale that have been deemed excess to current NDS requirement levels. The Stockpiling Act provides for the creation and operation of a competitive public sales program of excess stocks. Sale of excess stocks generate revenue to offset the cost of operations and select material acquisitions. Sales program proceeds are deposited to the NDSTF revolving fund and remain NDS Program resources until expended.

<u>(USD in Millions)</u>	FY 2022	FY 2023	FY 2024
Collections	<u>102.3</u>	<u>49.9</u>	<u>57.5</u>
Total	\$102.3	\$49.9	\$57.5

Acquisitions:

For the FY 2022 \$125 million appropriation, which has a period of performance through FY 2024, on track to fully execute the acquisition of strategic and critical materials. DLA-SM will start executing the direct FY 2023 \$93.5 million appropriation 90 days after the submission of the detailed execution plan to the Defense Committees. The execution plan is being developed. DLA is requesting \$7.6 million in FY 2024 appropriations.

For reimbursable funding, in FY 2022, DLA-SM planned to award up to \$42.8 million in acquisition contracts for strategic and critical materials; however, due to limited suppliers, DLA-SM only executed \$13.8 million (\$29 million less than planned). For FY 2023, the plan is \$30.9 million, and in FY 2024, no acquisitions using reimbursable funding are planned.

Acquisitions of critical materials for stockpiling with limited supply sources may be delayed if international or domestic conditions further restrict availability.

Additional program strategies include recycling of critical materials from surplus Federal assets and creating domestic sources of supply to help reduce or eliminate the need to stockpile certain materials.

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Labor:

Labor costs for the NDS program are currently at a steady state with year over year increases attributed to inflation. The DLA-SM will continue to identify and close emerging skill gaps, enabling the agency to carry out its mission. Resources requested ensure optimal staffing levels to achieve program objectives. The FY 2024 labor budget request supports an increase from 62 to 65 FTEs to meet technical expertise gaps and satisfy congressional and presidential directives to add material to the stockpile, engage in recycling, and pursue domestic qualification for strategic and critical materials.

Non-Labor:

Mobilization Studies Program: The FY 2024 Mobilization Studies Program budget request supports an increase for \$1.5 million to support ongoing and emerging materials analysis and materials market studies. The program comprises a broad range of research and analysis techniques that enable DLA-SM to gain a clear and comprehensive understanding of the requirements and vulnerabilities of U.S. defense and essential civilian industries. These research, analysis and development projects support reconstitution and expansion of stockpiling capabilities, through (1) laboratory-based scientific research and analysis, (2) expanded processes to model material supply chains downstream from mines to finished platforms, (3) development of effective risk mitigation strategies and (4) development of additional data collection and evaluation methods from industry and academia.

Material Handling and Testing Programs: The FY 2024 Material Handling and Testing Programs budget requests supports an increase for \$1.9 million to support ongoing and emerging requirements for newly acquired and existing stockpiled materials. The programs support care and quality control of stockpile materials including fees for vendor managed storage and handling/testing requirements for stored materials, acquired materials, and material upgrades. Major program cost drivers are: (1) long term mercury repackaging/storage operations, (2) existing and newly acquired materials including strategic energetics reserves, (3) reclamation of surplus materials from Federal Agencies suitable for transfer to or required for the NDS and (4) storage of semi-processed NDS materials at vendor locations to expedite finished processing in the event these materials are required in a contingency.

Rents and Leases: Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings and open land for outdoor storage obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies or commercial leases.

Depot Operations: Depot Operations are costs associated with operating and maintaining the day-to-day depot mission, which includes audit, material handling and testing support, security, operations, maintenance, janitorial services, fuel, and equipment.

