

Fiscal Year (FY) 2004/FY 2005 Biennial Budget Estimates Defense Logistics Agency (DLA)



February 2003

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DEFENSE LOGISTICS AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2004/FY 2005 Biennial Budget Estimates
Appropriation Highlights
(Dollars in Thousands)

In FY 2002 the Defense Logistics Agency's (DLA) operation and maintenance (O&M) appropriation consisted of the following activities: Other Logistics Services (OLS), Other Logistics Programs (OLP), and Warstoppers, totaling \$238.8 million and 316 full time equivalents. The OLS includes appropriated costs associated with DLA's logistics mission such as price comparability, hard copy map function, unemployment, quality of life, and disaster relief blankets. The OLP are multiple program offices of which DLA is either the executive agent or the budget administrator. Warstoppers funding is for certain supply items, which do not have a peacetime demand and must be preserved to support DoD readiness and sustainment requirements.

	<u>FY 2002</u> <u>Actuals</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2003</u> <u>Est</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>
Budget Activity 2: Mobilization	43,885	658	(4,525)	40,018	600	9,373	49,991	750	(9,899)	40,082
Budget Activity 4: Admin. & Serv. Act.	196,353	2,935	12,158	211,446	3,874	44,393	259,713	4,961	(1,291)	264,143
Total	240,238	3,593	7,633	251,464	4,474	53,766	309,704	5,711	(11,190)	304,225

FY 2002/FY 2003, Budget Activity 4, includes DERF funding

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Budget Activity 2 reflects total funding for the Warstoppers program. Funding for Warstoppers recognizes that certain supply items must be procured and critical industrial capability must be preserved to support the Department's readiness and sustainment requirements. Peacetime demand is inadequate for sustainment and mobilization. Overall increase in the Warstoppers program in FY 2004 is due largely to Nerve Agent Antidote, Chemical Gloves and Chemical Suits. The increases in these areas support the Services go-to-war estimated requirements and to maintain the sole-source of supply for go-to-war surge.

Budget Activity 4 reflects funding in support of DLA's Programs and Services. 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. This budget activity's increases in FY 2004 are primarily attributable to: Price Comparability to include military unique costs for Contingency Operations, Generalized Emulation of Microcircuits (GEM), Diminishing Manufacturing Services (DMS) and Forward Positioning; accounting services due to a DFAS charge for write-off of depreciation for cancelled systems; the realignment of funding from the customers that use the Defense Property Accountability System (DPAS) to the DPAS program management office at DLA; and the establishment of the Defense Continuity Program Office (DCPO) with the mission of consolidating Continuity of Operations (COOP) activities with the Department of Defense (DoD).

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Summary of Increases and Decreases

	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
1. FY 2003 President's Budget Request	201,171	41,420	242,591
2. Congressional Adjustments (Distributed)			
a. Procurement Technical Assistance Program	3,500		
b. Critical Infrastructure Protection	600		
c. Information Technology Network Consolidation	(10,000)		
Total Congressional Adjustments (Distributed)	(5,900)	0	(5,900)
3. Congressional Adjustments (Undistributed)			
a. FECA Surcharge Reduction	(26)	(6)	
b. Unobligated Balance	(397)		
c. CSRS Withdrawal	(2,823)		
Total Congressional Adjustments (Undistributed)	(3,246)	(6)	(3,252)
4. Congressional Adjustments (General Provisions)			
a. Management Efficiencies (Section 8100)	(2,610)	(534)	
b. Government Purchase Card (Section 8103)	(2,013)	(472)	
c. Reduce Cost Growth of Information Technology	(255)	(53)	
d. Revised Economic Assumptions (Section 8135)	(1,086)	(223)	
Total Congressional Adjustments (General Provisions)	(5,964)	(1,282)	(7,246)
5. Congressional Earmarks Bill Payer			
Indian Land Environmental Impact	(180)	(42)	
Total Congressional Earmarks	(180)	(42)	(222)
6. FY 2003 Appropriated Amount	185,881	40,090	225,971
7. Functional Transfers - In			
Transfer of funding from customers that use the Defense Property Accountability System (DPAS) to the DPAS Program Management Office	3,512		
Total Functional Transfers - In	3,512	0	3,512
8. Other Transfers - In (Non-Functional)			
Government Industry Data Exchange Program (GIDEP) costs	250		
Total Functional Transfers - In (Non-Functional)	250	0	250
9. Functional Transfers - Out			
Total Functional Transfers - Out	0	0	0

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
10. Other Functional Transfers Out			
Total Functional Transfers Out	0	0	0
11. Price Change	0	0	0
12. Program Increases			
a. Reflects an internal realignment to properly reflect distribution of FY 2002 congression.	72	0	72
b. Increase in the Continuity of Operations Program (COOP) due to the establishment of the Defense Continuity Program Office (DCPO).	3,500		
c. Increase in requirements for COOP (includes FY 2002 Supplemental Funding).	20,101		
Total Program Increases	23,673	0	23,673
13. Program Decreases			
a. Reflects an internal realignment to properly reflect distribution of FY 2002 congression.	0	(72)	(72)
b. Unemployment Compensation Program decrease due to estimated costs based on prior year e:	(695)		
c. Disability Compensation decrease due to estimated costs based on prior year expenses.	(346)		
d. Joint Electronics Commerce Program Office (JECPO) Civilian Underexecution.	(829)		
Total Program Decreases	(1,870)	(72)	(72)
14. Revised FY 2003 Current Estimate	211,446	40,018	251,464
15. Price Growth	3,874	600	4,474
16. Functional Transfers - In			
a. Transfer from the Drug Interdiction and Counterdrug Activities, Defense Appropriation to	406		406
b. Transfer from Army to the DLA to establish the Defense Continuity Program Office (DCPO).	1,100		1,100
Total Functional Transfers - In	1,506		1,506
17. Functional Transfers - Out			
a. Transfer the Joint Logistics Warfighting Initiative (JLWI) to the Army.	(7,072)		
b. Transfer of functions from the Joint Electronics Commerce Program Office to the DISA.	(3,000)		
Total Transfers - Out	(10,072)		(10,072)

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
18. Program Increases			
a. Continuing Health increase due to Agency downsizing and consolidation of initiatives.	90		90
b. Disability Compensation increase due to fact of life.	22		22
c. Homeless Blanket increase due to revised estimated requirements.	254		254
d. Logistics Transformation increase due to estimated program requirements for Department transformation initiatives.	566		566
e. Accounting services increase due to DFAS charge for write-off of depreciation for cancel systems.	4,097		4,097
f. Price Comparability increase for military unique costs, i.e. war reserve, wartime surge capabilities, contingency planning, and support.	49,431		49,431
g. Quality of Life increase due to estimated program operation costs.	1,294		1,294
h. Contingency Operations increase due to operation requirements.	213		213
i. FECA Surcharge to cover Agency charges from Department of Labor.	2,089		2,089
j. Counter-terrorism/Force Protection increase for intrusion detection systems and sustainment of additional security personnel.	2,850		2,850
k. Nerve Agent Antidote increase due to negotiated contract options and Service estimated go-to-war requirements.		7,378	7,378
l. Chemical Gloves increase for industrial preparedness investments.		1,376	1,376
m. Chemical Suits increase for industrial preparedness investments.		2,557	2,557
n. Nuclear, Biological, and Chemical Defense increase due to contractor negotiated price.		10	10
o. Manpower/Direct Support increase due to fact-of-life changes.		2	2
p. Fact-of-life increase to support the Classified Program.	76		76
q. Additional Defense Acquisition Career Management (DACM) requirements.	45		45
r. Establishment of the Defense Policy Analysis Office (DPAO).	15,776		15,776
s. Increase in the Joint Electronics Commerce Program Office (JECPO) requirements.	302		302
t. Additional Defense Property Accountability System (DPAS) requirements.	552		552
u. Increase in the Defense Microelectronics Activity (DMEA) requirements.	609		609
v. Additional Business Process Reengineering Center (BPRC) requirements.	112		112
w. Additional Defense Standardization Program Office (DSPO) requirements.	363		363
x. Additional Logistics Enterprise Support Program (LESP) requirements.	413		413
y. Adjustment to the Civilian work force paid days.	374		374
Total Program Increases	79,528	11,323	90,851

