

Fiscal Year (FY) 2005 Budget Estimates

Defense Logistics Agency (DLA)



February 2004

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Appropriation Highlights
(Dollars in Thousands)

Appropriation Summary:

Operation and Maintenance, Defense-Wide	FY 2003 Actual ¹	Price Growth	Program Growth	FY 2004 Estimate ²	Price Growth	Program Growth	FY 2005 Estimate
Budget Activity (BA) 2: Warstoppers	44,018	572	4,876	49,466	693	(9,560)	40,599
BA-4: Admin. & Service Activities	429,827	6,730	(194,264)	242,293	3,822	19,264	265,379
Memo: Price Comparability DCPO						(\$+1,020) (\$+5,820)	
Total	473,845	7,302	(189,388)	291,759	4,515	9,704	305,978

¹The FY 2003 Actual column includes the FY 2003 Supplemental funds (\$189,700 thousand)

²The FY 2004 Estimate column excludes the FY 2004 Supplemental funds (\$15,000 thousand)

Description of Operations Financed: The Defense Logistics Agency's operation and maintenance appropriation finances three activities:

Warstoppers are supply items that do not have a peacetime demand but that must be stocked to support DoD readiness and sustainment requirements;

Other Logistics Services (OLS) includes appropriated costs associated with DLA's logistics mission such as price comparability, hard copy map function, unemployment, quality of life, and homeless blankets; and

Other Logistics Programs (OLP) are multiple program offices for which DLA is either the executive agent or the budget administrator.

The Warstoppers program is financed in BA-2. The Department must procure certain supply items, called Warstoppers, and preserve critical industrial capability to support the Department's readiness and sustainment requirements. Peacetime demand is inadequate for sustainment and mobilization. The Warstoppers program supports the Services go-to-war estimated requirements and maintains the sole-source of supply for go-to-war surge.

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The overall decrease in the Warstoppers program in FY 2005 is due largely to prior year funding of urgent requirements in Medical Readiness for the expansion of Corporate Exigency Contracts, Vendor Management Inventory and Stock Rotation.

Description of Operations Financed: (continued)

BA-4 finances DLA's Programs and Services' contracts, supplies, equipment maintenance, communications, salaries, awards, personnel, benefits, travel, per diem, and training. The FY 2005 increases are primarily attributable to Price Comparability (\$+1,096) to include military unique costs for Contingency Operations, Generalized Emulation of Microcircuits (GEM), Diminishing Manufacturing Services (DMS) and Forward Positioning; and the Defense Continuity Program Office (DCPO) (\$+5,804) implementation and maintenance of efforts for which research and development are complete.

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Summary of Increases and Decreases

	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
FY 2004 President's Budget	259,713	49,991	309,704
1. Congressional Adjustments			
a. Distributed Adjustments			
1) Defense Policy Analysis Office (DPAO)	(15,700)		(15,700)
2) Theater Support Study	1,000		1,000
b. Undistributed Adjustments			
c. Adjustments to Meet Congressional Intent			
d. General Provisions			
1) Section 8094 - Prof Support Services	(1,387)	(267)	(1,654)
2) Section 8126 - Management Efficiencies	(1,183)	(227)	(1,410)
e. Congressional Earmarks			
Section 8044 - Indian Lands Environmental Impact	(150)	(31)	(181)
FY 2004 Appropriated Amount	242,293	49,466	291,759
2. Emergency Supplemental Amount			
a. Emergency Supplemental Funding Carryover			
b. FY 2004 Emergency Supplemental Appropriations Act			
(P.L. 108-106) Restoration of the Defense Policy	15,000		15,000
Analysis Office (DPAO) funding			
3. Fact-of-Life Changes			
a. Functional Transfers			
1) Transfers In			
2) Transfers Out			
b. Technical Adjustments			

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
1) Increases			
a) Internal realignment of the Joint Total Asset Visibility (JTAV) from Other Logistics Programs (OLP) to Other Logistics Services (OLS)	2,087		2,087
b) Internal realignment of the Joint Electronic Commerce Program Office (JECPO) from OLP to OLS	7,748		7,748
2) Decreases			
a) Realignment of the Joint Total Asset Visibility (JTAV) to OLS	(7,748)		(7,748)
b) Realignment of the JECPO to OLS	(2,087)		(2,087)
c. Emergent Requirements			
1) Program Increases			
a) One-Time Costs			
b) Program Growth			
1) Funds required for anticipated hire of civilian personnel for the Law Enforcement Office (LESO)	601		601
2) Internal funding realignment from Continuing Health in OLS to LESO in OLP	(601)		(601)
2) Program Reductions			
a) One-Time Costs			
b) Program Decreases			
Baseline Funding	257,293	49,466	306,759
4. Reprogramming (Requiring 1415 Actions)			
a. Increases			DLA
b. Decreases			

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
Revised FY 2004 Estimate	257,293	49,466	306,759
5. Less: Emergency Supplemental Funding	(15,000)		(15,000)
Normalized Current Estimate for FY 2004	242,293	49,466	291,759
6. Price Change	3,822	693	4,515
7. Functional Transfers			
a. Transfers In			
b. Transfers Out			
8. Program Increases			
a. Annualization of New FY 2004 Program			
b. One-Time FY 2005 Costs			
c. Program Growth in FY 2005			
1) Increase is a result of a Congressional reduction in FY 2004 and a return in FY 2005 to the planned program level for the Defense Policy Analysis Office (DPAO)	15,838		15,838
2) Fact-of-Life increase for the Defense Standardization Program Office (DSPPO)	40		40
3) Fact-of-Life increase for the Defense Property Accountability System (DPAS)	62		62
DLA			

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
4) Fact-of-Life increase for the Logistics Enterprise Support Program (LESP)	34		34
5) Fact-of-Life increase for the Defense Acquisition Career Management (DACM)	3		3
6) Fact-of-Life increase for the Classified Program	20		20
7) Funds required for anticipated hire of civilian personnel for the LESO	208		208
8) Increase is due to the Defense Continuity Program Office (DCPO) implementation and maintenance efforts for which research and development are complete	5,820		5,820
9) Disability Compensation increase due to estimated charges	20		20
11) OPM increase for estimated personnel security investigations	262		262
12) Price Comparability increase for military unique costs for Contingency Operations, Generalized Emulation of Microcircuits (GEM), Diminishing Manufacturing Services, (DMS) and Forward Positioning	1,020		1,020
13) Quality of Life increase due to estimated program operation costs	253		253
14) DLA Mapping increase due to estimated program operation costs for program baseline map distribution and system maintenance	703		703
15) Blankets increase due to estimated program requirements	58		58

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
16) Logistics Transformation increase due to estimated program requirements for Department transformation initiatives	122		122
17) JTAV increase due to fact-of-life	9		9
18) PTAP increase based on estimated center awards	375		375
19) Unemployment Compensation increase due to estimated downsizing and consolidation of management headquarters and depot contracting actions	120		120
20) FECA Surcharge estimate to cover Agency compensation charge from Dept of Labor	34		34
21) Nerve Agent Antidote increase due to negotiated contract options, Service estimated go-to-war requirements and new injector components		1,200	1,200
22) Chemical Gloves increase for industrial preparedness investments		30	30
23) Chemical Suites increase for industrial preparedness investments		20	20
24) Manpower Direct Support increase due to fact-of-life changes		37	37
25) NBC Defense increase due to contractor negotiated prices		693	693

9. Program Decreases

a. Annualization of New FY 2004 Program Decreases

b. One-Time FY 2004 Costs

Adjustment to the civilian workforce ^{DLA} paid days	(335)	(335)
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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
c. Program Decreases in FY 2005			
1) Fact-of-Life decrease for the Business Process Reengineering Center (BPRC)	(4)		(4)
2) Fact-of-Life decrease for Automatic Identification Technology (AIT)	(59)		(59)
3) Reduced requirements for the Defense Microelectronics Activity (DMEA)	(73)		(73)
4) Continuing Health decrease due to Agency estimated costs based on downsizing and consolidation	(182)		(182)
5) Critical Infrastructure Protection decrease due to program funding realignment within the Department	(348)		(348)
6) DFAS decrease due to an FY 2004 DFAS charge for write-off of depreciation for cancelled systems	(3,383)		(3,383)
7) GIDEP decrease due to revised requirements for Agency program support	(21)		(21)
8) JTAV decrease due to estimated program requirements	(280)		(280)
9) Theater Support Study decrease due to an one-time Congressional add in FY 2004	(1,014)		(1,014)
10) Contingency Operations decrease due to estimated field requirements	(13)		(13)
11) Counter-terrorism/Force Protection decrease due to system and personnel requirements	(25)		(25)
12) Tpack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned		(1)	(1)

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
13) Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls		(29)	(29)
14) Medical Readiness decrease due to prior year funding of urgent requirements for the expansion of CEC, VMI, and Stock Rotation		(11,510)	(11,510)
 FY 2005 Budget Estimate	 265,379	 40,599	 305,978

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Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY 2003</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2004</u>	
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	22,580	0.04	1,279	2,071	25,930
103	Wage Board	43	0.04	2	0	45
104	Foreign National Direct Hire (FNDH)	0	0.04	0	0	0
105	Separation Liability (FNDH)	0	0.04	0	0	0
106	Benefits to Former Employees	362	0.00	0	65	427
107	Voluntary Separation Incentive Pay	150	0.00	0	(150)	0
110	Unemployment Compensation	0	0.00	0	0	0
111	Disability Compensation	645	0.00	0	86	731
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	23,780		1,281	2,072	27,133
<u>TRAVEL</u>						
308	Travel of Persons	718	0.01	10	(93)	635
399	TOTAL TRAVEL	718		10	(93)	635
<u>SUPPLIES & MATERIALS PURCHASES</u>						
415	DLA Managed Supplies & Materials	20	-0.03	(1)	(1)	18
416	GSA Managed Supplies & Materials	17	0.01	0	(17)	0
417	Locally Procured DoD centrally managed supplies & materials	8	0.01	0	3	11
499	TOTAL SUPPLIES & MATERIALS PURCHASES	45		(1)	(15)	29