Environmental: The FY 2024 Environmental Program budget request supports an increase for \$5 million primarily to meet ongoing Somerville site remediation and planned Pt. Peasant site investigations. The Somerville project is a multimillion-dollar long term project to remediate soil and groundwater contamination at the site. Groundwater remediation, wetlands remediation and restoration, permits, inspections, and reports are ongoing. Remedial investigation at Pt. Pleasant is scheduled to begin in FY 2024. Costs include normal compliance requirements to sustain an environmental compliance program and environmental management system, perform compliance audits, and pay fees approximately \$400-600 thousand per year. Other costs include annual renewal and maintenance of Radiation Safety Program, the NRC license at Scotia, NY, and implementation and maintenance of the integrated International Organization of Standards (ISO) at all three

DEFENSE LOGISTICS AGENCY
National Defense Stockpile Transaction Fund
Summary of Operations
Fiscal Year (FY) 2024 Budget Estimates
March 2023

staffed depots – Scotia, Hammond, and Hawthorne. DLA-SM potentially may be required to complete additional environmental assessments or impacts statements for future projects under consideration dependent on specifics of the materials being acquired or recharacterized.

DLA and the Department continue to work to mitigate long-term financial risks impacting mission capabilities. These ongoing efforts seek to ensure a sustainable and robust stockpile of strategic and critical materials to protect the United States against supply chain disruptions during times of national emergency.

Budget Highlights:

(USD in Millions)

Appropriations	FY 2022	FY 2023	FY 2024
Acquisitions of Materials	125.0	93.5	7.6
 Reimbursable Program Costs	 FY 2022	 FY 2023	 FY 2024
Labor	8.7	10.5	10.7
Non-Labor	31.8	46.6	49.6
Acquisitions of Materials	13.8	30.9	0
Environmental	.3	1.8	6.9
Total	\$54.6	\$89.8	\$67.2

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National Defense Stockpile Transaction Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
1. New Orders			
a. Orders from DoD Components:	0.0	0.0	0.0
Army	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
Army	0.0	0.0	0.0
Army Reserve	0.0	0.0	0.0
Army National Guard	0.0	0.0	0.0
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft Procurement, Army	0.0	0.0	0.0
Missile Procurement, Army	0.0	0.0	0.0
Weapons & Tracked Vehicles, Army	0.0	0.0	0.0
Ammunition, Army	0.0	0.0	0.0
Other, Army	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	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
Navy	0.0	0.0	0.0
Navy Reserve	0.0	0.0	0.0
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft Navy	0.0	0.0	0.0
Weapons Navy	0.0	0.0	0.0
Ammunition, Navy & Marine Corps	0.0	0.0	0.0
Other, Navy	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	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
Air Force	0.0	0.0	0.0
Air Force Reserve	0.0	0.0	0.0
Air National Guard	0.0	0.0	0.0
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft, Air Force	0.0	0.0	0.0
Missile, Air Force	0.0	0.0	0.0
Other, Air Force	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0

National Defense Stockpile Transaction Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
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	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
Marine Corps	0.0	0.0	0.0
Marine Corps Reserve	0.0	0.0	0.0
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	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
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
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	0.0	0.0	0.0
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

National Defense Stockpile Transaction Fund
Source of New Orders & Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
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	0.0	0.0	0.0
c. Total DoD	0.0	0.0	0.0
d. Other Orders:	102.3	49.9	57.5
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	102.3	49.9	57.5
Federal Agencies	0.0	0.0	0.0
Foreign Military Sales	0.0	0.0	0.0
Total for New Orders	102.3	49.9	57.5
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	102.3	49.9	57.5
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	102.3	49.9	57.5
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	102.3	49.9	57.5
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	102.3	49.9	57.5