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	<u>BA4</u>	<u>BA2</u>	<u>TOTAL</u>
19. Program Decreases			
a. Defense Security Service decrease due to estimated costs for personnel investigations.	(741)		(741)
b. Unemployment Compensation decrease due to Department downsizing and consolidation of management headquarters and depot contracting actions.	(2,750)		(2,750)
c. Procurement Technical Assistance Program decrease due to one-time Congressional add in F	(2,154)		(2,154)
d. DLA Mapping decrease due to refinement of estimated costs for travel and systems contract support.	(624)		(624)
e. Official Representation Funds decrease due to fact-of-life changes.	(1)		(1)
f. Critical Infrastructure Protection decrease due to one-time Congressional add in FY 2003	(591)		(591)
g. Demolition decrease due to completed facility removal projects.	(6,618)		(6,618)
h. Government Industry Data Exchange Program decrease due to revised requirements.	(29)		(29)
i. T-Pack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.		(2)	(2)
j. Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls.		(30)	(30)
k. Medical Readiness decrease due to revised requirements for the expansion of Corporate Exigency Contracts, Vendor Managed Inventory, and Stock Rotation.		(253)	(253)
l. Ozone Depleting Substance decrease reflects intent to complete the purchase of the reserve.		(1,665)	(1,665)
m. Reduced requirements in the Joint Total Asset Visibility (JTAV) Office.	(544)		
n. Decrease for Automatic Identification Technology (AIT).	(400)		
o. Reduced requirements in the Continuity of Operations (COOP).	(12,117)		
Total Program Decreases	(26,569)	(1,950)	(28,519)
20. FY 2004 Budget Request	259,713	49,991	309,704
21. Price Growth	4,911	800	5,711
22. Functional Transfers - In	0	0	0
23. Functional Transfers - Out	0	0	0
24. Program Increases			
Total Program Increases	7,107	75	7,182
25. Program Decreases			
Total Program Decreases	(8,348)	(10,024)	(18,372)
26. FY 2005 Budget Request	263,383	40,842	304,225

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Summary of Price and Program Changes
(Dollars in Thousands)

	FY 2002	Foreign Currency	<u>Price Growth</u>		Program	FY 2003
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	22,753	0	0.03	1,164	(90) 23,827
103	Wage Board	42	0	0.03	1	0 43
104	Foreign National Direct Hire (FNDH)	0	0	0.03	0	0 0
105	Separation Liability (FNDH)	0	0	0.03	0	0 0
106	Benefits to Former Employees	240	0	0.00	0	710 950
107	Voluntary Separation Incentive Pay	25	0	0.00	0	(25) 0
110	Unemployment Compensation	0	0	0.00	0	0 0
111	Disability Compensation	646	0	0.00	0	71 717
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	23,706	0		1,165	666 25,537
<u>TRAVEL</u>						
308	Travel of Persons	636	0	0.01	5	(55) 586
399	TOTAL TRAVEL	636	0		5	(55) 586
<u>SUPPLIES & MATERIALS PURCHASES</u>						
415	DLA Managed Supplies & Materials	1	0	0.04	0	(1) 0
416	GSA Managed Supplies & Materials	17	0	0.01	0	(17) 0
417	Locally Procured DoD centrally managed supplies & materials	9	0	0.01	0	2 11
499	TOTAL SUPPLIES & MATERIALS PURCHASES	27	0		0	(16) 11

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	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>EQUIPMENT PURCHASES</u>							
506	DLA Equipment	16	0	0.04	1	(17)	0
507	GSA Managed Equipment	0	0	0.01	0	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	16	0	0	1	(17)	0
 <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>							
647	DISA Information Systems (Megacenters)	0	0	-0.01	0	0	0
671	Communication Services (DISA) Tier 2	5	0	0.00	0	0	5
673	Defense Finance and Accounting Services	1,314	0	-0.05	(59)	128	1,383
677	Communication Services (DISA) Tier 1	0	0	0.00	0	0	0
678	Defense Security Service	552	0	0.08	44	257	853
679	Cost Reimbursable Purchases	63,920	0	0.01	703	(1,490)	63,133
699	TOTAL PURCHASES	65,791	0		688	(1,105)	65,374
 <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>							
771	Commercial Transportation	10	0	0.01	0	(10)	0
799	TOTAL TRANSPORTATION	10	0		0	(10)	0

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	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>						
901	0	0	0.03	0	0	0
912	0	0	0.02	0	0	0
913	733	0	0.01	8	0	741
914	84	0	0.01	0	100	184
915	240	0	0.01	3	480	723
917	0	0	0.00	0	0	0
920	3,297	0	0.01	35	(82)	3,250
921	24	0	0.01	0	0	24
922	21	0	0.01	0	0	21
923	113	0	0.01	1	0	114
925	3,497	0	0.01	37	(67)	3,467
931	0	0	0.01	0	0	0
932	0	0	0.01	0	0	0
933	14,873	0	0.01	164	153	15,190
934	0	0	0.01	0	6,520	6,520
987	3,027	0	0.01	34	(554)	2,507
988	17,743	0	0.01	195	3,059	20,997
989	106,383	0	0.01	1,257	(1,431)	106,209
991	0	0	0.01	0	0	0
998	17	0	0.01	0	(8)	9
999	150,052	0		1,734	8,170	159,956
9999	240,238	0		3,593	7,633	251,464

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	FY 2003	Foreign Currency	<u>Price Growth</u>		Program	FY 2004	
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>							
101	Executive, General & Special Schedule	23,827	0	0.02	896	4,430	29,153
103	Wage Board	43	0	0.02	1	0	44
104	Foreign National Direct Hire (FNDH)	0	0	0.02	0	0	0
105	Separation Liability (FNDH)	0	0	0.02	0	0	0
106	Benefits to Former Employees	950	0	0.00	0	90	1,040
107	Voluntary Separation Incentive Pay	0	0	0.00	0	0	0
110	Unemployment Compensation	0	0	0.00	0	0	0
111	Disability Compensation	717	0	0.00	0	22	739
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	25,537	0		897	4,542	30,976
<u>TRAVEL</u>							
308	Travel of Persons	586	0	0.02	9	916	1,511
399	TOTAL TRAVEL	586	0		9	916	1,511
<u>SUPPLIES & MATERIALS PURCHASES</u>							
415	DLA Managed Supplies & Materials	0	0	-0.03	0	0	0
416	GSA Managed Supplies & Materials	0	0	0.02	0	30	30
417	Locally Procured DoD centrally managed supplies & materials	11	0	0.02	0	0	11
499	TOTAL SUPPLIES & MATERIAL PURCHASES	11	0		0	30	41

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	FY 2003	Foreign Currency	<u>Price Growth</u>		Program	FY 2004
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>EQUIPMENT PURCHASES</u>						
506	DLA Equipment	0	0	-0.03	0	0
507	GSA Managed Equipment	0	0	0.02	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	0	0	0	0	0
 <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>						
647	DISA Information Systems (Megacenters)	0	0	0.00	0	0
671	Communication Services (DISA) Tier 2	5	0	0.00	0	5
673	Defense Finance and Accounting Services	1,383	0	0.14	196	4,097
677	Communication Services (DISA) Tier 1	0	0	0.00	0	0
678	Defense Security Service	853	0	0.03	26	(691)
679	Cost Reimbursable Purchases	63,133	0	0.02	947	50,100
699	TOTAL PURCHASES	65,374	0	0	1,169	114,180
 <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>						
771	Commercial Transportation	0	0	0.02	0	0
799	TOTAL TRANSPORTATION	0	0	0	0	0