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	<u>FY 2003</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2004</u>
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>EQUIPMENT PURCHASES</u>					
506	DLA Equipment	21	-0.03	(1)	1
507	GSA Managed Equipment	0	0.01	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	21	0	(1)	1
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>					
647	DISA Information Systems (Megacenters)	77	0.00	0	(77)
671	Communication Services (DISA) Tier 2	5	0.00	0	0
673	Defense Finance and Accounting Services	1,014	0.14	144	4,462
677	Communication Services (DISA) Tier 1	0	0.00	0	0
678	Defense Security Service	716	0.03	21	(737)
679	Cost Reimbursable Purchases	72,788	0.01	946	39,382
699	TOTAL PURCHASES	74,600		1,111	43,030
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>					
771	Commercial Transportation	15	0.01	0	(10)
799	TOTAL TRANSPORTATION	15		0	(10)

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	<u>FY 2003</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2004</u>
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>					
901	0	0.04	0	0	0
912	0	0.02	0	0	0
913	808	0.01	11	0	819
914	20	0.01	0	8	28
915	1,088	0.01	14	182	1,284
917	0	0.00	0	0	0
920	3,684	0.01	47	206	3,937
921	5	0.01	0	0	5
922	0	0.01	0	0	0
923	0	0.01	0	0	0
925	270	0.01	4	(63)	211
931	0	0.01	0	0	0
932	74	0.01	1	(25)	50
933	13,693	0.01	178	7,892	21,763
934	4,334	0.01	56	(4,390)	0
987	19,865	0.01	257	(3,683)	16,439
988	21,055	0.01	274	(2,372)	18,957
989	309,760	0.01	4,060	(232,127)	81,693
991	0	0.01	0	0	0
998	10	0.01	0	(1)	9
999	374,666		4,902	(234,373)	145,195
9999	TOTAL OPERATION & MAINTENANCE		473,845	7,302 (189,388)	291,759

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Summary of Price and Program Changes
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	<u>FY 2004</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2005</u>	
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	25,930	0.02	764	3,224	29,918
103	Wage Board	45	0.02	1	0	46
104	Foreign National Direct Hire (FNDH)	0	0.02	0	0	0
105	Separation Liability (FNDH)	0	0.02	0	0	0
106	Benefits to Former Employees	427	0.00	0	(182)	245
107	Voluntary Separation Incentive Pay	0	0.00	0	0	0
110	Unemployment Compensation	0	0.00	0	0	0
111	Disability Compensation	731	0.00	0	20	751
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	27,133		765	3,062	30,960
<u>TRAVEL</u>						
308	Travel of Persons	635	0.01	8	223	866
399	TOTAL TRAVEL	635		8	223	866
<u>SUPPLIES & MATERIALS PURCHASES</u>						
415	DLA Managed Supplies & Materials	18	0.01	0	0	18
416	GSA Managed Supplies & Materials	0	0.01	0	0	0
417	Locally Procured DoD centrally managed supplies & materials	11	0.01	0	1	12
499	TOTAL SUPPLIES & MATERIAL PURCHASES	29		0	1	30

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Summary of Price and Program Changes
(Dollars in Thousands)

		<u>FY 2004</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2005</u>
		<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>EQUIPMENT PURCHASES</u>						
506	DLA Equipment	21	0.01	0	0	21
507	GSA Managed Equipment	0	0.01	0	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	21		0	0	21
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>						
647	DISA Information Systems (Megacenters)	0	0.00	0	0	0
671	Communication Services (DISA) Tier 2	5	0.00	0	0	5
673	Defense Finance and Accounting Services	5,620	0.02	137	(3,383)	2,374
677	Communication Services (DISA) Tier 1	0	0.00	0	0	0
678	Defense Security Service	0	0.00	0	0	0
679	Cost Reimbursable Purchases	113,116	0.01	1,584	2,237	116,937
699	TOTAL PURCHASES	118,741		1,721	(1,146)	119,316
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>						
771	Commercial Transportation	5	0.01	0	0	5
799	TOTAL TRANSPORTATION	5		0	0	5

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	<u>FY 2004</u>	<u>Price Growth</u>		<u>Program</u>	<u>FY 2005</u>
	<u>Program</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>					
901	0	0.02	0	0	0
912	0	0.01	0	0	0
913	819	0.01	11	0	830
914	28	0.01	0	1,400	1,428
915	1,284	0.01	18	75	1,377
917	0	0.00	0	0	0
920	3,937	0.01	54	86	4,077
921	5	0.01	0	0	5
922	0	0.01	0	0	0
923	0	0.01	0	0	0
925	211	0.01	3	152	366
931	0	0.01	0	0	0
932	50	0.01	1	0	51
933	21,763	0.01	305	(1,535)	20,533
934	0	0.01	0	0	0
987	16,439	0.01	230	89	16,758
988	18,957	0.01	265	375	19,597
989	81,693	0.01	1,134	6,922	89,749
991	0	0.01	0	0	0
998	9	0.01	0	0	9
999	145,195		2,021	7,564	154,780
9999	291,759		4,515	9,704	305,978

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Operation and Maintenance, Defense-Wide
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Budget Activity 4: Administrative & Service-Wide Activities
Environmental Restoration

I. Description of Operations Financed:

The Environmental Restoration Account, established by Congress in FY 1984, funds environmental programs for Installation Restoration Projects at DoD sites. These resources are used for achieving and maintaining compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act of 1986, and the National Contingency Plan. The Defense Environmental Restoration Program (DERP) provides centralized management for the cleanup of DoD hazardous waste sites. DLA utilizes the Defense Environmental Restoration Account to support the goals of the DERP. DLA operates the Installation Restoration Program (IRP) to achieve this mission.

IRP operations financed include a comprehensive program to identify, investigate and clean up contamination from hazardous substances, pollutants, and contaminants at active DLA sites as well as formerly-owned or used properties and Potentially Responsible Party sites (third-party sites) where DLA is named as a responsible party; and removal actions upon discovery of an imminent threat.

II. Force Structure Summary: N/A

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 Budget Activity 4: Administrative & Service-Wide Activities
 Environmental Restoration

III. Financial Summary (\$ in thousands):

A. <u>Subactivity Group:</u>	FY 2003 <u>Actuals</u>	FY 2004		<u>Current Estimate</u>	FY 2005 <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriation</u>		
Total	18,839				-
B. <u>Reconciliation Summary:</u>				<u>Change FY 2004/ FY 2004</u>	<u>Change FY 2004/ FY 2005</u>
1. Baseline Funding					
Congressional Adjustments (Distributed)					
Congressional Adjustments (Undistributed)					
Congressional Adjustments (General Provision)					
2. Appropriated Amount					
Adjustments to Meet Congressional Intent					
Across-the-board Reduction (Rescission)					
Approved Reprogrammings/Transfers					
3. Price Change					
4. Program Changes					
5. Current Estimate					
C. <u>Reconciliation of Increases and Decreases:</u>					N/A

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Environmental Restoration

IV. Performance Criteria and Evaluation Summary:

There are two Measures of Merit (MOM) used in the Environmental Restoration Program funded by DERA. The first Measure of Merit (MOM#R1) is categorized by Risk. The second Measure of merit (MOM#R2) is categorized by Phase.

MOM#R1 - Site Risk Categorization is broken out into three Relative Risk Categories: High, Medium, and Low. The projected estimate for high risk site cleanup at the end of FY 2004 and FY 2005 is 4 and 3 sites, respectively. The projected estimate for medium risk site cleanup at the end of FY 2004 and FY 2005 is 8 and 6 sites, respectively. The projected estimate for low risk site cleanup at the end of FY 2004 and FY 2005 is 14 and 13 sites, respectively.

MOM#R2 - Phase Progress is categorized into three activities: Investigation, Cleanup and Response Complete. Projected site investigations for the end of FY 2004 and FY 2005 is 5 and 1 sites, respectively. At the end of FY 2004 the cleanup phase is projected to be underway at 42 sites and the end of FY 2005 33 sites. Sites with response complete for FY 2004 is 342 and the end of FY 2005 is 355 sites.

V. Personnel Summary: N/A

VI. Outyear Summary: N/A

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VII. OP 32 Line Items (Dollars in Thousands):

		<u>Change FY 2003/2004</u>			<u>Change FY 2004/2005</u>		
		FY 2003 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Est.</u>	Price <u>Growth</u>	Program <u>Growth</u>
101	Executive, General & Special Schedule	523	21	(544)			
	TOTAL CIVILIAN PERSONNEL COMPENSATION	523	21	(544)			
308	Travel of Persons	77	1	(78)			
	TOTAL TRAVEL	77	1	(78)			
415	DLA Managed Supplies and Materials	1	-	(1)			
416	GSA Managed Supplies and Material	17	-	(17)			
	TOTAL FUND SUPPLIES AND MATERIALS PURCHASES	18	-	(18)			
771	Commercial Transportation	10	-	(10)			
	TOTAL TRANSPORTATION	10	-	(10)			
920	Supplies and Material (non-Fund)	12	-	(12)			
989	Other Contracts	18,199	237	(18,436)			
	TOTAL OTHER PURCHASES	18,211	237	(18,448)			
	TOTAL	18,839	259	(19,098)			

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Operations and Maintenance, Defense-Wide
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Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed:

In FY 2004 the Defense Logistics Agency (DLA) Other Logistics Programs (OLP) include \$62.1 million and 271 full-time equivalents (FTEs). In FY 2005, OLP includes \$84.9 million and 294 FTEs. The following programs are included in the Activity Group:

1. DLA Information Operations
 - a. Joint Electronic Commerce Program Office (JECPO)
 - b. Joint Total Asset Visibility (JTAV)
 - c. Logistics Enterprise Support Program (LESP)
 - d. Automatic Identification Technology (AIT)
2. Defense Property Accountability System (DPAS)
3. Defense Microelectronics Activity (DMEA)
4. Business Process Reengineering Center (BPRC)
5. Defense Standardization Program Office (DSPO)
6. Defense Acquisition Career Management (DACM)
7. Continuity of Operations Program (COOP)
8. Law Enforcement Support Office (LESO)
9. DoD Classified Program
10. Defense Policy Analysis Office (DPAO)

A description of missions, funding and FTEs for each program follows.