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National Defense Stockpile Transaction Fund
Statement of Financial Condition
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Assets			
Selected Assets:			
Cash (EOY)	500.627	375.650	325.951
Accounts Receivable	0.032	0.005	0.005
Inventories	762.581	922.143	912.256
Other Asset Accounts:	2.034	0.346	0.118
Total Assets	1,265.274	1,298.144	1,238.330
Liabilities			
Selected Liabilities:			
Accounts Payable	3.554	4.000	4.000
Advances Received	0.644	0.000	0.000
Environmental Clean-up Liability	12.181	7.950	7.756
Other Liabilities	0.599	3.000	3.000
Total Liabilities	16.978	14.950	14.756
Government Equity			
Cumulative Results of Operations	1,248.296	1,283.194	1,223.574
Total Government Equity	1,248.296	1,283.194	1,223.574
Total Liability and Equity	1,265.274	1,298.144	1,238.330

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National Defense Stockpile Transaction Fund
Stockpile Financial Status Report
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	FY 2022	FY 2023	FY 2024
Cash Balance, End of Prior Year	313.6	500.6	375.7
Direct Program			
Consolidated Appropriations Act, 2022; P.L. 117-103 SEC8035 (PoA FY 2022 - FY 2024)	125.0	0.0	0.0
Consolidated Appropriations Act, 2023; P.L. 117-328 SEC8034 (PoA FY 2023 - FY 2025)	0.0	93.5	0.0
Direct Appropriation Request, FY 2024 (No Year Fund)	0.0	0.0	7.6
Disbursements (Direct)	0.0	178.5	47.6
Labor	0.0	0.0	0.0
Non-Labor	0.0	0.0	0.0
Other Program Costs	0.0	178.5	47.6
Reimbursable Program			
Collections	102.3	49.9	57.5
Disbursements (Reimbursable)	40.3	89.8	67.2
Labor	8.7	10.5	10.7
Non-Labor	17.8	48.4	56.5
Other Program Costs	13.8	30.9	0.0
Cash Balance, End of Year	500.6	375.7	326.0
Selected Liabilities	67.2	55.0	54.8
Accounts Payable	3.6	4.0	4.0
Advances Received	0.6	0.0	0.0
Environmental Clean-up Liability	12.2	8.0	7.8
Other Liabilities	0.6	3.0	3.0
Undelivered Orders	42.6	40.0	40.0
Other Contingencies (Sequester)	7.7	0.0	0.0
Estimated Available Cash	433.4	320.7	271.2

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National Defense Stockpile Transaction Fund
Changes in the Costs of Operation
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(\$ in Millions)	
	<u>Costs</u>
FY 2022 Estimated Actual:	\$54.648
FY 2023 Estimate in President's Budget:	\$96.147
Estimated Impact in FY 2023 of Actual FY 2022 Experience:	
Pricing Adjustments:	1.986
Nonlabor	0.357
Labor	1.629
Program Changes:	33.212
Civilian Personnel Compensation	1.580
Travel & Transportation of Personnel	0.284
Material (For Stockpiling)	17.105
Material & Supplies	0.149
Equipment	0.159
Transportation of Things	0.028
Printing & Reproduction	0.006
Rent, Communication, Utilities and Misc. Charges	0.410
Other Purchased Service	13.491
Transfers	0.000
FY 2023 Current Estimate:	\$89.846
Pricing Adjustments:	1.742
Nonlabor	0.531
Labor	1.211
Productivity Initiatives and Other Efficiencies:	
Program Changes:	-24.373
Civilian Personnel Compensation	-0.305
Travel & Transportation of Personnel	-0.053
Material (For Stockpiling)	-30.937
Material & Supplies	-0.001
Equipment	0.053
Transportation of Things	0.000
Printing & Reproduction	-0.006
Rent, Communication, Utilities and Misc. Charges	0.605
Other Purchased Service	6.271
Transfers	0.000
FY 2024 Estimate:	\$67.215

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Defense Counterintelligence Security Agency Working Capital Fund



**Fiscal Year (FY) 2024 Budget Estimates
March 2023**

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Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2024 Budget Estimates
March 2023