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	FY 2003	Foreign Currency	<u>Price Growth</u>		Program	FY 2004
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>						
901	0	0	0.02	0	0	0
912	0	0	0.02	0	0	0
913	741	0	0.02	11	0	752
914	184	0	0.02	2	0	186
915	723	0	0.02	11	(95)	639
917	0	0	0.00	0	6	6
920	3,250	0	0.02	49	289	3,588
921	24	0	0.02	0	0	24
922	21	0	0.02	0	5	26
923	114	0	0.02	2	0	116
925	3,467	0	0.02	52	250	3,769
931	0	0	0.02	0	1,250	1,250
932	0	0	0.02	0	0	0
933	15,190	0	0.02	228	2,259	17,677
934	6,520	0	0.02	98	(6,118)	500
987	2,507	0	0.02	38	70	2,615
988	20,997	0	0.02	315	(2,154)	19,158
989	106,209	0	0.02	1,593	(990)	106,812
991	0	0	0.02	0	0	0
998	9	0	0.02	0	0	9
999	159,956	0		2,399	(5,228)	157,127
9999	TOTAL OPERATION & MAINTENANCE	0		4,474	53,766	309,704

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	FY 2004	Foreign Currency	<u>Price Growth</u>		Program	FY 2005
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>						
101	Executive, General & Special Schedule	29,153	0	0.03	1,100	(52) 30,201
103	Wage Board	44	0	0.03	1	0 45
104	Foreign National Direct Hire (FNDH)	0	0	0.03	0	0 0
105	Separation Liability (FNDH)	0	0	0.03	0	0 0
106	Benefits to Former Employees	1,040	0	0.00	0	24 1,064
107	Voluntary Separation Incentive Pay	0	0	0.00	0	0 0
110	Unemployment Compensation	0	0	0.00	0	0 0
111	Disability Compensation	739	0	0.00	0	12 751
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	30,976	0		1,101	(16) 32,061
<u>TRAVEL</u>						
308	Travel of Persons	1,511	0	0.02	25	2 1,538
399	TOTAL TRAVEL	1,511	0		25	2 1,538
<u>SUPPLIES & MATERIALS PURCHASES</u>						
415	DLA Managed Supplies & Materials	0	0	0.02	0	0 0
416	GSA Managed Supplies & Materials	30	0	0.02	0	0 30
417	Locally Procured DoD centrally managed supplies & materials	11	0	0.02	0	1 12
499	TOTAL SUPPLIES & MATERIAL PURCHASES	41	0		0	1 42

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	FY 2004	Foreign Currency	<u>Price Growth</u>		Program	FY 2005
	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>EQUIPMENT PURCHASES</u>						
506	DLA Equipment	0	0	0.02	0	0
507	GSA Managed Equipment	0	0	0.02	0	0
599	TOTAL FUND EQUIPMENT PURCHASES	0	0		0	0
 <u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>						
647	DISA Information Systems (Megacenters)	0	0	0.00	0	0
671	Communication Services (DISA) Tier 2	5	0	0.00	0	5
673	Defense Finance and Accounting Services	5,676	0	0.04	244	(4,446)
677	Communication Services (DISA) Tier 1	0	0	0.00	0	0
678	Defense Security Service	188	0	0.00	2	316
679	Cost Reimbursable Purchases	114,180	0	0.02	1,827	(2,020)
699	TOTAL PURCHASES	120,049	0		2,073	(6,150)
 <u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>						
771	Commercial Transportation	0	0	0.02	0	0
799	TOTAL TRANSPORTATION	0	0		0	0

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	FY 2004 <u>Program</u>	Foreign Currency <u>Rate Difference</u>	<u>Price Growth</u>		Program <u>Growth</u>	FY 2005 <u>Program</u>
			<u>Percent</u>	<u>Amount</u>		
<u>OTHER PURCHASES</u>						
901	Foreign National Indirect Hire (FNIH)	0	0	0.03	0	0
912	Rental Payments to GSA Leases (SLUC)	0	0	0.02	0	0
913	Purchased Utilities	752	0	0.02	12	764
914	Purchased Communications	186	0	0.02	2	188
915	Rents (Non-GSA)	639	0	0.02	10	649
917	Postal Services (U.S.P.S.)	6	0	0.00	0	6
920	Supplies & Materials (non centrally managed)	3,588	0	0.02	56	3,677
921	Printing and Reproduction	24	0	0.02	0	24
922	Equipment Maintenance by Contract	26	0	0.02	0	26
923	Facility Maintenance by Contract	116	0	0.02	2	118
925	Equipment Purchases (non centrally managed)	3,769	0	0.02	60	3,829
931	Contract Consultants	1,250	0	0.02	20	1,270
932	Management & Professional Support Services	0	0	0.02	0	0
933	Studies, Analysis, & Evaluations	17,677	0	0.02	283	(47) 17,913
934	Engineering & Technical Services	500	0	0.02	8	508
987	Other Intr-Govt Purchases	2,615	0	0.02	42	2,657
988	Grants	19,158	0	0.02	307	226 19,691
989	Other Contracts	106,812	0	0.02	1,710	(5,239) 103,283
991	Foreign Currency Variance	0	0	0.02	0	0
998	Other Costs	9	0	0.02	0	9
999	TOTAL OTHER PURCHASES	157,127	0		2,512	(5,027) 154,612
9999	TOTAL OPERATION & MAINTENANCE	309,704	0		5,711	(11,190) 304,225

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Warstoppers

I. Description of Operations Financed:

Funding for Warstoppers recognizes that preparedness measures must be taken for certain supply items and 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 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 overall increase in the Warstoppers program in FY 2004 is due largely to Nerve Agent Antidote, Chemical Gloves and Chemical Suits. The increases in these areas support the Services go-to-war estimated requirements and to maintain the sole-sources of supply for go-to-war surge.

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 manufacturing

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Operation and Maintenance, Defense-Wide
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Warstoppers

I. Description of Operations Financed (continued):

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. Growth is driven by 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 \$16.076 million in FY 2004.

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. FY 02 peacetime demand was sufficient so as to preclude the need for a Warstoppers IBMC. Beginning in FY 03 peacetime demand is anticipated to be insufficient to maintain these sources of supply for go-to-war surge until a replacement glove can be fully tested and fielded and the surge capability of the new contractors validated. The program growth in FY 2004 is due to estimated requirements to maintain the sources of supply for go-to-war surge. The budget request for this program is \$4.312 million in FY 2004.

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. Production and service inventory levels in FY 02 were sufficient to meet go-to-war requirements. FY 2003 requirements were for industrial preparedness investments. Estimated requirements in FY 2004 necessitate future investment actions. The budget request for this program is \$3.261 million in FY 2004.

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I. Description of Operations Financed (continued):

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 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 program remains level. The budget request for this program is \$.1 million in FY 2004.

TRAY PACK IPM: 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. These funds ensure that adequate industrial capacity exists to meet the Services' wartime surge requirements for tray pack rations. The current investment was scheduled to end in FY 02 with the introduction of the new Polymeric Trays. There is currently no budget request for this program in FY 2004.

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, tools. The budget request for this program is \$3.184 million in FY 2004. The program remains relatively level.

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I. Description of Operations Financed (continued):

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 is \$.030 million and remains level.

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 \$2.419 million in FY 2004.

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. Emphasis is being 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 program remains relatively level. The budget request for this program is \$4.087 million in FY 2004.

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I. Description of Operations Financed (continued):

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. The program decrease in FY 2004 is due to previous years funding of urgent requirements. The budget request for this program is \$16.522 million in FY 2004.

OZONE DEPLETING SUBSTANCES: This activity funds the purchase of Halon 1301 as part of the Ozone Depleting Substances (ODS) Reserve Program. The Halon provides critical fire suppression capability for numerous weapon systems. There is no budget request for this program in FY 2004. The intent is to complete the purchase of the reserve in FY 2003.