1. DLA INFORMATION OPERATIONS: This organization is responsible for providing comprehensive, best practice technological support to the DoD/DLA logistics community resulting in the highest quality information systems, efficient and economical computing, data management, electronic commerce, and telecommunications services.

a. The Joint Electronic Commerce Program Office (JECPO) has been disestablished. In FY 2004 through FY 2009, funding is realigned from DLA to the Defense Information Systems Agency (DISA) in order to accelerate the development and fielding of selected tools and

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I. Description of Operations Financed (continued):

applications that support the DoD transformation vision and the President's Management Agenda for electronic government. The sustainment of the DoD Electronic Mall (EMall) operational capability remains in DLA. Because FTEs are no longer associated with this program, we realigned this budget to Other Logistics Services in FY 2004.

b. The Joint Total Asset Visibility (JTAV) was chartered to provide the warfighter CINC with timely and accurate joint logistics and personnel asset information to support Joint Vision 2020 and Focused Logistics. The JTAV capability supports all joint and multinational military operations through requirements-based Operation and System Architectures in an interoperable, shared data environment. The JTAV capability enables national supply chain integration that is crucial to streamlined and responsive logistics and personnel support. JTAV provides responsive and cost-effective logistics information from Automated Information Systems (AIS) and Automated Identification Technologies (AIT), ensuring readiness and sustainability for the total force in both peacetime and wartime. JTAV enables functional and operational processes to achieve benefits in two broad areas: improved operational flexibility and reduced operating costs. These categories are not mutually exclusive. In most cases, JTAV benefits both areas. The use of JTAV results in declining backlogs at ports and depots, more responsive supply support, reduced inventory levels, and accurate and effective operational planning, assessment, and execution. Because FTEs are no longer associated with this program, we realigned this budget to Other Logistics Services in FY 2004.

c. Logistics Enterprise Support Program (LESP), formerly Logistics Community Management (LCM), assists in the realization of the Future Logistics Enterprise vision through acceleration of Logistics Enterprise Integration by providing support to specific taskings within the Future Logistics Enterprise (FLE) Governance Model, development activities lead to a Logistics Enterprise Architecture (LEA), and logistics business process reengineering. Specifically, the following will be supported: Program Implementation Group; Change Management Group; Portfolio Management; Logistics Data Strategy; Logistics Enterprise Operational and Systems Architecture Views, and Community

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I. Description of Operations Financed (continued):

Requirements for Logistics Enterprise Integrated Data Environment (IDE). These funds provide the critical resources to integrate the modernization efforts of the Services and Defense Agencies in collaboration with the DoD Comptroller's Financial Management Modernization Program. The FY 2005 request includes \$6.1 million and 3 FTEs to support this program.

d. Automatic Identification Technology (AIT) supports a suite of technologies that enables the automatic capture of source data, thereby enhancing the ability to identify, track, document, and control deploying forces, equipment, and personnel and sustainment cargo. AIT will streamline the DoD acquisition logistics and sustainment business processes and enhance Joint Total Asset Visibility while simultaneously providing a Common Operating Picture to CINCs and other decision makers. AIT will also facilitate improved transportation and supply visibility, and serve as a tool for acquisition and sustainment managers to manage configuration management of DoD weapons systems and their major components. The FY 2005 budget request is \$2.7 million and 2 FTEs.

2. DEFENSE PROPERTY ACCOUNTABILITY SYSTEM (DPAS): DPAS is an integrated system that provides accounting and accountability for DoD-owned property. The Under Secretary of Defense Acquisition, Technology and Logistics (OUSD(AT&L)) provides program management oversight. The FY 2005 budget request is \$10.8 million and 6 FTEs.

3. DEFENSE MICROELECTRONICS ACTIVITY (DMEA): DMEA was established by the Deputy Secretary of Defense as a DoD activity under the authority, direction, and control of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD(L&MR)). DLA provides financial and administrative services as requested by DUSD(L&MR) for this activity.

The mission of the Defense Microelectronics Activity (DMEA) is to leverage the capabilities and payoffs of advanced technologies to solve operational problems in weapon systems, increase operational capabilities, reduce operation and support (O&S) costs, and

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I. Description of Operations Financed (continued):

reduce the effects of Microelectronics Diminishing Manufacturing Sources and Material Shortages (DMSMS).

The DoD is increasingly reliant on the use of "smart" weapons with all future engagement scenarios of Joint Vision 2020 depending on the use of these systems. The technology forming the brain of these "smart" systems is microelectronics, a technology listed by DoD as critical. Meanwhile the use of microelectronics has exploded in the commercial world driving the semiconductor industry to supersede successive generations of semiconductor technologies with new technologies every 18 months. This extraordinary growth in commercial products has driven the DoD market share to less than 0.1%. Therefore, DoD is now reliant on a technology that becomes obsolete every 18 months and an industry where we have no influence. This is a Defense-wide issue rather than an application specific one, since many systems across the entire Department use the same microelectronics devices.

The DMEA uses a unique and innovative methodology to reverse engineer microelectronic devices, analyze solution sets, and then build and test the solutions. The DMEA strategy creates a comprehensive mix of commercially viable solutions covering the entire DoD. Industry views this process favorably because DMEA converts components from non-producible to producible and reenergizes industry to support the war fighter's requirements. The DMEA also evaluates the entire spectrum of microelectronics for both current and future obsolescence issues, evaluates the feasibility of potential solutions, fosters technologies that address the problem, recommends solutions at all complexity levels, provides guidance, and recommends policy, and procedure changes. The DMEA also gives government organizations streamlined access to state-of-the art technologies and engineering expertise. The DMEA assists system managers by applying both available leading-edge technologies and innovative applied research and development (R&D) approaches to develop solutions to current problems. The FY 2005 budget request is \$15.2 million, 124 direct-funded FTEs and 32 reimbursable FTEs.

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I. Description of Operations Financed (continued):

4. BUSINESS PROCESS REENGINEERING CENTER (BPRC): BPRC is chartered to support the Under Secretary of Defense Acquisition, Technology and Logistics (OUSD(AT&L)). Business Process Re-engineering (BPR) is a management analysis discipline that redesigns processes, organizations, and the culture of DoD activities, and is applied by functional leaders using improvement tools and techniques. The redesign approach can be radical or incremental to achieve dramatic improvements over time. BPR results in highly streamlined processes by providing for a cross-functional, integrated analysis of multiple activities or functions that contribute to a shared purpose.

BPR can include data modeling, and migration systems selection and support services necessary to carry out BPR activities. Examples of appropriate BPR activities are: (1) Strategic planning, outlining vision and goals; (2) Activity modeling of current and future processes, including cross-functional and integration analyses; (3) Data modeling (including data standardization) associated with activity modeling; (4) Benchmarking to identify and evaluate best practices and their application to the Department; (5) Development of functional economic analyses; (6) Planning for BPR implementation and assessment; (7) Analysis leading to the selection of migration systems following BPR; and (8) Development and identification of BPR tools. The FY 2005 budget request is \$1.9 million and 17 FTEs.

5. DEFENSE STANDARDIZATION PROGRAM OFFICE (DSPO): DSPO transferred from OUSD(AT&L) to DLA in FY 1999. Pursuant to Sections 2451-2452 of Title 10, which established the Defense Standardization Program (DSP), and the DoDI 4120.24, which implements the DSP in the DoD, the DSPO mission is to develop and manage DoD-wide policies and procedures to implement Public Laws related to standardization, acquisition, and metrication.

Associated actions require the DSPO to identify, influence, develop, manage, and provide access to standardization processes, products, and services for warfighters, the acquisition community, and the logistics community to promote interoperability, reduce

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I. Description of Operations Financed (continued):

total ownership costs, and sustain readiness. The FY 2005 the budget request is \$5.4 million and 12 FTEs.

6. DIRECTOR OF ACQUISITION CAREER MANAGEMENT (DACM): On March 13, 1992, the Deputy Secretary of Defense directed that DLA provide administrative, logistical and resource support for the Acquisition Career Management System. Section 1707(b) of Chapter 87, Title 10 U.S. Code, requires that the DACM provide system oversight and career program services to the acquisition workforce in the Office of the Secretary of Defense and the Defense Agencies (including DLA). The DACM serves in a dual capacity as Director of Acquisition Education, Training and Career Development (DAETCD) for DoD and supports the career system policy formulation and implementation activities of the DAETCD. The FY 2005 budget request is \$.835 million and 2 FTEs.

7. CONTINUITY OF OPERATIONS (COOP): The COOP mission transferred to DLA during FY 1994. COOP mission is under the staff cognizance and oversight of the Office of the Secretary of Defense. The FY 2005 budget request is \$23.6 million and 50 FTEs.

8. LAW ENFORCEMENT SUPPORT OFFICE (LESO): LESO administers Section 1033 of the FY 1997 National Defense Authorization Act for the Director, Defense Logistics Agency (DLA) through the transfer of excess Department of Defense (DoD) personal property to Federal and State agencies. The excess property is suitable for use by agencies in law enforcement activities, including counter-drug and counter terrorism activities. In FY 2004, funding for LESO was transferred from the Drug Interdiction and Counterdrug Activities, Defense appropriation to DLA. Prior to FY 2004, this program was budgeted at the Department level and DLA was reimbursed during execution. The FY 2005 the budget request is \$1.2 million and 11 FTEs.

9. DoD CLASSIFIED PROGRAM: The Classified Program was transferred to DLA in FY 2001. The FY 2005 budget request is \$1.4 million and 14 FTEs.