The Defense Counterintelligence and Security Agency (DCSA) Personnel Security (PS) mission executes the functions of the investigative service provider (ISP) for most of the federal government, helping to ensure the trustworthiness and integrity of the military, federal and contract workforce government-wide by delivering national security and suitability personnel security products and services. The DCSA offers its federal customers a variety of investigative products and services to meet specific personnel security customer demands. The DCSA accomplishes end-to-end background investigation case processing, which includes record reviews, fieldwork, and quality assurance. Combined with continuous vetting, other screening services, customer/stakeholder engagements, internal policy and procedural guidance, and on-going key performance analyses, the DCSA provides full personnel vetting services for its 100-plus federal agency customers. These PS operational activities are underpinned by support services provided by other DCSA offices, other Department of Defense (DoD) activities, and the Office of Personnel Management (OPM).

On October 1, 2019, the DoD, pursuant to section 2208 of Title 10, United States Code, established the DCSA Working Capital Fund (WCF) to finance the personnel background investigation mission.

Fieldwork for background investigations is accomplished by both DCSA federal and contract investigators. The investigations are supported by a team that requests, processes, conducts, analyzes, and reports the results of over 25 million annual investigative record reviews from federal, state, local, and vendor data repositories that encompass individual background investigations. Investigative products are reviewed by a quality assurance team to ensure conformance with Federal Investigative Standards (FIS) in compliance with appropriate laws, regulations, executive orders, adjudicative guidelines, and policies. Each product is evaluated to determine its sufficiency for delivery to DCSA customers for adjudication, reopened for missing items or scheduled for additional investigative work as necessary, or sent to the Counterintelligence Directorate for evaluation and potential referral to outside criminal and intelligence agencies for further action. In FY 2022, DCSA PS executed and delivered over 2.6 million investigative products for its customers. As a result of streamlined processes and other efficiencies, DCSA has achieved a steady state background investigation inventory since mid-FY 2020, which has resulted in timely, high-quality delivery of its products and services to its customers.

The PS mission works with over 140 federal department and agency customers, cleared industry partners, state, local, and tribal law enforcement agencies, regularly ensuring products and services meet customer requirements and the current threat environment. In addition, the PS mission has a dedicated team working to improve the accessibility of criminal history record information that resides in state, local, and tribal repositories. In support of the PS mission end-to-end ISP role, a team performs regular mission coordination, operational policy and procedural guidance, and the collection and analysis of performance metrics. This work aligns with the national policy objectives of the FIS, the new Trusted Workforce (TW) 2.0, continued accountability internally and externally to meet mission goals, regular efforts to increase the effectiveness and efficiency of PS products, and improvements in effective coordination across the PS mission.

DCSA continues to offer Expedited Screening Protocol (ESP) services to non-DoD agencies via the DCSA WCF, and in FY 2023 has begun providing ESP services to DoD customers also via the DCSA WCF. In response to Public Law 115-91, the DCSA developed ESP to provide a centralized standard process for the screening and vetting of covered individuals with foreign risk who require access to government systems, facilities, personnel, or information, including access to classified information. The ESP services optimize intelligence data sources, other classified and unclassified U.S. Government data systems, and human analytics to provide multi-point identity detection of potential foreign risks to support improved actions in the background investigation.

Starting in FY 2024, DCSA plans to fully implement TW 2.0 via the DCSA WCF. The TW 2.0 is a government-wide initiative to reform personnel vetting in support of establishing and maintaining a trusted Federal workforce. The TW 2.0 reforms seek to streamline policy and tailor personnel vetting activity to an individual's