II. Force Structure: N/A

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

A. Subactivities:	FY 2002 Actual	FY 2003		Current Estimate	FY 2004 Estimate	FY 2005 Estimate
		Budget Request	Appropriated			
Nerve Agent Antidote	9,449	8,569	8,569	8,569	16,076	11,855
Chemical Gloves	-	4,223	2,893	2,893	4,312	4,402
Chemical Suits	-	694	694	694	3,261	3,329
MRE/Tray Pack IPMs	31	-	-	-	-	-
T-Pack/MRE Maintenance	221	100	100	100	100	100
Manpower/Direct Support	4,985	3,135	3,135	3,135	3,184	3,266
DPAS	-	30	30	30	30	30
NBC Defense	1,368	2,373	2,373	2,373	2,419	2,465
Industrial Readiness	2,394	4,056	4,056	4,056	4,087	4,115
Medical Readiness	25,437	16,599	16,527	16,527	16,522	11,280
Ozone Depleting Substance	-	1,641	1,641	1,641	-	-
Total	43,885	41,420	40,018	40,018	49,991	40,842

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

B. <u>Reconciliation Summary:</u>	Change FY 2003/ FY 2003	Change FY 2003/ FY 2004	Change FY 2004/ FY 2005
1. Baseline Funding	41,420	40,018	49,991
a) Congressional Adjustments (Distributed)	-	-	-
b) Congressional Adjustments (Undistributed)	(6)	-	-
c) Congressional Adjustments (General Provision)	(1,282)	-	-
d) Congressional Earmarks	(42)	-	-
e) Congressional Earmark Bill Payer	-	-	-
2. Appropriated Amount	40,090	-	-
3. Approved Transfers	-	-	-
4. Price Change	-	600	800
5. Program Changes	(72)	9,373	(9,949)
6. Current Estimate	40,018	49,991	40,842

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C. Reconciliation of Increases and Decreases:

	<u>Amount</u>	<u>Totals</u>
		<u>(Dollars in Thousands)</u>
1. FY 2003 President's Budget Request		41,420
2. Congressional Adjustments (Distributed)		-
3. Congressional Adjustments (Undistributed)		-
a. FECA Surcharge Reduction	(6)	
b. Unobligated Balance	-	
Total Congressional Adjustments (Undistributed)		(6)
4. Congressional Adjustments (General Provisions)		-
a. Management Efficiencies (Section 8100)	(534)	
b. Government Purchase Card (Section 8103)	(472)	
c. Reduce Cost Growth of Information Technology	(53)	
d. Revised Economic Assumptions (Section 8135)	(223)	
Total Congressional Adjustments (General Provisions)		(1,282)
5. Congressional Earmarks		-
a. Indian Lands Environmental Impact	(42)	
b. Earmarks Bill Payer	-	
Total Congressional Earmarks		(42)

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C. Reconciliation of Increases and Decreases (cont'd):

6.	Functional Transfers-In		
	Total Functional Transfers-In		-
7.	Other Transfers-In (Non-Functional)		
	Total Other Transfers-In (Non-Functional)		-
8.	Functional Transfers-Out		
	Total Functional Transfer-Out		-
9.	Other Functional Transfers-Out		
	Other Total Functional Transfer-Out		-
10.	Price Change		-
11.	Program Increase		
	Internal Realignment		
	Total Program Increase		-
12.	Program Decrease		
	Internal Realignment to Other Logistics Services	(72)	
	To properly reflect distribution of FY 2002		
	Congressional action.		
	Total Program Decrease		(72)
13.	FY 2003 Current Estimate		40,018
14.	Price Growth		600
15.	Transfers-In		
	Total Transfers-In		-

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C. Reconciliation of Increases and Decreases (cont'd):

16.	Transfers-Out		
	Total Transfers-Out		
17.	Program Increases		
	a) Nerve Agent Antidote increase due to negotiated contract options and Service estimated go-to-war requirements.	7,378	
	b) Chemical Gloves increase for industrial preparedness investments.	1,376	
	c) Chemical Suits increase for industrial preparedness investments.	2,557	
	d) Manpower Direct Support increase due to fact-of-life changes.	2	
	e) NBC Defense increase due to contractor negotiated increased prices.	10	
	Total Program Increases		11,323
18.	Program Decreases		
	a) TPack/MRE Maintenance decrease due to increased peacetime use of the reserve equipment and a lower quantity of equipment owned.	(2)	
	b) Industrial Readiness decrease due to more comprehensive supplier assessments and measures to address capability shortfalls.	(30)	

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C. Reconciliation of Increases and Decreases (cont'd):

c) Medical Readiness decrease due to prior year funding of urgent requirements for the expansion of CEC, VMI, and Stock Rotation.	(253)	
d) Ozone Depleting Substance decrease reflects intent to complete the purchase of the reserve.	(1,665)	
Total Program Decreases		(1,950)
19. FY 2004 Budget Request		49,991
20. Price Growth		800
21. Transfers-In		
Total Transfers-In		-
22. Transfers-Out		
Total Transfers-Out		-
23. Program Increases		75
24. Program Decreases		(10,024)
25. FY 2005 Budget Request		40,842

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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 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, Subsistence. The metrics take into account considerations such as coverage of war reserve requirements, surge testing, and return on investment. 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.

V. Personnel Summary: N/A

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

		<u>Change FY 2002/2003</u>			<u>Change FY 2003/2004</u>			<u>Change FY 2004/2005</u>			
		<u>FY 2002</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2005</u>
		<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>
989	Other Contracts	43,885	483	(4,350)	40,018	600	9,373	49,991	800	(9,949)	40,842
999	Total	43,885	483	(4,350)	40,018	600	9,373	49,991	800	(9,949)	40,842

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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 \$87.9 million and 348 full-time equivalents (FTEs). In FY 2005 OLP includes \$94.7 million and 350 full-time equivalents (FTEs). The following programs are included in the Activity Group:

DLA Information Operations

- Joint Electronic Commerce Program Office (JECPO)
- Joint Total Asset Visibility (JTAV)
- Logistics Enterprise Support Program (LESP)
- Automatic Identification Technology (AIT)
- Defense Property Accountability System (DPAS)
- Defense Microelectronics Activity (DMEA)
- Business Process Reengineering Center (BPRC)
- 8Defense Standardization Program Office (DSPO)
- Defense Acquisition Career Management (DACM)
- Continuity of Operations Program (COOP)
- Law Enforcement Support Office (LESO)
- DoD Classified Program
- Defense Policy Analysis Office (DPAO)

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

DLA INFORMATION OPERATIONS: 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.

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I. Description of Operations Financed (continued):

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 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. In FY 2004 the budget request is \$2.1 million and 5 FTEs. The FY 2005 budget request is \$2.1 million and 5 FTEs.

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 2004 budget request includes \$7.8 million to sustain the JTAV efforts and 6 FTEs. The FY 2005 budget request includes \$7.6 million and 6 FTEs.

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 tasking within the Future Logistics Enterprise (FLE) Governance Model; development activities leading to a Logistics Enterprise Architecture (LEA); and logistics business process reengineering. Specifically, the following will be supported: Program

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I. Description of Operations Financed (continued):

Implementation Group; Change Management Group; Portfolio Management; Logistics Data Strategy; Logistics Enterprise Operational and Systems Architecture Views, and Community 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. In FY 2004 the budget request includes \$6.0 million and 8 FTEs. The FY 2005 request includes \$6.2 million and 8 FTEs.

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 enhances Joint Total Asset Visibility while simultaneously providing a Common Operating Picture to CINC's 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. In FY 2004 the budget request is \$2.7 million and 2 FTEs. The FY 2005 budget request is \$2.7 million and 2 FTEs.

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 increase in FY 2004 is due the transfer of funding from the customers that use the DPAS to the DPAS program management office at DLA. This initiative will achieve savings in the billings for the DPAS information technology support. The FY 2004 budget request includes \$10.7 million and 8 FTEs. The FY 2005 budget request includes \$10.9 million and 8 FTEs.

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I. Description of Operations Financed (continued):

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 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 repeatedly 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

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Budget Activity #4: Defense-Wide Other Logistics Programs

I. Description of Operations Financed (continued):

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 2004 budget request is \$15.2 million, 124 direct-funded FTEs and 77 reimbursable FTEs. The FY 2005 budget request is \$15.4 million, 124 direct-funded FTEs and 77 reimbursable FTEs.

BUSINESS PROCESS REENGINEERING CENTER (BPRC): BPRC is chartered to support the Under Secretary of Defense Acquisition, Technology and Logistics (OUSDA(AT&L)). Business Process Re-engineering (BPR) is a management analysis discipline to redesign processes, organizations, and the culture of DoD activities, that 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 2004 budget request for this program is \$1.9 million and 17 FTEs. The FY 2005 budget request is \$1.9 million and 17 FTEs.

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I. Description of Operations Financed (continued):

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 total ownership costs, and sustain readiness. The FY 2004 budget request for this program is \$5.3 million and 11 FTEs. The FY 2005 the budget request is \$5.5 million and 11 FTEs.