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I. Description of Operations Financed (continued):

10. DEFENSE POLICY ANALYSIS OFFICE (DPAO): This program was transferred to DLA in FY 2003. The mission of DPAO is to conduct all source-studies and analysis of complex and strategic issues impacting DoD's ability to effectively respond to worldwide contingencies. The DPAO mission is under the staff cognizance and oversight of the Office of the Secretary of Defense. In FY 2004 Congress reduced DPAO by \$15.7 million. The FY 2004 Supplemental restored \$15 million to DPAO. The FY 2005 budget request is \$15.8 million and 21 FTEs. The increase from FY 2004 to FY 2005 is the result the Congressional reduction in FY 2004 and a return in FY 2005 to the planned program level.

The O&M appropriation funds the contracts, supplies, equipment maintenance, communications, salaries, awards, personnel benefits, travel, per diem, and training in support of these programs.

II. Force Structure Summary: N/A

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III. Financial Summary (O&M: Dollars in Thousands):

A. Subactivities:	FY 2003 Actuals	FY 2004		Current Estimate	FY 2005 Estimate
		Budget Request	Appropriated		
1. DLA Info Operations	20,311	18,674	18,480	8,645	8,744
a. JTAV	7,885	7,831	7,748	-	-
b. LESP	4,889	6,031	5,968	5,968	6,094
c. JECPO	4,550	2,109	2,087	-	-
d. AIT	2,987	2,703	2,677	2,677	2,650
2. DPAS	9,938	10,702	10,589	10,589	10,806
3. DMEA	13,876	15,235	14,984	14,984	15,248
4. BPRC	1,806	1,874	1,854	1,854	1,869
5. DSPO	4,829	5,349	5,293	5,293	5,399
6. DACM	740	832	823	823	835
7. COOP	14,854	17,750	17,562	17,562	23,573
8. DPAO	-	15,776	-	-	15,838
9. LESO	385	401	397	998	1,215
10. DoD Classified Program	1,153	1,382	1,368	1,368	1,401
Total	67,892	87,975	71,350	62,116	84,928
FY 2002 Supplemental	16,600	-	-	-	-
FY 2004 Supplemental (<i>memo</i>)	-	-	-	15,000	-
Total	84,492	87,975	71,350	62,116	84,928

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III. Financial Summary (O&M: Dollars in Thousands):

B. Reconciliation Summary:	Change FY 2004/FY 2004	Change FY 2004/FY 2005
1. Baseline Funding	87,975	62,116
a) Congressional Adjustments (Distributed)	(15,700)	-
b) Congressional Adjustments (Undistributed)	-	-
c) Congressional Adjustments (Gen Provision)	(871)	-
d) Congressional Earmark	(54)	-
2. Appropriated Amount	71,350	-
<i>Memo: FY 2004 Supplemental</i>	15,000	
3. Price Change	-	1,258
4. Approved Transfers	(9,835)	-
5. Program Changes	601	21,554
6. Current Estimate	62,116	84,928

C. Reconciliation of Increases and Decreases:

FY 2004 President's Budget	87,975
1. Congressional Adjustments	
a. Distributed Adjustments	
Defense Policy and Analysis Office (DPAO)	(15,700)
b. Undistributed Adjustments	-
c. Adjustments to Meet Congressional Intent	-
d. General Provisions	
1) Section 8094 - Prof Support Services	(470)
2) Section 8126 - Management Efficiencies	(401)
e. Congressional Earmarks	
Section 8044 - Indian Lands Environmental Impact	(54)
FY 2004 Appropriated Amount	71,350

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C. Reconciliation of Increases and Decreases:

2.	Emergency Supplemental	
a.	Emergency Supplemental Funding Carryover	-
b.	FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)	
	Restoration of Defense Policy and Analysis Office (DPAO) funding	15,000
3.	Fact-of-Life Changes	
a.	Functional Transfers	-
1)	Transfers In	
2)	Transfers Out	
b.	Technical Adjustments	
1)	Increases	
2)	Decreases	
a)	Realignment of Joint Total Asset Visibility (JTAV) to Other Logistics Services (OLS)	(7,748)
b)	Realignment of Joint Electronic Commerce Program Office to OLS	(2,087)
c.	Emergent Requirements	
1)	Program Increases	
a)	One-Time Costs	
b)	Program Growth	
	Funds required for anticipated hire of civilian personnel for the Law Enforcement Office (LESO)	601
2)	Program Reductions	
a)	One-Time Costs	
b)	Program Decreases	
	Baseline Funding	77,116

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C. Reconciliation of Increases and Decreases:

4. Reprogramming (Requiring 1415 Actions)	-
a. Increases	
b. Decreases	
Revised FY 2004 Estimate	77,116
5. Less: Emergency Supplemental Funding	(15,000)
Normalized Current Estimate for FY 2004	62,116
6. Price Change	1,258
7. Functional Transfers	-
a. Transfers In	
b. Transfers Out	
8. Program Increases	
a. Annualization of New FY 2004 Program	
b. One-Time FY 2005 Costs	
c. Program Growth in FY 2005	
1) Increase is a result of a Congressional reduction in FY 2004 and a return in FY 2005 to the planned program level for the Defense Policy Analysis Office (DPAO)	15,838
2) Fact-of-Life increase for the Defense Standardization Program Office (DSPO)	40
3) Fact-of-Life increase for the Defense Property Accountability System (DPAS)	62

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C. Reconciliation of Increases and Decreases:

4)	Fact-of-Life increase for the Logistics Enterprise Support Program (LESP)	34
5)	Fact-of-Life increase for the Defense Acquisition Career Management (DACM)	3
6)	Fact-of-Life increase for the Classified Program	20
7)	Funds required for anticipated hire of civilian personnel for the Law Enforcement Support Office (LESO)	208
8)	Increase is due to the Defense Continuity Program Office (DCPO) implementation and Maintenance of efforts for which research and development are complete	5,820
9.	Program Decreases	
a.	Annualization of New FY 2004 Program Decreases	
b.	One-Time FY 2004 Costs	
	Adjustment to the civilian work force paid days	(335)
c.	Program Decreases in FY 2005	
1)	Fact-of-Life decrease for the Business Process Reengineering Center (BPRC)	(4)
2)	Fact-of-life decrease for Automatic Identification Technology (AIT)	(59)
3)	Reduced requirements for the Defense Microelectronic Activity (DMEA)	(73)
	FY 2005 Budget Request	84,928

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IV. Performance Criteria and Evaluation Summary:

Other Logistics Programs (OLP) includes multiple program offices of which DLA is either the executive agent or the budget administrator. Performance criteria for this activity group follows.

The Defense Property Accountability System mission is to field and sustain an integrated system to improve accounting and accountability of DoD-owned property for the Departments of the Army and Navy and most Defense Agencies. A critical performance measure for this system is site implementations. In FY 2002, DPAS completed implementations for the Army and most Navy sites. In FY 2003, FY 2004 and FY 2005, DPAS will be implemented in Navy Working Capital Fund sites and several Defense activities. Re-implementations will also be performed in numerous Army sites during FY 2003 and FY 2004. With the near completion of implementations, the new focus for DPAS performance measures is customer satisfaction and data quality and reliability. Customer satisfaction for FY 2002, as measured by Call Center statistics and training surveys is at 94%. The FY 2003 and out years customer satisfaction goal is 98%. Efforts are underway and planned for FY 2003 and FY 2004 to improve customer support through improvements to the Call Center, Training, and Web-site. DPAS data quality and reliability is being measured by a new data Quality Assurance (QA) function. For FY 2002, all DPAS user databases were analyzed and many data problems identified, which have been reported to DPAS customer management organizations for resolution. For FY 2003 and FY 2004, the DPAS QA function expects to substantially improve DPAS data accuracy and reliability through continued analysis and follow-up Metrics are being developed and will be reported in next year's budget submission.

The mission of the Defense Microelectronics Activity (DMEA) is to leverage the capabilities and payoffs of advanced technologies to extend the useful life, solve operational problems, increase operational capabilities, reduce operation and support (O&S) costs, and to reduce the effects of diminishing manufacturing sources in weapon systems. The DMEA assists system managers by developing solutions to current problems through specific projects. The critical performance measure to DMEA is customer satisfaction. In FY 2001, FY 2002, and FY 2003, we achieved customer satisfaction

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IV. Performance Criteria and Evaluation Summary (Continuation):

ratings over 94%, 96%, and 96% respectively. We plan to maintain this rating rough fiscal year 2005. Customer satisfaction is measured through surveys and informal as well as formal customer feedback. Problems identified in this measure will be assessed and corrective action taken. Individual projects performing at less than expected customer satisfaction rates will be required to begin recovery plans to ensure that this measure is achieved.

Execution of funding is also a performance measure. DMEA has consistently obligated over 99 percent of its funding. The goal is to maintain or improve our outstanding obligation rate in FY 2004 and 2005 through strong financial management processes and aggressive execution plans. Problems identified in this measure will be assessed and corrective action taken.

The Business Process Reengineering Center (BPRC) mission is to propose redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department. It also contributes to improvements in the areas of E-Business to include logistics systems modernization, acquisition reporting, information technology (IT), and other internal processes and business practices. Performance measures will track the development of network architecture, support to the Future Logistics Enterprise, end-to-end procurement process integration and modernization, integrated digital environment acquisition life-cycle, and, the Acquisition Technology & Logistics (AT&L) IT modernization and knowledge management portal capability. The continuing mission for FY 2005 for the BPRC employees is to support these initiatives and to identify opportunities for business process improvements throughout the OUSD(AT&L) organization.

The mission of the Defense Standardization Program Office (DSPO) is to develop policies, procedures and guidance to ensure standardized policy across the Military Departments and Defense Agencies. There are some relevant qualitative performance indicators for the

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IV. Performance Criteria and Evaluation Summary (Continuation):

DSPO in execution of its mission and associated actions. One is the effectiveness of the DSP as a single source for information exchange and coordination of all defense standardization efforts, as indicated by increased number of organizations participating with the DSP in information exchange, and increased customer satisfaction based on survey results. Another is success in institutionalized development and use of performance and Non-Government Standards (NGSs) in the DoD, as indicated by increased usage of performance and NGSs, and decreased usage of military-unique specifications and standards.