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2024 Budget Estimates
March 2023

circumstances. These features, along with a focus on continuous vetting (CV), allow for better risk management, rapid onboarding of trusted individuals, increased workforce mobility, and greater awareness of potential security concerns. The DCSA's plans to deliver TW 2.0 CV in FY 2024 will be a key milestone. The DCSA is already providing CV services through the DCSA WCF to non-DoD agencies via a limited product under TW 1.25 and soon to be expanded product under TW 1.5 CV. The CV product collects information from a broad range of data sources to increase insight into workforce behavior, in some cases in near real-time. Information sources include automated record checks of government and commercial databases, agency-specific records, and information derived from required and as-needed investigative activity. Application of CV allows the DCSA to support mitigation of potential personnel security situations before they become larger problems, either by working with the cleared individual and/or the individual's agency to mitigate potential issues, or in some cases suspending or revoking clearances. The DCSA also plans to deliver the TW 2.0, three-tier initial background investigation model starting in FY 2024. The TW 2.0 high, moderate, and low-tier structure simplifies the existing five-tier FIS model. In addition, starting in FY 2024, DCSA will deliver the National Background Investigation Services (NBIS) via the DCSA WCF. The NBIS is a new information technology (IT) system that supports personnel vetting for federal employees, military, and government contractors, from initiation, investigation, adjudication, and continuous vetting. The NBIS will deliver new capabilities such as maintaining end-to-end situational awareness; processing fingerprints and biometric data; providing continuous vetting and adjudication support; validating data from multiple sources; and integrating case management with automated workflow.

Budget and Pricing Information

The DCSA executes a large majority of its PS mission via the DCSA WCF, a fee-for-service model that efficiently provides personnel security products and services using a full cost recovery businesslike model with the overall goal of financially breaking even over time.

The FY 2024 budget submission assumes an overall sustained cost for traditional background investigation services from FY 2023 based on increased efficiencies and continued steady incoming workload executed following FIS standards while transitioning to TW 2.0 standards. The DCSA will reduce the prices for its legacy FIS background investigation products and services to all customers by 18% compared to FY 2023, and commensurately setting TW 2.0 tiered background investigation case prices. Additionally, DCSA plans to maintain its current TW CV product prices to all customers steady into FY 2024 and set new TW 2.0 CV prices in line with existing TW CV products, resulting in an approximately 8% increase to DCSA's DoD customers as they shift from traditional background investigations to TW 2.0. The DCSA reduced its FY 2024 rates to (1) mitigate the cost impact of the launch of TW 2.0 on its customers and the transition of the DoD CV program to the DCSA WCF starting in FY 2024, and (2) right-size the DCSA's cash balance and execute a cash management plan in accordance with the DoD Financial Management Regulation. As a result, DCSA projects a cash balance decrease of \$340 million, which includes a negative Accumulated Operating Results totally \$263.5 million by the end of FY 2024.

The DCSA recently revisited its operating cash range, risk, and reserve requirements.

- The DCSA revised its operating range via robust data-driven analytics based on its current and future specific mission requirements, which are in large part driven by federally mandated personnel security policies and standards. Appropriately tightened from its earlier, initial range estimates, the DCSA's operating range for FY 2023 and FY 2024 is \$215M.
- As the DCSA begins its fourth year of operation, it also continues to better understand its operating risk requirements while the national personnel security mission it supports undergoes significant transformation (e.g., the federally mandated TW 2.0). Proactively determined to invest a portion of the OPM-transferred cash to mitigate current and future mission risks, the DCSA will employ \$275M to address current and future-year analytically defined personal

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2024 Budget Estimates
March 2023

security mission operating volatility, \$125M to invest as start-up, corpus funds for four major DCSA programs transitioning from direct appropriations to the DCSA WCF starting in FY 2023, and \$200M to responsibly manage the future uncertainties of TW 2.0. The DCSA anticipates fluctuations in customer demand due to budget constraints and the incremental implementation of the new TW policy reforms, leading to a possible reduction in orders leading to reductions in planned revenue.

- The DCSA's responsible, forward-looking plan includes employing a portion of the OPM-transferred cash to preclude unnecessarily raising prices to pay for FY 2024 and future-year investments in the fiscal year they will be executed. These major investments include \$293M, starting in FY 2023 for renovating regional headquarters, and growing in the next several years to replace the Boyers, PA DCSA location (an initiative begun by OPM) and consolidate other DCSA field locations for health, cost and mission efficiencies.