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 2004 budget request is \$.832 million and 2 FTEs. The FY 2005 budget request is \$.844 million and 2 FTEs.

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 2004 budget request is \$17.8 million and 48 FTEs. The FY 2005 budget request is \$23.8 million and 50 FTEs.

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I. Description of Operations Financed (continued):

LAW ENFORCEMENT SUPPORT OFFICE (LESO): LESO administers Section 1033 of the National Defense Authorization Act for fiscal year 1997 for the Director, Defense Logistics Agency (DLA) through the transfer of excess Department of Defense (DoD) personal property to Federal and State agencies, suitable for use by agencies in law enforcement activities, including counter-drug and counter terrorism activities. Starting in FY 2004, funding for LESO will be transferred from the Drug Interdiction and Counterdrug Activities, Defense appropriation to DLA. This program was budgeted at the Department level and DLA was reimbursed during execution. The FY 2004 budget request for this program is \$0.401 million and 5 FTEs. The FY 2005 the budget request is \$0.406 million and 5 FTEs.

DoD CLASSIFIED PROGRAM: The Classified Program was transferred to DLA in FY 2001. The FY 2004 budget request includes \$1.4 million and 14 FTEs. The FY 2005 budget request is \$1.4 million and 14 FTEs.

DEFENSE POLICY ANALYSIS OFFICE (DPAO): This program was transferred to DLA in FY 03. The mission of DPAO is to review, analyze, and assess DLA support and serve policies, plans, concepts, procedures, and operations to provide the most efficient, cost-effective, and responsive support to Department of Defense (DoD) components and other Federal departments and agencies. Address the development of DoD support policies, plans, concepts, procedures, and operations as requested by supported organizations. Assess, in coordination with DoD components, DLA support required by the respective plans and programs and promulgate related policies, concepts, plans and procedures. Conduct studies and research, direct vulnerability assessments in support of DoD programs, perform damage assessments, determine proper resource allocations, and participate in various study groups organized to develop guidance related to mission assurance support. Analyze component resource requirements to meet reliability, availability,

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I. Description of Operations Financed (continued):

maintainability, security, operability, survivability, endurance, and safety standards; identify and develop DLA funding requirements, resources, and procedures to meet those factors. Design and model engineering modifications to satisfy component's specific requirements; and assess and monitor the availability, integrity, and performance of applicable systems to meet DoD mission assurance objectives. The FY 2004 budget request for this program is \$15.8 million and 21 FTEs. The FY 2005 the budget request is \$16.0 million and 21 FTEs.

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 2002 <u>Actuals</u>	FY 2003		Current <u>Estimate</u>	FY 2004 <u>Estimate</u>	FY 2005 <u>Estimate</u>
		Budget <u>Request</u>	<u>Appropriated</u>			
1. DLA Info Operations	22,675	24,703	22,218	21,389	18,674	18,544
a. JTAV	8,488	9,016	8,206	8,206	7,831	7,854
b. LESP	5,853	6,068	5,492	5,492	6,031	6,155
c. JECPO	5,313	6,328	5,512	4,683	2,109	2,128
d. AIT	3,019	3,291	3,008	3,008	2,703	2,677
2. DPAS	12,340	7,064	6,439	9,951	10,702	10,914
3. DMEA	13,721	17,033	13,935	13,935	15,235	15,402
4. BPRC	2,065	2,076	1,695	1,695	1,874	1,888
5. DSPO	4,673	5,448	4,859	4,859	5,349	5,454
6. DACM	787	854	756	756	832	844
7. COOP	3,386	5,208	4,698	11,698	17,750	23,807
8. DPAO	-	-	-	-	15,776	15,996
9. LESO	510	-	-	-	401	406
10. DoD Classified Program	1,216	1,462	1,254	1,254	1,382	1,415
Total	61,371	63,848	55,854	65,537	87,975	94,670
FY 2002 Supplemental	1,399	16,601		16,601	-	-
Total	62,770	63,848	55,854	82,138	87,975	94,670

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

B. Reconciliation Summary:	Change	Change	Change
	FY 2003/ FY 2003	FY 2003/ FY 2004	FY 2004/ FY 2005
1. Baseline Funding	63,848	65,537	87,975
a) Congressional Adjustments (Distributed)	(2,901)	-	-
b) Congressional Adjustments (Undistributed)	(3,070)	-	-
c) Congressional Adjustments (Gen Provision)	(1,961)	-	-
d) Congressional Earmark	(62)	-	-
2. Appropriated Amount	55,854	-	-
3. Price Change	-	1,770	2,038
4. Approved Transfers	-	(1,494)	-
5. Program Changes	26,284	5,561	4,657
6. Current Estimate	82,138	87,975	94,670

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C. Reconciliation of Increases and Decreases:

	<u>Dollars in Thousands)</u>	
	<u>Amount</u>	<u>Totals</u>
1. FY 2003 President's Budget		63,848
2. Congressional Adjustments (Distributed)		
a. IT Network Consolidation	(2,901)	
Total Congressional Adjustments (Distributed)		(2,901)
3. Congressional Adjustments (Undistributed)		
a. FECA Surcharge Reduction	(8)	
b. Unobligated Balance	(239)	
c. CSRS Withdrawal	(2,823)	
Total Congressional Adjustments (Undistributed)		(3,070)
4. Congressional Adjustments (General Provisions)		
a. Section 8100 - Management Efficiency	(818)	
b. Section 8103 - Government Purchase Card	(720)	
c. Section 8109 - Reduce Cost Growth of Information Technology	(81)	
d. Section 8135 - Revised Economic Assumptions	(342)	
Total Congress Adjustments (General Provisions)		(1,961)
5. Congressional Earmarks		
Section 8044 - Indian Lands Environmental Impact	(62)	
Total Congressional Earmarks		(62)
6. FY 2003 Appropriated Amount		55,854

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C. Reconciliation of Increases and Decreases (cont'd):

	<u>Dollars in Thousands</u>	
	<u>Amount</u>	<u>Totals</u>
7. Functional Transfers-In		
Transfer of funding from customers that use the Defense Property Accountability System (DPAS) to the DPAS Program Management Office.	3,512	
Total Functional Transfers-In		3,512
8. Other Transfers-In (Non-Functional)		
Total Other Transfers-In (Non-Functional)		-
9. Functional Transfers-Out		
Total Functional Transfer-Out		-
10. Other Functional Transfers-Out		
Other Total Functional Transfer-Out		-
11. Price Change		-
12. Program Increase		
a. Increase in the Continuity of Operations Program (COOP) due to the establishment of the Defense Continuity Program Office (DCPO).	3,500	
b. Increase in requirements for COOP (includes FY 2002 Supplemental funding).	20,101	
Total Program Increase		23,601

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C. Reconciliation of Increases and Decreases (cont'd):

	<u>Dollars in Thousands</u>	
	<u>Amount</u>	<u>Totals</u>
13. Program Decrease		
Joint Electronics Commerce Program Office (JECPO) civilian personnel underexecution.	(829)	
Total Program Decrease		(829)
14. Revised FY 2003 Current Estimate		82,138
15. Price Growth		1,770
16. Transfers-In		
a. Transfer from the Drug Interdiction and Counterdrug Activities, Defense Appropriation to the DLA.	406	
b. Transfer from the Army to the Defense Continuity Program Office (DCPO).	1,100	
Total Transfers-In		1,506
17. Transfers-Out		
Transfer of functions from JECPO to the DISA.	(3,000)	
Total Transfers-Out		(3,000)
18. Program Increase		
a. Fact-of-Life increase to support the Classified Program.	76	
b. Additional Defense Acquisition Career Management (DACM) requirements.	45	
c. Establishment of the Defense Policy Analysis Office (DPAO).	15,776	

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C. Reconciliation of Increases and Decreases (cont'd):

