

**DEPARTMENT OF DEFENSE
DEFENSE-WIDE WORKING CAPITAL FUND**

**INFORMATION SERVICES ACTIVITY GROUP
DEFENSE INFORMATION SYSTEMS AGENCY
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES**

FUNCTIONAL DESCRIPTIONS

The Defense Information Systems Agency (DISA) Defense-wide Working Capital Fund (DWCF) Information Services Activity Group includes three business areas. The two accounting sub accounts are comprised of 1. Computing Services (CS) and 2. Telecommunication Services and Enterprise Acquisition Services (TSEAS). This budget provides a summary of the Information Services Activity Group, as well as details of program objectives and resource requirements by business area. CS and TSEAS operations can be divided into three cost centers:

- Computing Services
- Telecommunication Services
- Enterprise Acquisition Services

Computing Services

As an integral component of the Global Information Grid (GIG), DISA provides militarily essential computing capabilities critical to the global combat support operations of the Department of Defense (DOD). Defense Computing Services include mainframe, server, and other information services that provide secure processing of classified and unclassified information, global interoperability from the sustaining base to deployed forces, positive end-to-end control, surge capability, and operational sensitivity to rapidly changing priorities. Consistent with Joint Vision (JV) 2020, DoD considers information processing and information technology (IT) to be strategic to achieving information superiority to attain full spectrum dominance. The JV 2020 states, "Information, information processing, and communications networks are at the core of every military activity... The evolution of information technology will increasingly permit us to integrate the traditional forms of information operations with sophisticated all-source intelligence, surveillance, and reconnaissance in a fully synchronized information campaign. The GIG will provide the network-centric environment required to achieve this goal. The grid will be the globally interconnected, end-to-end set of information capabilities, associated processes, and people to manage and provide information on demand to warfighters, policy makers, and support personnel. It will enhance combat power and contribute to the success of noncombat military operations as well." To ensure information superiority, these capabilities must be under the military ownership and control that allows them to operate "...at a tempo that allows the force to shape the situation or react to changes and accomplish its mission..." and to protect against the information operations of an opponent.

The core enterprise computing infrastructure of the GIG resides in the Defense Enterprise Computing Centers (DECCs) and their Detachments. The facilities have been designed and managed to provide a secure, available, protected, disciplined and interoperable environment for

both classified and unclassified processing under military control. The infrastructure incorporates dual, high capacity DISN connectivity and organic defense in depth, resulting in a more secure and robust computing environment upon which to build. As an integral component of the GIG, DISA's combat support computing provides global reachback, end-to-end control, defensive information operations, and operational sensitivity. The Defense computing infrastructure processes command and control and combat support requirements for warfighters deployed around the world. These requirements include command and control, transportation, finance, personnel, munitions, spare parts, medical supplies, and maintenance resources – all critical to military operations. Some of the critical requirements supported by the thousands of applications running in DISA facilities include the following:

- Providing command and control of warfighting forces
- Ensuring weapon systems availability through management and control of maintenance and supply
- Managing and facilitating mobility of the warfighter through management and maintenance of the airlifter and tanker fleets
- Providing warfighter sustainment through resupply and reorder
- Providing the warfighter with information on the location, movement, status and identity of units, personnel, equipment, and supplies
- Managing the medical environment and patient care
- Supporting DoD business and eBusiness processes.

Defense Enterprise Computing Centers include Columbus, OH, Mechanicsburg, PA, Ogden, UT, Oklahoma City, OK, St. Louis, MO, and OCONUS sites in Hawaii and Europe. Detachments include Chambersburg, PA, Dayton, OH, Denver, CO, Huntsville, AL, Jacksonville, FL, Montgomery, AL, Rock Island, IL, San Antonio, TX, San Diego, CA, Warner Robins GA, Puget Sound, WA, Norfolk, VA, Indianapolis, IN, and one OCONUS Information Technology Center (ITC) ITC Far East.

The Computing Services budget includes four major transformation initiatives: consolidation of mainframe processing, selective consolidation of server processing, consolidation of systems management functions into systems management centers, and management restructuring. Implementation of these initiatives will be an evolving/dynamic process, adapting to the changing environment, and giving top priority to the needs of the warfighter, being self-financed through both current operating funds and the accumulated operating result. DISA will centralize headquarters functions such as business and resource management, acquisition, systems engineering, program management, and human resources. By streamlining the Computing Services enterprise, expected rate reductions will occur as evident in the FY 2004 and FY 2005 rates.