	FY 2003	FY 2004	FY 2005
	Actuals	Estimate	Estimate
BPRC Architecture Development	30%	40%	40%
BRPR Reduction in Unneeded Equipment Purchases	92%	94%	94%
DPAS Software Completion Rate	95%	100%	100%

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V. Personnel Summary:	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Change <u>FY 2004/</u> <u>FY 2005</u>
<u>Active Mil End Strength (Total)</u>	20	20	21	1
Officer	2	2	3	1
Enlisted	18	18	18	-
 <u>Civilian End Strength (Total)</u>	 251	 271	 294	 23
U.S. Direct Hire	251	271	294	23
Foreign National Direct Hire	-	-	-	-
Total Direct Hire	251	271	294	23
Foreign National Indirect Hire	-	-	-	-
(Reimbursable Civilians Included Above - Memo)	42	32	32	-
 <u>Active Mil FTEs (Total)</u>	 20	 20	 21	 -
Officer	2	2	3	-
Enlisted	18	18	18	-
 <u>Civilian FTEs (Total)</u>	 272	 271	 294	 23
U.S. Direct Hire	272	271	294	23
Foreign National Direct Hire	-	-	-	-
Total Direct Hire	272	271	294	23
Foreign National Indirect Hire	-	-	-	-
(Reimbursable Civilians Included Above - Memo)	59	32	32	-

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VI. OP 32 Line Items (Dollars in Thousands):

	FY 2003 <u>Actual</u>	Change FY 2003/2004			FY 2004 <u>Est</u>	Change FY 2004/2005		
		Price <u>Growth</u>	Prog <u>Growth</u>			Price <u>Growth</u>	Prog <u>Growth</u>	FY 2005 <u>Est</u>
101 Executive, General & Special Schedule	22,057	1,258	2,615	25,930	764	3,224	29,918	
103 Wage Board	43	2	-	45	1	-	46	
106 Benefits to Former Employees	51	-	(51)	-	-	-	-	
107 VSIP	150	-	(150)	-	-	-	-	
199 Total Civilian Personnel Compensation	22,301	1,260	2,414	25,975	765	3,224	29,964	
308 Travel Of Persons	641	9	(15)	635	8	223	866	
399 Total Travel	641	9	(15)	635	8	223	866	
415 DLA Managed Supplies & Materials	19	(1)	-	18	-	-	18	
499 Total Fund Supplies & Materials Purchases	19	(1)	-	18	-	-	18	
506 DLA Equipment	21	(1)	1	21	-	-	21	
599 Total Revolving Fund Equipment Purchases	21	(1)	1	21	-	-	21	
647 DISA Info Services	77	-	(77)	-	-	-	-	
671 Comm Services DISA	5	-	-	5	-	-	5	
699 Total Purchases	82	-	(77)	5	-	-	5	
771 Commercial Trans	5	-	-	5	-	-	5	
799 Total Transportation	5	-	-	5	-	-	5	

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VI. OP 32 Line Items (Dollars in Thousands) (continued):

	FY 2003 <u>Actual</u>	<u>Change FY 2003/2004</u>		FY 2004 <u>Est</u>	<u>Change FY 2004/2005</u>		FY 2005 <u>Est</u>
		<u>Price Growth</u>	<u>Prog Growth</u>		<u>Price Growth</u>	<u>Prog Growth</u>	
913 Purchased Utilities	808	11	-	819	11	-	830
914 Purchased Communications	20	-	8	28	-	1,400	1,428
915 Rents (non-GSA)	1,088	14	182	1,284	18	75	1,377
920 Supplies & Materials (non-Fund)	692	8	(7)	693	8	28	730
921 Printing & Reproduction	5	-	-	5	-	-	5
925 Equipment Purchases	270	4	(63)	211	3	152	366
932 Prof & Mgmt Services	74	1	(25)	50	1	-	51
933 Studies, Analysis, & Evaluation	1,200	16	1,507	2,723	38	(3)	2,758
987 Other Intra-Govt Purchases	19,865	257	(3,683)	16,439	230	89	16,758
989 Other Contracts	37,401	519	(24,717)	13,203	175	16,366	29,744
998 Other Costs	-	-	2	2	-	-	2
999 Total Other Purchases	61,423	830	(26,796)	35,457	485	18,107	54,049
9999 Total	84,492	2,097	(24,473)	62,116	1,258	21,554	84,928

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I. Description of Operations Financed:

The Defense Logistics Agency (DLA) Other Logistics Services (OLS) includes \$180.451 million in FY 2005 with no full time equivalents. These OLS programs are described in subsequent paragraphs:

1. Unemployment Compensation
2. Price Comparability
3. Quality of Life
4. Continuing Health
5. Counter-Drug Activities
6. Contingency Operations
7. Disability Compensation
8. Procurement Technical Assistance Program (PTAP)
9. Inventory Management, Catalog Production & Distribution of Hard Copy Map Function
10. Defense Security Service/Office of Personnel Management Security Investigations
11. Logistics Transformation
12. Homeless Blankets
13. Demolition
14. Defense Finance and Accounting Service (DFAS)
15. Critical Infrastructure Protection (CIP)
16. Joint Logistics Warfighting Initiative
17. Counter-terrorism/Force Protection
18. Joint Electronic Commerce Program Office (JECPO)
19. Joint Total Asset Visibility (JTAV)
20. Government Industry Data Exchange Program (GIDEP)
21. FECA Surcharge
22. Small Business Administration Support
23. Department of Justice Litigation Support
24. FY 2003 Supplemental
25. Theater Support Study
26. Managerial Support

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I. Description of Operations Financed (continued):

1. Unemployment Compensation reflects funding of unemployment costs for all Defense Agencies. DLA estimates include resources for consolidated Defense-wide payments. Decreased funding in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs. The budget request for this program in FY 2005 is \$9.887 million.

2. Price Comparability is comprised of costs associated with performing tasks that a commercial company would not include in their normal standard pricing. It includes costs that are military unique (DoD-mandated) such as readiness support costs. Identification of costs that fall under Price Comparability provides DLA customers a better opportunity to compare DLA prices with those in the commercial sector while minimizing risks to readiness. For example, included in this project is the cost of storing inventory for wartime demand only (War Reserve Materiel). A strictly business approach would dictate that this materiel be either disposed of or that the associated costs of retaining this inventory be passed on to the customer(s) requiring it. Removing the cost of retaining this inventory out of the DLA product line results in more accurate pricing of DLA materiel. This reduces DLA's materiel surcharge (Cost Recovery Rate), thus providing a better comparison for DLA customers. The Price Comparability baseline included peacetime contingency planning and Command Control Center costs, storage costs for war reserve and go-to-war items, the Department's hazardous and ozone depleting substances programs, and weapon system management support costs. The increase in FY 2005 funds additional military unique requirements for Contingency Operations, Forward Positioning of Stock, Generalized Emulation of Microcircuits (GEM) and Diminishing Manufacturing Services (DMS). GEM program reduces weapon system support costs by providing an alternative to circuit board redesigns and lifetime buys. DMS uses a centralized approach to the solution of diminishing manufacturing sources and obsolete parts problems. By creating and maintaining a data warehouse of parts across all services and weapon systems, cost savings are generated by alleviating the duplication of similar services in individual weapon and support system programs. The budget request for Price Comparability is \$78.227 million in FY 2005.

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
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Budget Activity #4: Defense-Wide Other Logistics Services

I. Description of Operations Financed (continued):

3. Quality of Life: Morale, Welfare, and Recreation programs and services provide support that is vital to the readiness of the military community and their families. Funding is based on estimates for operations cost for DLA activities. A decrease in funding would negatively impact the quality of life of the DLA workforce. Morale, Welfare, and Recreation costs are \$13.005 million in FY 2005.

4. Continuing Health funding covers Agency expenses for continuing health coverage for reduction-in-force and BRAC affected employees. The budget request for this program is \$.245 million in FY 2005 for Agency estimated health coverage costs.

5. Counter-Drug Activities funding is for approved counter narcotics projects, mandated drug testing, and drug abuse education. This program funding is budgeted at the Department level with DLA reimbursement in the year of execution.

6. Contingency Operations funding covers Agency costs incurred in support of Bosnia and Kosovo contingency operations. The budget request for this program is \$4.553 million in FY 2005 and remains relatively level to FY 2004.

7. Disability Compensation residual funding is required to cover disability compensation for the closed Clothing Factory (DSCP). The budget request for this program is \$.751 million in FY 2005.

8. Procurement Technical Assistance Program (PTAP) was established by Congress in the FY 1985 DoD Authorization Act, Public Law (PL) 98-525. The PL amended Title 10, United States Code (USC) by adding Chapter 142. Title 10, USC, as amended, continues to authorize the Secretary of Defense, acting through the Director, DLA, to enter into cost sharing cooperative agreements with state and local governments, nonprofit organizations, Indian tribal organization and Indian economic enterprises to establish and conduct procurement technical assistance programs. Activities include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local

DEFENSE LOGISTICS AGENCY
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Budget Activity #4: Defense-Wide Other Logistics Services

I. Description of Operations Financed (continued):

governments. The program increase in FY 2005 is for additional center awards. The budget request for this program is \$19.597 million in FY 2005.

9. Inventory Management, Catalog Production & Distribution of Hard Copy Map Function:

In May 1996, the JCS Combat Support Agency Review Team recommended transferring map management of approximately 70,000 map items from the NIMA to DLA. DLA serves as the DoD Integrated Materiel Management and Distributor of those items. The budget request for this program is \$25.288 million in FY 2005.

10. Defense Security Service (DSS) Fee-For-Service/ Office of Personnel Management (OPM)

Security Investigations funding in FY 2003 was for DSS support to DLA for Personnel Security Investigations, National Industrial Security Investigations, and DoD Security and Education Training Programs. Beginning in FY 2004, the OPM will provide the security investigations for DLA. The budget request for this program is \$0.4 million in FY 2005.