		<u>Dollars in Thousands</u>	
		<u>Amount</u>	<u>Totals</u>
18.	Program Increase (cont'd)		
	d. Increase in the Joint Electronics Commerce Program Office (JECPO) requirements.	302	
	e. Additional Defense Property Accountability System (DPAS) requirements.	552	
	f. Increase in the Defense Microelectronics Activity (DMEA) requirements.	609	
	g. Additional Business Process Reengineering Center (BPRC) requirements.	112	
	h. Additional Defense Standardization Program Office (DSPO) requirements.	363	
	i. Additional Logistics Enterprise Support Program (LESP) requirements.	413	
	j. Adjustment to the civilian work force paid days.	374	
	Total Program Increase		18,622
19.	Program Decreases		
	a. Reduced requirements in the Joint Total Asset Visibility (JTAV) Office.	(544)	
	b. Fact-of-life decrease for Automatic Identification Technology (AIT).	(400)	
	c. Reduced requirements in the Continuity of Operations (COOP).	(12,117)	
	Total Program Decreases		(13,061)
20.	FY 2004 Budget Request		87,975
21.	Price Growth		2,038

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C. Reconciliation of Increases and Decreases (cont'd):

		<u>Dollars in Thousands</u>	
		<u>Amount</u>	<u>Totals</u>
22.	Transfers-In		
	Total Transfers-In		-
23.	Transfers-Out		
	Total Transfers-Out		-
24.	Program Increases	5,744	
	Total Program Increases		5,744
25.	Program Decreases	(1,087)	
	Total Program Decreases		(1,087)
26.	FY 2005 Budget Request		94,670

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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 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. In FY 2001 \$306.8 million dollars in sales were realized and 1.7 million transactions were recorded. We expect sales to increase to \$600 million in FY 2004 and \$750 million in FY 2005. Transactions are expected to reach 4.0 million in FY 2004 and 5.0 million in FY 2005.

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

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IV. Performance Criteria and Evaluation Summary (Continuation):

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 2000, FY 2001, and FY 2002, we achieved customer satisfaction ratings over 92%, 94%, and 96%, respectively. We plan to maintain this rating through 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. In FY 2001, DMEA obligated over 99 percent of the funding allocated to this activity. It is our goal 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.

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IV. Performance Criteria and Evaluation Summary (Continuation):

The BPRC mission is to propose redesign of processes, organizations and culture to streamline functions and reduce inefficiencies across the Department and 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 2004 and 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 Defense Standardization Program Office (DSPO) mission 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 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.

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IV. Performance Criteria and Evaluation Summary (Continuation):

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate
BPRC Architecture Development	20%	30%	40%	40%
BRPR Reduction in Unneeded Equipment Purchases	90%	92%	94%	94%
DPAS Software Completion Rate	85%	95%	100%	100%

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V. Personnel Summary:	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Change <u>FY 2003/ FY 2004</u>	Change <u>FY 2004/ FY 2005</u>
<u>Active Mil End Strength (Total)</u>	20	20	21	21	1	-
Officer	2	2	3	3	1	-
Enlisted	18	18	18	18	-	-
 <u>Civilian End Strength (Total)</u>	 311	 312	 348	 350	 36	 2
U.S. Direct Hire	311	312	348	350	36	2
Foreign National Direct Hire	-	-	-	-	-	-
Total Direct Hire	311	312	348	350	36	2
Foreign National Indirect Hire	-	-	-	-	-	-
(Reimbursable Civilians Included Above - Memo)	84	77	77	77	-	-
 <u>Active Mil FTEs (Total)</u>	 20	 20	 21	 21	 1	 -
Officer	2	2	3	3	1	-
Enlisted	18	18	18	18	-	-
 <u>Civilian FTEs (Total)</u>	 316	 312	 348	 350	 36	 2
U.S. Direct Hire	316	312	348	350	36	2
Foreign National Direct Hire	-	-	-	-	-	-
Total Direct Hire	316	312	348	350	36	2
Foreign National Indirect Hire	-	-	-	-	-	-
(Reimbursable Civilians Included Above - Memo)	88	77	77	77	-	-

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

	<u>Change FY 2002/2003</u>				<u>Change FY 2003/2004</u>			<u>Change FY 2004/2005</u>		
	<u>FY 2002</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2003</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2004</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>
101 Executive, General & Special Schedule	22,194	1,142	491	23,827	896	4,430	29,153	1,100	(52)	30,201
103 Wage Board	42	1	-	43	1	-	44	1	-	45
107 VSIP	25	-	(25)	-	-	-	-	-	-	-
111 Disability Comp	1	-	-	1	-	-	1	-	-	1
199 Total Civilian Personnel Compensation	22,262	1,143	466	23,871	897	4,430	29,198	1,101	(52)	30,247
308 Travel Of Persons	559	4	23	586	9	916	1,511	25	2	1,538
399 Total Travel	559	4	23	586	9	916	1,511	25	2	1,538
416 GSA Managed Supplies And Materials	-	-	-	-	-	30	30	-	-	30
499 Total Fund Supplies & Materials Purchases	-	-	-	-	-	30	30	-	-	30
506 DLA Equipment	16	1	(17)	-	-	-	-	-	-	-
599 Total Revolving Fund Equipment Purchases	16	1	(17)	-	-	-	-	-	-	-
671 Comm Services DISA	5	-	-	5	-	-	5	-	-	5
678 Defense Security Svc	-	-	-	-	-	50	50	-	-	50
699 Total Purchases	5	-	-	5	-	50	55	-	-	55

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

	<u>Change FY 2002/2003</u>			<u>Change FY 2003/2004</u>			<u>Change FY 2004/2005</u>				
	<u>FY 2002</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2003</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2004</u>	<u>Price</u>	<u>Prog</u>	<u>FY 2005</u>	
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	
913	Purchased Utilities	733	8	-	741	11	-	752	12	-	764
914	Purchased Communications	84	-	100	184	2	-	186	2	-	188
915	Rents (non-GSA)	240	3	480	723	11	(95)	639	10	-	649
917	Postal Services	-	-	-	-	-	6	6	-	-	6
920	Supplies & Materials (non-Fund)	256	2	12	270	4	35	309	4	1	314
921	Printing & Reproduction	24	-	-	24	-	-	24	-	-	24
922	Equipment Maintenance by Contract	21	-	-	21	-	5	26	-	-	26
923	Facility Maintenance by Contract	113	1	-	114	2	-	116	2	-	118
925	Equipment Purchases	3,497	37	(67)	3,467	52	250	3,769	60	-	3,829
931	Contract Consultants	-	-	-	-	-	1,250	1,250	20	-	1,270
933	Studies, Anal, & Eval	-	-	-	-	-	9,385	9,385	150	(79)	9,456
934	Contract Engineering & Technical Services	-	-	-	-	-	500	500	8	-	508
987	Other Intra-Govt Purchases	3,027	34	(554)	2,507	38	70	2,615	42	-	2,657
989	Other Contracts	31,931	350	17,313	49,623	744	(12,765)	37,602	602	4,785	42,989
998	Other Costs	2	-	-	2	-	-	2	-	-	2
999	Total Other Purchases	39,928	435	17,313	57,676	864	(1,359)	57,181	912	4,707	62,800
9999	Total	62,770	1,583	17,785	82,138	1,770	4,067	87,975	2,038	4,657	94,670

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I. Description of Operations Financed:

The Defense Logistics Agency (DLA) Other Logistics Services (OLS) includes \$171.738 million in FY 2004 with no full time equivalents. The following programs are included in OLS:

- Unemployment Compensation
- Price Comparability
- Quality of Life
- Continuing Health
- Counter-Drug Activities
- Contingency Operations
- Disability Compensation
- Procurement Technical Assistance Program (PTAP)
- Inventory Management, Catalog Production & Distribution of Hard Copy Map Function
- Defense Security Service (DSS)
- Logistics Transformation
- Critical Infrastructure Protection (CIP)
- Defense Finance and Accounting Service (DFAS)
- Disaster Relief Blankets
- Demolition
- Joint Logistics Warfighting Initiative
- Government Industry Data Exchange Program (GIDEP)
- Counter-terrorism/Force Protection
- FECA Surcharge
- Managerial Support

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I. Description of Operations Financed (continued):

A description of the programs included in this activity group follows:

Unemployment Compensation: Reflects funding of unemployment costs for all Defense Agencies. DLA estimates include resources for consolidated Defense-wide payments. Decreases in funding in this area could negatively impact the ability to pay estimated Defense Agency unemployment costs. In addition to the FY 2002 unemployment obligation there were Base Realignment and Closure (BRAC) funds for unemployment compensation for BRAC Defense Agency civilians. The budget request for this program in FY 2004 is \$9.728 million. The decrease is based on estimated unemployment compensation due to Department downsizing and consolidation, i.e. management headquarters reductions, reductions-in-force due to A-76 Program.