Beginning in FY 2005, the transformed Computing Services will operate five lines of business: OS/390, Unisys, Server, Classified Processing, and Combatant Command Support. Each will be managed on a break-even basis, thereby eliminating cross-subsidization and facilitating operational efficiencies of the processing environments. The newly identified classified processing line of business will be restricted to systems operating in a Sensitive Compartmented Information Facility (SCIF).

DISA's Transformation effort is, in effect, proactive "right-sizing" of the entire Computing Services enterprise. As such, actions will be taken during Transformation that move workload, realign functions, and significantly impact staffing across the enterprise and on a site-by-site basis, and short-term operating results on a site-by-site basis. Individual detachments will no longer have responsibility for or control over all elements of cost and revenue. Therefore, right-sizing at the detachment level to maintain self-sustainability will no longer be possible. When losses are incurred, they will be corrected at the Enterprise level rather than through the currently practiced detachment right-sizing process. With the establishment of standardized pricing in FY 2006, DISA will manage the break-even position of each line of business through adjustment of Budget Year prices, taking any necessary management action to achieve operating efficiencies on an ongoing basis. The following highlights the impact of Transformation effort on individual activities and operations and the associated costs.

Consolidation of mainframe processing. DISA currently operates five mainframe processing sites (Columbus, OH; Mechanicsburg, PA; Ogden, UT; Oklahoma City, OK; and St. Louis, MO). All five support OS/390 processing and two support Unisys processing, with San Antonio designated as a legacy site for Unisys. Mainframe workload will be consolidated into three OS/390 and two Unisys sites in conjunction with implementation of data mirroring and replication. The target sites will be carefully selected using fair, quantifiable, objective criteria consistent with previous usage. Mainframe consolidation is estimated to require \$ 19.7 million for capital in FY 2003. Additionally, there are estimated one-time implementation costs of \$6.0 million in FY 2003, and \$ 17.6 million in FY 2004.

As part of mainframe consolidation, DISA will establish an assured computing capability for the OS/390 operating environment, similar to that currently found in the UNISYS operating environment. There are five pillars of assured computing: facilities availability, equipment availability, communications availability, software availability, and data availability. Availability of the data is the most important pillar. DISA will implement data replication for the OS/390 mainframe environment in conjunction with the mainframe consolidations described previously. DISA is currently working with the vendor community to determine the best-value replication solution for the OS/390 environment. Assured computing will use a capacity-on-demand acquisition strategy for data replication beginning in FY 2003. The annual recurring cost for assured computing is estimated at \$27.0 million, of which \$15.0 million is for data replication. The remaining \$12.0 million is required for facility upgrades and communication availability, which will support all processing environments. This initiative is predicated on the connection of each processing site to the GIG bandwidth expansion, an on-going DISA telecommunications infrastructure improvement initiative.

Consolidation of server processing. DISA is evaluating alternatives to selectively consolidate some server processing into fewer sites. Initially, we will consolidate DFAS servers in FY 2003 and 2004, an action requested by the Director of DFAS. Server consolidation is estimated to require \$4.0million for capital in FY 2003. Additionally, there is a small amount of one-time implementation costs, which will be expended in FY 2003.

Consolidation of systems management. DISA will consolidate all systems management functions for mainframe and server computing into a minimal set of locations by the end of FY 2005, with primary and backup support for each operating environment. This will enable a significant reduction in staffing at most sites, as the applications run at sites that do not perform systems management functions will be managed remotely.

Management Restructuring. The organization and staffing of DISA Computing Services' headquarters and overhead functions will be restructured to reflect the impact of the physical and logical consolidation of operations functions. The current DECC and Detachment structure will be eliminated. Business management, resource management, engineering, acquisitions, logistics, workforce management, administration, and other overhead functions will be integrated and consolidated into a single virtual management organization located primarily at existing headquarters locations. During the same period, DISA CSD will discontinue supporting workloads that are non-core to its combat support-processing mission. Management restructuring and other/legacy/non-core changes are expected to impact every Computing Services activity.