Throughout FY 2024, the DCSA will continuously evaluate its operating range requirements to include its minimum operating threshold, to assess its requirements for future years. The DCSA continues to refine the appropriate costs for functional support elements (e.g., Human Resources, Acquisitions, Logistics, Financial Management), particularly considering the broadening of its DCSA WCF operation into a more comprehensive personnel vetting mission.

Summary of key performance indicators:

	(\$ in Millions)		
	FY 2022	FY 2023	FY 2024
Net Operating Result (NOR) Summary:			
Revenue	1,245.1	1,130.2	1,242.5
Expenses	1,153.2	1,304.1	1,598.6
NOR	91.9	(173.9)	(356.1)
Accumulated Operating Result (AOR) Summary:			
Prior Year AOR	119.7	266.5	92.6
NOR	91.9	(173.9)	(356.1)
Adjustment Affecting the NOR	54.9	-	-
AOR Prior to Adjustments	266.5	92.6	(263.5)
Non-Recoverable Adjustment Impacting AOR	-	-	263.5
AOR	266.5	92.6	-
Cash Balance Summary:			
Disbursements	1,187.0	1,326.3	1,573.9
Collections	1,176.0	1,191.6	1,236.1
Transfer Out	-	-	-
Transfer In	1.0	-	-

Defense Counterintelligence Security Agency
Revolving Funds
Narrative
Fiscal Year (FY) 2024 Budget Estimates
March 2023

Appropriation	(30.0)	(30.0)	-
Net Outlays	(40.0)	(164.7)	(337.8)
Beginning Cash Balance	1,571.6	1,531.6	1,366.9
Net Outlays	(40.0)	(164.7)	(337.8)
Ending Cash Balance	1,531.6	1,366.9	1,029.1
Manpower Summary:			
Civilian Work Years (FTE)	3,315	3,315	3,500

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Defense Counterintelligence Security Agency
Summary of Price, Program, and Other Changes
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>Costs</u>
FY 2022 Estimated Actual:	\$1,153.183
FY 2023 Estimate in President's Budget:	\$1,346.098
Estimated Impact in FY 2023 of Actual FY 2022 Experience:	1,153.183
Civilian Personnel	387.007
Travel of Persons	5.703
Material & Supplies	0.643
Commercial Equipment Purchases	32.911
Other Purchased Services from Revolving Fund	7.648
Transportation of things	0.014
Printing and Reproduction	0.415
Advisory and Assistance Services	579.002
Rent, Communications, Utilities, and Misc	139.827
Other Purchased Services	0.013
Capital Investment Recovery	0.000
Pricing Adjustments:	44.620
General Purpose Inflation	26.818
Annualization of FY 22 Pay Raise	
FY 22 Pay Raise	17.802
Program Changes:	106.261
Civilian Personnel	12.230
Travel of Persons	8.478
Material & Supplies	1.870
Commercial Equipment Purchases	-6.794
Other Purchased Services from Revolving Fund	-3.760
Transportation of things	0.083

Defense Counterintelligence Security Agency
Summary of Price, Program, and Other Changes
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>Costs</u>
Printing and Reproduction	-0.017
Advisory and Assistance Services	-11.146
Rent, Communications, Utilities, and Misc	105.330
Other Purchased Services	-0.013
Capital Investment Recovery	0.000
FY 2023 Current Estimate:	\$1,304.064
Pricing Adjustments:	41.200
General Purpose Inflation	19.514
FY24 pay raise	21.686
Productivity Initiatives and Other Efficiencies:	0.000
Program Changes:	253.302
Civilian Personnel	67.389
Travel of Persons	0.263
Material & Supplies	0.118
Commercial Equipment Purchases	0.614
Other Purchased Services from Revolving Fund	-0.061
Transportation of things	-0.002
Printing and Reproduction	-0.009
Advisory and Assistance Services	183.497
Rent, Communications, Utilities, and Misc	1.493
Other Purchased Services	0.000
Capital Investment Recovery	0.000
FY 2024 Estimate:	\$1,598.566