Price Comparability: 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, through the reduction of DLA's materiel surcharge (Cost Recovery Rate), and provides 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 2004 funds additional military unique costs 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

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I. Description of Operations Financed (continued):

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 \$76.948 million in FY 2004.

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 \$12.71 million in FY 2004.

Continuing Health: Funding to cover Agency expenses for continuing health coverage for reduction-in-force and BRAC affected employees. The budget request for this program is \$1.04 million in FY 2004 for Agency estimated health coverage costs.

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.

Contingency Operations: Funding to cover Agency costs incurred in support of Bosnia and Kosovo contingency operations. The budget request for this program is \$4.551 million in FY 2004.

Disability Compensation: Residual funding is required to cover disability compensation for the closed Clothing Factory (DSCP). The decrease is due to estimated compensation costs based on prior year. The budget request for this program is \$.738 million in FY 2004.

Procurement Technical Assistance Program (PTAP): The Procurement Technical Assistance Cooperative Agreement Program (PTACAP) was established by Congress in the FY 1985 DoD

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I. Description of Operations Financed (continued):

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. The DoD Authorization and Appropriations Acts make funds available to fund a program to assist state and local governments and nonprofit entities, Indian tribal organizations, and Indian economic enterprises with establishing or maintaining PTACAP activities. Activities include helping business firms market their goods and/or services to DoD, other Federal agencies and state and local governments. The budget request for this program is \$19.158 million in FY 2004. The program decrease in FY 2004 is due to a one-time Congressional add in FY 2003.

Inventory Management, Catalog Production & Distribution of Hard Copy Map Function: In May 1996, the JCS Combat Support Agency Review Team recommended map management be transferred from the NIMA to DLA. Approximately 70,000 map items transferred to DLA. DLA serves as the DoD Integrated Materiel Management and Distributor of those items. The budget request for this program is \$24.504 million in FY 2004.

Defense Security Service (DSS) Fee-For-Service: DSS became an activity group of the Defense-Wide Working Capital Fund in FY 1999 and operates on a reimbursable basis. Funds will cover DSS support to DLA for Personnel Security Investigations, National Industrial Security Investigations, and DoD Security and Education Training Programs. The budget request for this program is \$.138 million in FY 2004.

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

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I. Description of Operations Financed (continued):

budget request for this program is \$7.721 million in FY 2004. The program increase is due to fact of life and continued Department logistics transformation initiatives.

Homeless Blankets: The Steward B. McKinnley Homeless Assistance Act of 1987 created the requirement for 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 \$3.279 million in FY 2004.

Demolition: During FY 2003, the O&M demolition account will be used for the removal of primary facilities at DLA permitted installations (Sharpe, CA, Tracy, CA, Columbus, OH, Richmond, VA, and New Cumberland, PA) that are excess (unused/underutilized) to the needs of the installation, and are uneconomical to repair and maintain. This includes over 900,000 square feet of aged (WWI and WWII) storage and administrative buildings that are 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 2004.

Defense Finance and Accounting Service (DFAS): Funding request 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 \$5.676 million for FY 2004 is based on estimated workload. The increase is due to DFAS charge for write-off of depreciation for cancelled systems.

Critical Infrastructure Protection (CIP): 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

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I. Description of Operations Financed (continued):

Directive 63, Critical Infrastructure Protection, requires a public-private partnership to provide protection; establishes a national organizational structure to affect 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." The DoD Plan identifies the Defense Logistics Agency as the lead component for the Logistics Sector DoD-wide. In this role, 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. 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. Funding requested for CIP is \$.347 million in FY 2004.

Joint Logistics Warfighting Initiative (JLWI): JLWI is a project to improve the logistics system supporting deployed warfighters. The JLWI is 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 is 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 is transferred to the Army beginning in FY 2004. There is no DLA budget request for this program in FY 2004.

Counter-terrorism/Force Protection: Funding is for intrusion detection systems and sustainment of additional security personnel. Funding request is \$2.85 million in FY 2004.

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I. Description of Operations Financed (continued):

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 \$.225 million in FY 2004.

Federal Employees' Compensation Act (FECA) Surcharge: Funding is to cover the Agency civilian pay accounts for the FECA surcharge that the Department of Labor will charge each Agency beginning in FY 2004. The budget request for this surcharge is \$2.089 million in FY 2004.

Managerial Support: Funding for 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.

The budget request for this program is \$.036 million in FY 2004.

II. Force Structure: N/A

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

A. Subactivities:	FY 2002 Estimate	FY 2003		Current Estimate	FY 2004 Estimate	FY 2005 Estimate
		Budget Request	Appropriated			
Unemployment Compensation	8,134	15,114	12,917	12,294	9,728	9,887
Price Comparability	25,335	29,994	27,110	27,110	76,948	75,490
Quality of Life	11,993	12,378	11,247	11,247	12,710	13,067
Continuing Health	240	1,032	950	950	1,040	1,064
Defense Finance & Accounting Service	1,314	1,411	1,383	1,383	5,676	1,474
Counter Drug Activities	280	-	-	-	-	-
Disability Compensation	645	1,083	1,062	716	738	750
Procurement Technical Assistance	17,743	18,997	20,997	20,997	19,158	19,691
Demolition	-	6,908	6,520	6,520	-	-
Inventory Mgmt, Catalog Production & Distribution of Hard Copy Maps	26,296	26,880	24,757	24,757	24,504	25,410
Defense Security Service	552	870	853	853	138	456
Homeless Blankets	3,029	3,235	2,980	2,980	3,279	3,363
Logistics Transformation	7,457	7,654	7,049	7,049	7,721	7,907
Critical Infrastructure Protection	352	352	924	924	347	346
Joint Logistics Warfighting Initiative	7,064	7,017	6,967	6,967	-	-
Managerial Support	40	37	37	37	36	38
Contingency Operations	3,808	4,361	4,274	4,274	4,551	4,575
Government Industry Data Exchange Program (GIDEP)	-	-	-	250	225	206
Counter-terrorism/Force Protection	-	-	-	-	2,850	2,848
FECA Surcharge	-	-	-	-	2,089	2,141
Total	114,511	137,323	130,027	129,308	171,738	168,713

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B. Reconciliation Summary:

	Change	Change	Change
	FY 2003/ FY 2003	FY 2003/ FY 2004	FY 2004/ FY 2005
1. Baseline Funding	137,323	129,308	171,738
a) Congressional Adjustments (Distributed)	(2,999)		
b) Congressional Adjustments (Undistributed)	(176)		
c) Congressional Adjustments (General Provision)	(4,003)		
d) Congressional Earmarks	(118)		
e) Congressional Earmark Bill Payer	-		
2. Appropriated Amount	130,027		
3. Approved Transfers	250	(7,072)	
4. Price Change	-	2,104	2,873
5. Program Changes	(969)	47,398	(5,898)
6. Current Estimate	129,308	171,738	168,713

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C. Reconciliation of Increases and Decreases:

	<u>(Dollars in Thousands)</u>	
	<u>Amount</u>	<u>Totals</u>
1. FY 2003 President's Budget Request		137,323
2. Congressional Adjustments (Distributed)		
a. Procurement Technical Assistance Program	3,500	
b. Critical Infrastructure Protection	600	
c. Information Technology Network Consolidation	(7,099)	
Total Congressional Adjustments (Distributed)		(2,999)
3. Congressional Adjustments (Undistributed)		
a. FECA Surcharge Reduction	(18)	
b. Unobligated Balance	(158)	
Total Congressional Adjustments (Undistributed)		(176)
4. Congressional Adjustments (General Provisions)		
a. Management Efficiencies (Section 8100)	(1,792)	
b. Government Purchase Card (Section 8103)	(1,293)	
c. Reduce Cost Growth of Information Technology	(174)	
d. Revised Economic Assumptions (Section 8135)	(744)	
Total Congressional Adjustments (General Provisions)		(4,003)
5. Congressional Earmarks		-
a. Indian Land Environmental Impact	(118)	
b. Earmarks Bill Payer		
Total Congressional Earmarks		(118)