11. Logistics Transformation funding request is for conducting studies for specific initiatives offering the potential for DoD to transform the current "mass model" logistics structure into world-class integrated supply chains focused on warfighter needs. Initiatives will compliment ongoing reengineering efforts with the Services and DLA consistent with the Logistics Functional Requirements and Joint Vision 2010. The budget request for this program is \$7.869 million in FY 2005. The program increase is for continued Department logistics transformation initiatives and remains relatively level to FY 2004.

12. Homeless Blankets: The Stewart B. McKinley Homeless Assistance Act of 1987 requires DLA to make blankets available to qualified US 501(C)3 organizations working with the homeless. Homeless shelters issue a request to the Agency and blankets are issued on a first come, first served basis up to the amount of funding available. The budget request for this program is \$3.347 million in FY 2005 and remains relatively level to FY 2004.

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Operations and Maintenance, Defense-Wide
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Budget Activity #4: Defense-Wide Other Logistics Services

I. Description of Operations Financed (continued):

13. Demolition: During FY 2003, the O&M demolition account was used for the removal of primary facilities at DLA permitted installations (Sharpe, CA, Tracy, CA, Columbus, OH, Richmond, VA, and New Cumberland, PA) that were excess (unused/underutilized) to the needs of the installation, and were uneconomical to repair and maintain. This includes over 900,000 square feet of aged (WWI and WWII) storage and administrative buildings that were not included in MILCON facility replacement programs. Inclusion of this demolition work in the DWCF would unnecessarily increase the cost to Distribution and ICP customers. Additional facility demolition required to meet infrastructure goals is currently included on a cubic foot or square foot replacement basis in future MILCON projects currently programmed for the permitted installations. There is no budget request for this program in FY 2005.

14. Defense Finance and Accounting Service (DFAS) funding is required to reimburse DFAS for accounting services provided to the activities and programs reflected in Other Logistics Services, Other Logistics Programs, and Warstoppers. The budget request of \$2.374 million for FY 2005 is based on estimated workload. The decrease in FY 2005 is due to a DFAS charge in FY 2004 for write-off of depreciation for cancelled systems.

15. Critical Infrastructure Protection (CIP) is an integrated, war-fighter-focused effort to identify and mitigate the vulnerabilities of critical assets that are essential to Commander-in-Chief mission assurance and operational readiness. Presidential Decision Directive 63, Critical Infrastructure Protection, requires a public-private partnership to provide protection; establishes a national organizational structure to produce that partnership; and directs DoD, as well as the other federal departments, to develop a plan for protecting its portion of the Federal Government critical infrastructures. The DoD CIP program supports the new Executive Orders on "CIP in the Information Age" and "Homeland Security." As the lead component for the Logistics Sector DoD-wide, DLA is responsible for the coordination and overall program management of CIP activities with all DoD components that own and/or operate elements of the DoD Logistics Infrastructure.

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Operations and Maintenance, Defense-Wide
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Budget Activity #4: Defense-Wide Other Logistics Services

I. Description of Operations Financed (continued):

Funding is necessary to carry out DLA responsibilities to lead the Logistics Sector in defining end-to-end sector functionality and supporting assets; determining assurance levels to meet both military and sector operational requirements; assessing the critical infrastructure vulnerabilities of the sector; and implementing sector assurance plans. Beginning in FY 2005 CIP funding is realigned within the Department; there is no budget request for CIP in FY 2005.

16. Joint Logistics Warfighting Initiative funding was a project to improve the logistics system supporting deployed warfighters. The JLWI was intended to improve readiness by enhancing logistics responsiveness through process improvements to the requisitioning, distribution, asset visibility, and retrograde functions and by validating these improvements in a real world operational environment. The JLWI objective was to ensure streamlined logistics systems, processes, and functions fully support operational requirements in Joint or Cooperative Combined Task Force operations. The JLWI Implementation Plan developed jointly by the Joint Staff, DUSD (Logistics), and USCENTCOM staff provides a blueprint for testing streamlined logistics support processes in the CENTCOM Area of Responsibility. Funding for JLWI was transferred to the Army beginning in FY 2004. There is no DLA budget request for this program in FY 2005.

17. Counter-terrorism/Force Protection funding is for intrusion detection systems and sustainment of additional security personnel. Funding request is \$2.834 million in FY 2005 and remains relatively level to FY 2004.

18. The Joint Electronic Commerce Program Office (JECPO) has been disestablished. Funding is realigned from DLA to the Defense Information Systems Agency (DISA) in FY 2004 through FY 2009 to accelerate the development and fielding of selected tools and applications that support the DoD transformation vision and the President's Management Agenda for electronic government. DLA retains the sustainment of the DoD Electronic Mall (EMall) operational capability; the FY 2005 budget request is \$2.125 million.

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I. Description of Operations Financed (continued):

19. The Joint Total Asset Visibility (JTAV) was chartered to provide the warfighter CINC with timely and accurate joint logistics and personnel asset information to support Joint Vision 2020 and Focused Logistics. The JTAV capability supports all joint and multinational military operations through requirements-based Operation and System Architectures in an interoperable shared data environment. The JTAV capability enables national supply chain integration that is crucial to streamlined and responsive logistics and personnel support. JTAV provides responsive and cost-effective logistics information from Automated Information Systems (AIS) and Automated Identification Technologies (AIT), ensuring readiness and sustainability for the total force in both peacetime and wartime. JTAV enables functional and operational processes to achieve benefits in two broad areas: improved operational flexibility and reduced operating costs. These categories are not mutually exclusive. In most cases, JTAV benefits both areas. JTAV use results in: declining backlogs at ports and depots; more responsive supply support; reduced inventory levels; and will support accurate and effective operational planning, assessment, and execution. The FY 2005 budget request is \$7.576 million.

20. Government Industry Data Exchange Program (GIDEP): DLA as a buying command is a Joint Logistics Commanders (JLC) GIDEP member and shares in the funding support for the GIDEP which provides technical information for sharing with government and industry. GIDEP funding support is a transfer to DLA from Defense Contract Management Agency (DCMA). The funding request to support GIDEP is \$.205 million in FY 2005 and remains relatively level to FY 2004.

21. Federal Employees' Compensation Act (FECA) Surcharge funding covers the Agency civilian pay accounts for the FECA surcharge that the Department of Labor charges each Agency. The budget request for this surcharge is \$2.130 million in FY 2005.

22. Small Business Administration Support funding in FY 2003 was for the Small Business Administration costs incurred to certify small disadvantage business. There is no budget request for this program in FY 2005.

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I. Description of Operations Financed (continued):

23. Department of Justice Litigation Support funding in FY 2003 was for the Department of Justice contract for DLA environmental litigation support. There is no budget request for this program in FY 2005.

24. FY 2003 Supplemental funding in FY 2003 was for logistical and military support of the Global War on Terrorism.

25. Theater Support Study: A one-time Congressional add in FY 2004 for a theater support study. There is no budget request for this program in FY 2005.

26. Managerial Support: The budget request for managerial support is \$.038 million in FY 2005 and remains relatively level to FY 2004, funding programs such as:

- Prior Year Invoices: Prior year bills received after the close of the fiscal year.
- Interest Penalty: Penalties incurred due to payment processing delays.
- Official Representation Funds (ORF): Special and official functions or ceremonies attended by DoD personnel and distinguished non-DoD personnel. Beginning in FY 1998 all DLA activities were required to use O&M funds for ORF functions.
- Investigative Activities: DLA confidential investigations.
- Director's Medallion: Purchase of medallions to be presented by the DLA Director for special accomplishments.

II. Force Structure: N/A

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III. Financial Summary (O&M: Dollars in thousands):

A. Subactivities:	FY 2003 Actual	FY 2004			FY 2005 Estimate
		Budget Request	Appropriated	Current Estimate	
Unemployment Compensation	12,775	9,728	9,632	9,632	9,887
Price Comparability	36,215	76,948	76,141	76,141	78,227
Quality of Life	11,203	12,710	12,576	12,576	13,005
Continuing Health	311	1,040	1,028	427	245
Counter Drug Activities	282	-	-	-	-
Contingency Operations	6,074	4,551	4,503	4,503	4,553
Disability Compensation	645	738	731	731	751
Procurement Technical Assistance Program	21,055	19,158	18,957	18,957	19,597
Inventory Mgmt, Catalog Production & Distribution of Hard Copy Maps	25,081	24,504	24,246	24,246	25,288
DSS/OPM Security Investigations	716	138	136	136	400
Logistics Transformation	8,654	7,721	7,640	7,640	7,869
Homeless Blankets	2,980	3,279	3,244	3,244	3,347
Demolition	4,334	-	-	-	-
Defense Finance & Accounting Service	1,014	5,676	5,620	5,620	2,374
Critical Infrastructure Protection	1,123	347	343	343	-
Joint Logistics Warfighting Initiative	2,467	-	-	-	-
Counter-terrorism/Force Protection	-	2,850	2,820	2,820	2,834
Joint Electronics Commerce Program Office	-	-	-	2,087	2,125
Joint Total Asset Visibility (JTAV)	-	-	-	7,748	7,576
Government Industry Data Exchange Program	249	225	223	223	205
FECA Surcharge	-	2,089	2,067	2,067	2,130
Department of Justice Litigation	1,500	-	-	-	-
Small Business Administration Support	93	-	-	-	-
Theater Support Study	-	-	1,000	1,000	-
Managerial Support	25	36	36	36	38
Total	136,796	171,738	170,943	180,177	180,451
FY 2003 Supplemental	189,700	-	-	-	-
Total	326,496	171,738	170,943	180,177	180,451

DEFENSE LOGISTICS AGENCY
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Budget Activity #4: Defense-Wide Other Logistics Services

III. Financial Summary (O&M: Dollars in thousands): (continued)

B. Reconciliation Summary:	Change	Change
	FY 2004/ FY 2004	FY 2004/ FY 2005
1. Baseline Funding	171,738	180,177
a. Congressional Adjustments (Distributed)	1,000	-
b. Congressional Adjustments (Undistributed)	-	-
c. Congressional Adjustments (Gen Provisions)	(1,699)	-
d. Congressional Earmark	(96)	-
2. Appropriated Amount	170,943	-
3. Approved Transfers	9,835	-
4. Price Change	-	2,564
5. Program Changes	(601)	(2,290)
6. Current Estimate	180,177	180,451