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
1. New Orders			
a. Orders from DoD Components:	843.5	766.4	935.6
Army	185.0	176.1	232.8
Operations & Maintenance	185.0	176.1	232.8
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft Procurement, Army	0.0	0.0	0.0
Missile Procurement, Army	0.0	0.0	0.0
Weapons & Tracked Vehicles, Army	0.0	0.0	0.0
Ammunition, Army	0.0	0.0	0.0
Other, Army	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	211.4	186.4	226.9
Operations & Maintenance	211.4	186.4	226.9
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft Navy	0.0	0.0	0.0
Weapons Navy	0.0	0.0	0.0
Ammunition, Navy & Marine Corps	0.0	0.0	0.0
Other, Navy	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	163.1	141.2	156.1
Operations & Maintenance	163.1	141.2	156.1

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Aircraft, Air Force	0.0	0.0	0.0
Missile, Air Force	0.0	0.0	0.0
Other, Air Force	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
Foreign Military Sales	0.0	0.0	0.0
Marine Corps	0.0	0.0	0.0
Operations & Maintenance	0.0	0.0	0.0
Marine Corps	0.0	0.0	0.0
Marine Corps Reserve	0.0	0.0	0.0
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	284.0	262.7	319.8
Operations & Maintenance	284.0	262.7	319.8
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
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	0.0	0.0	0.0

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
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	0.0	0.0	0.0
c. Total DoD	843.5	766.4	935.6
d. Other Orders:	413.7	363.8	306.9
Exchange Activities	0.0	0.0	0.0

Defense Counterintelligence Security Agency
Source of New Orders and Revenue
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions) (Cont.)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	0.1	0.1	0.1
Federal Agencies	413.6	363.7	306.8
Foreign Military Sales	0.0	0.0	0.0
Total for New Orders	1,257.2	1,130.2	1,242.5
2. Carry-In Orders	29.3	41.4	41.4
3. Total Gross Orders	1,286.5	1,171.6	1,284.0
4. Carry-Out Orders (-)	-41.4	-41.4	-41.4
5. Gross Sales	1,245.1	1,130.2	1,242.5
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	1,245.1	1,130.2	1,242.5
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	1,245.1	1,130.2	1,242.5

Defense Counterintelligence Security Agency
Revenue and Costs
Fiscal Year (FY) 2024 Budget Estimates
March 2023

(Dollars in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Revenue			
Gross Sales	1,245.077	1,130.200	1,242.539
Operations	1,245.077	1,130.200	1,242.539
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	1,245.077	1,130.200	1,242.539
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	387.007	417.039	506.114
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	387.007	417.039	506.114
Travel & Transportation of Personnel	5.703	14.381	14.960
Materials & Supplies (For Internal Operations)	0.643	2.536	2.710
Equipment	32.911	27.269	28.483
Other Purchases from Revolving Funds	7.648	4.156	4.186
Transportation of Things	0.014	0.097	0.097
Capital Investment Recovery (CIR)	0.000	0.000	0.000
Printing & Reproduction	0.415	0.413	0.413
Advisory & Assistance Services	579.002	588.121	656.494
Rent, Communication, Utilities, & Misc. Charges	139.827	250.052	385.109
Other Purchased Services	0.013	0.000	0.000
Total Expenses	1,153.183	1,304.064	1,598.566
Operating Result	91.894	-173.864	-356.027
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Result	91.894	-173.864	-356.027
Prior Year AOR	119.657	266.430	92.566
Other Changes Affecting AOR	54.879	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR			263.461
Total Accumulated Operating Results for Budget Purposes	266.430	92.566	0.000