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C. Reconciliation of Increases and Decreases:

6. FY 2003 Appropriated Amount		130,027
7. Functional Transfers-In		
Total Functional Transfers-In		
8. Other Transfers-In (Non-Functional)		
Government Industry Data Exchange Program (GIDEP)	250	
Total Other Transfers-In (Non-Functional)		250
9. Functional Transfers-Out		
Total Functional Transfer-Out		
10. Other Functional Transfers-Out	-	
Other Total Functional Transfer-Out		-
11. Price Change		-
12. Program Increase		
Reflects an internal realignment from Warstoppers to properly reflect distribution of FY 2002 congressional action.	72	
Total Program Increase		72
13. Program Decrease		
a. Unemployment Compensation Program decrease due to estimated costs based on prior year expenses.	(695)	
b. Disability Compensation decrease due to estimated costs based on prior year expenses.	(346)	
Total Program Decrease		(1,041)
14. Revised FY 2003 Current Estimate		129,308

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C. Reconciliation of Increases and Decreases:

15.	Price Growth		2,104
16.	Transfers-In	-	
	Total Transfers-In		-
17.	Transfers-Out		
	Transfer of the Joint Logistics Warfighting Initiative (JLWI) to the Army.	(7,072)	
	Total Transfers-Out		(7,072)
18.	Program Increases		
	a) Continuing Health increase due to Agency estimated costs based on downsizing and consolidation.	90	
	b) Disability Compensation increase due to fact-of-life changes.	22	
	c) Homeless Blanket increase based on revised estimated requirements.	254	
	d) Logistics Transformation increase due to estimated program requirements for Department transformation initiatives.	566	
	e) DFAS payment increase due to DFAS charge for the write-off of depreciation for cancelled systems.	4,097	
	f) Price Comparability increase for military unique costs for Contingency Operations, Generalized Emulation of Microcircuits (GEM), Diminishing Manufacturing Services (DMS) and Forward Positioning.	49,431	
	g) Quality of Life increase due to estimated program operation costs.	1,294	

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C. Reconciliation of Increases and Decreases:

h) Contingency Operations increase due to operation requirements.	213	
i) FECA Surcharge to cover Agency charge from Department of Labor.	2,089	
j) Counter-terrorism/Force Protection increase for intrusion detection systems and sustainment of additional security personnel.	2,850	
Total Program Increases		60,906

19. Program Decreases

a) Defense Security Service decrease due to estimated costs for personnel investigations.	(741)	
b) Unemployment Compensation decrease due to estimated downsizing and consolidation of management headquarters and depot contracting actions.	(2,750)	
c) Procurement Technical Assistant Program decrease due to a one-time congressional add in FY 2003.	(2,154)	
c) DLA Mapping decrease due to estimated costs for travel and systems contract support.	(624)	
e) Official Representation Funds decrease due to fact-of-life changes.	(1)	
f) Critical Infrastructure Protection decrease due to a one-time congressional add in FY 2003.	(591)	
g) Demolition decrease due to completed facility removal projects.	(6,618)	
h) GIDEP decrease due to revised requirements.	(29)	
Total Program Decreases		(13,508)

20. FY 2004 Budget Request

171,738

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C. Reconciliation of Increases and Decreases:

21.	Price Growth	2,873
22.	Transfers-In Total Transfers-In	
23.	Transfers-Out Total Transfers-Out	
24.	Program Increases Total Program Increases	1,363
25.	Program Decreases Total Program Decreases	(7,261)
26.	FY 2005 Budget Request	168,713

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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.

Execution of funding is an imperative performance measure for this activity group. It is our goal to achieve a 99 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.

V. Personnel Summary: N/A

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Budget Activity #4: Defense-Wide Other Logistics Services

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

	FY 2002 Est	Change FY 2002/2003		FY 2003 Est	Change FY 2003/2004		FY 2004 Est	Change FY 2004/2005		FY 2005 Est
		Price Growth	Prog Growth		Price Growth	Program Growth		Price Growth	Prog Growth	
106 Benefits to Former Employees	240	-	710	950	-	90	1,040	-	24	1064
111 Disability Compensation	645	-	71	716	-	22	738	-	12	750
199 Total Civilian Personnel Compensation	885	-	781	1,666	-	112	1,778	-	36	1,814
417 Locally Procured Fund Managed Supplies & Materials	9	-	2	11	-	-	11	-	1	12
499 Total Fund Supplies & Materials Purchases	9	-	2	11	-	-	11	-	1	12
673 Defense Finance & Accounting Services	1,314	(59)	128	1,383	196	4,097	5,676	244	(4,446)	1,474
678 Defense Security Services	552	44	257	853	26	(741)	138	2	316	456
679 Cost Reimbursable Purchases	63,920	703	(1,490)	63,133	947	50,100	114,180	1,827	(2,020)	113,987
699 Total Purchases	65,786	688	(1,105)	65,369	1,169	53,456	119,994	2,073	(6,150)	115,917
920 Supplies & Material (Non-Fund)	3,029	33	(82)	2,980	45	254	3,279	52	32	3,363
933 Studies, Analysis & Evaluations	14,873	164	153	15,190	228	(7,126)	8,292	133	32	8,457
934 Engineering & Technical Services	-	-	6520	6520	98	(6,618)	-	-	-	-
988 Grants	17,743	195	3,059	20,997	315	(2,154)	19,158	307	226	19,691
989 Other Contracts	12,171	134	4,263	16,568	249	2,402	19,219	308	(75)	19,452
998 Other Costs	15	-	(8)	7	-	-	7	-	-	7
999 Total Other Purchases	47,831	526	13,905	62,262	935	(13,242)	49,955	800	215	50,970
9999 Total	114,511	1,214	13,583	129,308	2,104	40,326	171,738	2,873	(5,898)	168,713

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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. The DLA operates the Installation Restoration Program (IRP) to achieve this mission.

The 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 (Dollars in thousands):

		FY 2003				
A. <u>Subactivity Group:</u>	<u>FY 2002</u> <u>Actuals</u>	<u>Budget</u> <u>Request</u>	<u>Appropriation</u>	<u>Current</u> <u>Estimate</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
Total	19,072				-	-
				<u>Change</u>	<u>Change</u>	<u>Change</u>
				<u>FY 2002/</u>	<u>FY 2003/</u>	<u>FY 2004/</u>
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
B. <u>Reconciliation Summary:</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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Budget Activity 4: Administrative & Service-Wide Activities
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 2003 and FY 2004 is 5 and 3 sites, respectively. The projected estimate for medium risk site cleanup at the end of FY 2003 and FY 2004 is 12 and 7 sites, respectively. The projected estimate for low risk site cleanup at the end of FY 2003 and FY 2004 is 15 and 12 sites, respectively.

MOM#R2 - Phase Progress is categorized into three activities: Investigation, Cleanup and Response Complete. Projected site investigations for the end of FY 2003 and FY 2004 is 9 and 2 sites, respectively. At the end of FY 2003 the cleanup phase is projected to be underway at 52 sites and the end of FY 2004 51 sites. Sites with response complete for FY 2003 is 314 and the end of FY 2004 is 324 sites.

V. Personnel Summary:

N/A

VI. Outyear Summary:

N/A

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 Environmental Restoration

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

		<u>Change FY 2002/2003</u>			<u>Change FY 2003/2004</u>			
		FY	Price	Prog	FY	Price	Prog	
		2002	Growth	Growth	2003	Growth	Growth	
		<u>Est</u>			<u>Est.</u>			
							FY	
							2004	
							<u>Est</u>	
101	Executive, General & Special Schedule	559	22	(581)				
	TOTAL CIVILAIN PERSONNEL COMPENSATION	559	22	(581)				
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	18,396	290	(18,686)				
	TOTAL OTHER PURCHASES	18,408	290	(18,698)				
	TOTAL	19,072	313	(19,385)				