C. Reconciliation of Increases and Decreases:	<u>(Dollars in Thousands)</u>
	<u>Totals</u>

FY 2004 President's Budget Request	171,738
1. Congressional Adjustments	
a. Distributed Adjustments	
Theater Support Study	1,000
b. Undistributed Adjustments	-
c. Adjustments to Meet Congressional Intent	-
d. General Provisions	
1) Section 8094 - Professional Support Services	(917)
2) Section 8126 - Management Efficiencies	(782)
e. Congressional Earmarks	
Section 8044 - Indian Lands Environmental Impact	(96)
FY 2004 Appropriated Amount	170,943

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Budget Activity #4: Defense-Wide Other Logistics Services

III. Financial Summary (O&M: Dollars in thousands): (continued)

C. Reconciliation of Increases and Decreases:	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
2. Emergency Supplemental	
a. Emergency Supplemental Funding Carryover	-
b. FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)	-
3. Fact-of-Life Changes	
a. Functional Transfers	
1) Transfers In	-
2) Transfers Out	-
b. Technical Adjustments	
1) Increases	
a) Internal realignment of JECPO from Other Logistics Programs (OLP) to Other Logistics Services (OLS).	2,087
b) Internal realignment of JTAV from OLP to OLS.	7,748
2) Decrease	-
c. Emergent Requirements	
1) Program Increases	
a) One-Time Costs	-
b) Program Growth	-
2) Program Reductions	
a) One-Time Costs	-
b) Program Decreases	
Internal funding realignment from Continuing Health in OLS to LESO in OLP.	(601)
Baseline Funding	180,177
4. Reprogramming (Requiring 1415 Actions)	-

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Budget Activity #4: Defense-Wide Other Logistics Services

III. Financial Summary (O&M: Dollars in thousands): (continued)

C. Reconciliation of Increases and Decreases:	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
a. Increases	
b. Decreases	
Revised FY 2004 Estimate	180,177
5. Less: Emergency Supplemental Funding	-
Normalized Current Estimate for FY 2004	180,177
6. Price Change	2,564
7. Functional Transfers	-
a. Transfer In	
b. Transfers Out	
8. Program Increases	
a. Annualization of New FY 2004 Program	-
b. One-Time FY 2005 Costs	-
c. Program Growth in FY 2005	
1) Disability Compensation increase due to estimated charges.	20
2) OPM increase for estimated personnel security investigations.	262
3) Price Comparability increase for military unique costs for Contingency Operations, Generalized Emulation of Microcircuits (GEM), Diminishing Manufacturing Services (DMS) and Forward Positioning.	1,020

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Budget Activity #4: Defense-Wide Other Logistics Services

III. Financial Summary (O&M: Dollars in thousands): (continued)

C. Reconciliation of Increases and Decreases:	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
4) Quality of Life increase due to estimated program operation costs.	253
5) DLA Mapping increase due to estimated costs for program baseline map distribution and system maintenance.	703
6) Blankets increase due to estimated program requirements.	58
7) Logistics Transformation increase due to estimated program requirements for Department transformation initiatives.	122
8) JTAV increase due to fact-of-life.	9
9) PTAP increase based on estimated center awards.	375
10) Unemployment Compensation increase due to estimated downsizing and consolidation of management headquarters and depot contracting actions.	120
11) FECA Surcharge estimate to cover Agency compensation charge from Department of Labor.	34
9. Program Decreases	
a. Annualization of New FY 2004 Program Decreases	-
b. One-Time FY 2004 Costs	-
c. Program Decreases in FY 2005	
1) Continuing Health decrease due to Agency estimated costs based on downsizing and consolidation.	(182)
2) Critical Infrastructure Protection decrease due to program funding realignment within the Department.	(348)
3) DFAS decrease due to an FY 2004 DFAS charge for write-off of depreciation for cancelled systems.	(3,383)

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Budget Activity #4: Defense-Wide Other Logistics Services

III. Financial Summary (O&M: Dollars in thousands): (continued)

C. Reconciliation of Increases and Decreases:	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
4) GIDEP decrease due to revised requirements for Agency program support.	(21)
5) JTAV decrease due to estimated program requirements.	(280)
6) Theater Support Study decrease due to a one-time Congressional add in FY 2004.	(1,014)
7) Contingency Operations decrease due to estimated field requirements.	(13)
8) Counter-terrorism/Force Protection decrease due to estimated system and personnel requirements.	(25)
10. FY 2005 Budget Request	180,451

IV. Performance Criteria and Evaluation Summary:

Other Logistics Services (OLS) includes multiple programs of which DLA is either the executive agent or the budget administrator. Measures used to track performance are customer satisfaction and funding execution. These measures are important to the success of these Department initiatives. Performance criteria for this activity group follow:

The first performance measure is Customer Satisfaction. Customer satisfaction is measured through surveys, comment cards and informal as well as formal customer feedback. In addition, customer satisfaction is measured through Congressional inquiries and appeals as related to the program execution of Congressional adds. Problems identified in this measure will be assessed for corrective action.

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IV. Performance Criteria and Evaluation Summary: (continued)

Execution of funding is an imperative performance measure for this activity group. It is our goal to achieve a 100 percent rating in FYs 2004 and 2005 through improved financial management processes, increased training and more aggressive execution plans. In addition, more accurate budget estimating regarding funding projections for several of these activity group programs, i.e., Unemployment, Continuing Health Benefits, Disability Compensation, is an important factor of execution. We will continue to strive to become more accurate in factoring in Department and Agency initiatives and the impact of these initiatives on these programs. We will continue tracking trends and reviewing aged accounts to ensure previous funding levels were appropriate and adequate. Programs performing at less than projected execution rates will be required to reassess financial plans to ensure that this measure is achieved.

The Joint Electronic Commerce Program Office mission supports, facilitates, and accelerates application of electronic business practices and associated information technologies to improve Department-wide processes and support weapons and combat support systems throughout their life cycles. The goal is to create an electronic mall which allows on-line shopping. All four Services and DLA will participate. This initiative, when fully deployed will reduce paper and streamline supply, contracting and payment processes in the Department. Performance is measured by customer surveys, dollar value of on-line sales and the value of on-line transactions. We anticipate sales of \$750 million in FY 2005. Transactions are expected to reach 5.0 million in FY 2005.

V. Personnel Summary: N/A

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VI. OP 32 Line Items (Dollars in Thousands):

		<u>Change FY 2003/2004</u>			<u>Change FY 2004/2005</u>			
		<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Est</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Est</u>
106	Benefits to Former Employees	311	0	116	427	0	(182)	245
111	Disability Compensation	645	0	86	731	0	20	751
199	Total Civilian Personnel Compensation	956	0	202	1,158	0	(162)	996
417	Locally Procured Fund Managed Supplies & Materials	8	0	3	11	0	1	12
499	Total Fund Supplies & Materials Purchases	8	0	3	11	0	1	12
673	Defense Finance & Accounting Services	1,014	144	4,462	5,620	137	(3,383)	2,374
678	Defense Security Services	716	21	(737)	0	0	0	0
679	Cost Reimbursable Purchases	72,788	946	39,382	113,116	1,584	2,238	116,937
699	Total Purchases	74,518	1,111	43,107	118,736	1,721	(1,145)	119,311
920	Supplies & Material (Non-Fund)	2,980	39	225	3,244	45	58	3,347
933	Studies, Analysis & Evaluations	12,493	162	6,385	19,040	267	(1,532)	17,775
934	Engineering & Technical Services	4,334	56	(4,390)	0	0	0	0
988	Grants	21,055	274	(2,372)	18,957	265	375	19,597
989	Other Contracts	210,142	2,732	(193,850)	19,024	266	116	19,406
998	Other Costs	10	0	(3)	7	0	0	7
999	Total Other Purchases	251,014	3,263	(194,005)	60,272	843	(983)	60,132
9999	Total	326,496	4,374	(150,693)	180,177	2,564	(2,290)	180,451

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed:

Funding for Warstoppers recognizes that preparedness measures must be taken for certain supply items, and that critical industrial capability must be preserved to support the Department's readiness and sustainment requirements. This concept applies to items such as chemical protective suits and gloves, nerve agent antidote auto-injectors, meals-ready-to eat, and tray pack assemblies. In each instance, peacetime demand is inadequate to sustain an industrial base sufficient for readiness and mobilization. The "Warstoppers" qualify for funding, not primarily as the result of reasonable business decisions, but as a matter of national security, and therefore, do not fall within the purview of the Defense Working Capital Fund (DWCF) which emphasizes customer-provider relationships.

The Warstoppers program, mandated by law, is the single Agency program for the preservation of essential production capability. It provides the means to invest in improving industry responsiveness. It also includes the funding of Industrial Preparedness Measures (IPMs) allowing for the "surge" of battle critical material to increase supply availability of spares and troop support items as directed in Defense planning documents. Industrial Base Maintenance Contracts currently preserve critical production capabilities for nerve agent antidotes and chemical protective gloves with a minimal annual investment. Industrial readiness or preparedness investments enable DLA to provide surge capability for critical weapon systems and troop support items as a more cost-effective alternative to War Reserve Materiel (WRM). The budget request for Warstoppers is \$40.599 million in FY 2005.

NERVE AGENT ANTIDOTES (NAA): The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for Nerve Agent Antidote Auto-injectors. Since 1992, the only FDA approved producer has had an Industrial Base Maintenance Contract (IBMC) to ensure the financial viability of the firm and to maintain the

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

manufacturing capability to produce injectors for wartime surge and sustainment. These funds maintain critical process capability and FDA certification of the sole domestic source of NAA autoinjectors. Program is driven by the purchase of long-leadtime subcomponents for the new ATNAA dual chamber autoinjector, contractually negotiated cost to maintain the capabilities of the sole source provider, and to meet the Services estimated go-to-war requirements for NAA. The budget request for this program is \$11.855 million in FY 2005.

CHEMICAL GLOVES: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. The resources support Industrial Base Maintenance Contracts (IBMCs) for the only two sources of butyl gloves. The funding request is the estimate required to maintain the sources of supply for go-to-war surge. The budget request for this program is \$4.402 million in FY 2005.

CHEMICAL SUITS: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to ensure the maintenance and stability of the industrial base for chemical protective suits, boots, and gloves. These funds ensure the availability of adequate industrial capability to meet wartime demand for chemical protective suits. These funds are used to purchase chemical protective suit liner material that is stored as a reserve to meet wartime production demand. Rapid depletion of inventory for contingencies and emerging industrial base constraints have driven the need to reinvest in Chemical Suit components to support Service surge levels. Estimated requirements for FY 2005 necessitate future investment actions. The budget request for this program is \$3.329 million in FY 2005.

TRAY PACK/MRE EQUIPMENT MAINTENANCE: The Senate Armed Services Committee Report (July 1991, page 84) directed the Secretary of Defense to take necessary steps to ensure the maintenance and stability of the industrial base for MREs and Tray Pack rations. The

DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
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Budget Activity #2: Mobilization
Warstoppers

I. Description of Operations Financed (continued):

resources requested for this project will fund the storage and maintenance of unique tray pack and MRE production equipment necessary to meet wartime requirements. This equipment gives the industry the capability to quickly expand production in times of war. The budget request for this program is \$0.1 million in FY 2005.

MANPOWER AND DIRECT SUPPORT: DLA, a Combat Support Agency, is directed by Congress to assess the capability of the industrial base to provide wartime requirements and maintain the ability of the industrial base to produce critical Warstopper items. These funds support readiness initiatives, supporting activities, and personnel implementing DLA's Industrial Base Program (IBP) to include salaries, travel, training, and tools. The budget request for this program is \$3.266 million in FY 2005.

DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM (DPAS) Training: These funds maintain a viable DPAS capability within DLA through continual training and training materials to field personnel that manage and execute the DPAS for Warstoppers. The budget request for this program in FY 2005 is \$.030 million.

NUCLEAR, BIOLOGICAL, AND CHEMICAL (NBC) DEFENSE: These funds are used for mobilization preparedness of critical NBC Defense products required by the Services. DLA must maintain a "warm" military unique industrial capability that meets the Services' replenishment and sustainment requirements. Items covered are military unique biomedical defense vaccines and chemical agent defense pharmaceuticals. The program represents contractor negotiated costs for the Nerve Agent Antidote Autoinjector Shelf Life Extension Program and Readiness Enhancement Program. The budget request for this program is \$2.465 million in FY 2005.

INDUSTRIAL READINESS: This project focuses on funding to (1) support surge capability for critical troop support items and commodities supporting critical weapons systems, and (2) ensure actions preserving critical industrial capability can be implemented.

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I. Description of Operations Financed (continued):

Emphasis is placed on new business practices and increased reliance on the commercial sector to meet these requirements. The Prime Vendor (PV) Surge Assessment/Test Initiative is a major element of this funding category. This initiative provides for more rigorous surge assessments and testing of prime vendors and other long-term contracts and provides funds for investments to meet critical wartime shortfalls. A large percentage of our troop support items are provided via Prime Vendors, and an increasing quantity of hardware and spares are being procured via Prime Vendors. The PV Surge Initiative provides for more comprehensive supplier assessments and the funding of measures to address capability shortfalls. The budget request for this program is \$4.115 million in FY 2005.

MEDICAL READINESS: The Medical Readiness account funds preparedness measures necessary to ensure that DLA can meet the Services' surge requirements for critical pharmaceutical, medical, and surgical items. Measures such as Stock Rotation, Prime Vendor Surge, Corporate Exigency Contracts (CEC) and Vendor Managed Inventory (VMI) are used to address shortfalls. Medical Readiness line supports such items as Ciproflaxacin (an Anthrax treatment) and other urgent and compelling requirements. These funds are used to support CEC, VMI, and Stock Rotation industrial readiness measures aimed at reducing the approximately \$2.3 billion wartime planning shortfall. Warstoppers has offset over \$1 billion of this shortfall thus far at a rate of \$8 offset for every \$1 invested. The program decrease in FY 2005 is due to previous years funding of urgent requirements. The budget request for this program is \$11.037 million in FY 2005.

II. Force Structure: N/A

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III. Financial Summary (O&M: Dollars in Thousands):

A. <u>Subactivities:</u>	FY 2003 Actual	FY 2004			FY 2005 Estimate
		Budget Request	Appropriated	Current Estimate	
Nerve Agent Antidote	11,920	16,076	15,551	10,508	11,855
Chemical Gloves	-	4,312	4,312	4,312	4,402
Chemical Suits	-	3,261	3,261	3,261	3,329
MRE/Tray Pack IPMs	45	-	-	-	-
T-Pack/MRE Maintenance	211	100	100	100	100
Manpower/Direct Support	5,572	3,184	3,184	3,184	3,266
DPAS	0	30	30	30	30
NBC Defense	1,617	2,419	2,419	1,748	2,465
Industrial Readiness	3,629	4,087	4,087	4,087	4,115
Medical Readiness	21,024	16,522	16,522	22,236	11,037
 Total	 44,018	 49,991	 49,466	 49,466	 40,599
 B. <u>Reconciliation Summary:</u>			Change	Change	
			FY 2004/FY 2004	FY 2004/FY 2005	
1. Baseline Funding			49,991	49,466	
a) Congressional Adjustments (Distributed)			-	-	
b) Congressional Adjustments (Undistributed)			-	-	
c) Congressional Adjustments (General Provision)			(494)	-	
d) Congressional Earmark			(31)	-	
2. Appropriated Amount			49,466	-	
3. Approved Transfers			-	-	
4. Price Change			-	693	
5. Program Changes			-	(9,560)	
6. Current Estimate			49,466	40,599	

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<u>C. Reconciliation of Increases and Decreases:</u>	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
FY 2004 President's Budget Request	49,991
1. Congressional Adjustments	
a. Distributed Adjustments	-
b. Undistributed Adjustments	-
c. Adjustments to Meet Congressional Intent	-
d. General Provisions	
1) Section 8094 - Professional Support Services	(267)
2) Section 8126 - Management Efficiencies	(227)
e. Congressional Earmarks	
Section 8044 - Indian Lands Environmental Impact	(31)
FY 2004 Appropriated Amount	49,466
2. Emergency Supplemental	
a. Emergency Supplemental Funding Carryover	-
b. FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)	-
3. Fact-of-Life Changes	-
a. Functional Transfers	-
1) Transfers In	
2) Transfers Out	
b. Technical Adjustments	-
1) Increases	
2) Decreases	
c. Emergent Requirement	
1) Program Increases	-
a) One-Time Costs	
b) Program Growth	

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<u>C. Reconciliation of Increases and Decreases:</u>	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
2) Program Reductions	-
a) One-Time Costs	
b) Program Decreases	
Baseline Funding	49,466
4. Reprogramming (Requiring 1415 Actions)	-
a. Increases	
b. Decreases	
Revised FY 2004 Estimate	49,466
5. Less: Emergency Supplemental Funding	-
Normalized Current Estimate for FY 2004	49,466
6. Price Change	693
7. Functional Transfers	-
a. Transfer In	
b. Transfer Out	
8. Program Increases	
a. Annualization of New FY 2004 Program	-
b. One-Time FY 2005 Costs	-
c. Program Growth in FY 2005	
1) Nerve Agent Antidote increase due to negotiated contract options, Service estimated go-to-war requirements and new injector components.	1,200

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<u>C. Reconciliation of Increases and Decreases:</u>	<u>(Dollars in Thousands)</u>
	<u>Totals</u>
2) Chemical Gloves increase for industrial preparedness investments.	30
3) Chemical Suits increase for industrial preparedness investments.	20
4) Manpower Direct Support increase due to fact-of-life changes.	37
5) NBC Defense increase due to contractor negotiated prices.	693
9. Program Decreases	
a. Annualization of New FY 2004 Program Decreases	-
b. One-Time FY 2004 Costs	-
c. Program Decreases in FY 2005	
1) TPack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.	(1)
2) Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls.	(29)
3) Medical Readiness decrease due to prior year funding of urgent requirements for the expansion of CEC, VMI, and Stock Rotation.	(11,510)
19. FY 2005 Budget Request	40,599

IV. Performance Criteria and Evaluation Summary

The Warstoppers Program funds activities aimed at assessing the capability of the Defense Logistics Agency to meet the Services' and Combatant Commanders' wartime requirements. Additionally, the program funds industrial preparedness measures directed at preserving critical industrial capability and accelerating the production of critical spares and troop support items. Ultimately, the Warstoppers Program provides for improved wartime

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IV. Performance Criteria and Evaluation Summary

readiness for the Agency. The metrics used on the program provide assessments of readiness and related factors such as budgeting and programming actions.

The readiness metric is used to provide a basis to track progress and direct funding and actions to critical areas. Ratings are made for each commodity area such as Medical, Clothing & Textiles, and Subsistence. The metrics take into account considerations such as coverage of war reserve requirements, surge testing, and return on investment. Return on investment has been calculated against the offset of unfunded War Reserve Requirements identified by the Services. Over the past decade, Warstoppers has on average offset \$6 for every \$1 of Warstoppers budget invested in commercial surge capabilities. Comprehensive industrial base assessments, plans to address capability shortfalls, and industrial preparedness measures form the basis for the subjective metrics. Metrics used to gauge the state of the Warstoppers Program are: requirements validation, industry capability validation, requirements offset capability, and resource availability/management and percent of items with surge coverage.

V. Personnel Summary: N/A

VI. OP 32 Line Items (Dollars in Thousands):

	FY 2003 <u>Actual</u>	<u>Change FY 2003/2004</u>		FY 2004 <u>Estimate</u>	<u>Change FY 2004/2005</u>		FY 2005 <u>Estimate</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
989 Other Contracts	44,018	572	4,876	49,466	693	(9,560)	40,599
999 Total	44,018	572	4,876	49,466	693	(9,560)	40,599