Telecommunication Services and Enterprise Acquisition Services

The primary mission of TSEAS is to purchase telecommunications and related information technology products from the worldwide commercial sector to meet the needs of DoD Components and authorized non-defense customers. TSEAS enables DISA to build and sustain a critical component of the Global Information Grid (GIG), which provides the warfighter access to valid, secure, and operationally relevant information in a timely manner to ensure success of military operations. TSEAS operations can be divided into three functional components:

- Defense Information Systems Network (DISN) Services
- Reimbursable Telecommunication Services
- Enterprise Acquisition Services

Telecommunications Services provide a single source for high quality, reliable, survivable, and secure telecommunications services for defense command and control. TS is also an ideal source for procurement of best-value and commercially competitive information technology, as well as voice, data, and video services. The lowest possible customer price is attained through bulk quantity purchases, economies of scale, and reengineering current communication services.

DISN Rate Based Services

DISA's core program is the Defense Information Systems Network (DISN). The DISN strategy is to consolidate the Military Departments' and Defense Agencies' telecommunications networks

into one common-user network with interoperable equipment. DISN is a subset of the Defense Information Infrastructure (DII). DISN services are grouped into five lines of business:

1. Voice Services
2. Data Services
3. Video Services
4. Transmission Services
5. Tier One
6. Reimbursable Services

Each of the six lines of business consists of unique DISA telecommunications service offerings programs that share a common objective. The programs within each service offering are listed in Table 1:

Table 1:
Components of the Defense Information Systems Network

Rate Based Offering	Supporting Programs/Networks
Voice Services	<ul style="list-style-type: none"> • Defense Switched Network (DSN) • Hawaii Information Transfer System (HITS)
Data Services	<ul style="list-style-type: none"> • Internet Protocol Routers (IPR)
Video Services	<ul style="list-style-type: none"> • Defense Video Teleconferencing Network (VTC)
Transmission Services	<ul style="list-style-type: none"> • Dedicated Transmission Network (MUX) • Caribbean Transmission Network (TRANS-B) • Pacific Transmission Network (TRANS-P) • European Transmission Network (TRANS-E) • Continental US Transmission Network (TRANS-C) • Southwest Asia Transmission Network (TRANS-S) • Asynchronous Transfer Mode (ATM)
Tier One	<ul style="list-style-type: none"> • Tier One
Reimbursables	Supporting Programs/Networks
Reimbursable Services	<ul style="list-style-type: none"> • Defense Red Switch Network (DRSN) • Enhanced Mobile Satellite Services (EMSS) • Joint Worldwide Intelligence Communications System (JWICS) • Commercial Satellite Service Office (CSSO) • Gigabit Switched Routers (GSR) • Defense Messaging System (DMS) • FTS Satellite Services

DISA provides long-haul connections between the CINC/Service/Agency bases and to deployed forces. DISN provides dynamic routing of voice, text, imagery (both still and full motion), and bandwidth services on a fee-for-service basis. DISA provides government and contract engineering, modeling, simulation and assessment, and system control resources to support the

operational DISN networks including: IPR, DSN, DRSN, and the Commercial Satellite Service Office (CSSO).

Reimbursable Telecommunications Contracts

In addition to the DISN, the TS budget provides a wide variety of cost-reimbursable telecommunications contracts for the Department of Defense community and other approved organizations. These contracts are treated as a “pass-through” expense to the Fund and mainly support Europe, Alaska, and Pacific for local unsecured telephone service.

Enterprise Acquisition Services

Enterprise Acquisition Services encompasses a variety of support services to meet DOD information technology contract requirements. DEIS II, INFOSEC, and Computer Technology are some of the larger contract vehicles serviced for enterprise integration services and security related procurements. The mission of Enterprise Acquisition Services also includes acquisition planning, procurement, and contract administration; accounting and vendor payment; customer billing and tariff issues. The most significant DOD customer is DISA, including Computing Services.

MAJOR CHANGES BETWEEN FISCAL YEARS

Computing Services

FY 2003 President’s Budget Submission to FY 2003 Current Estimate

FY 2003 Computing Services operating costs are \$606.5 million, or \$14.3 million less than the FY 2003 President’s Budget submission. The reduction is mostly due to the deletion of direct funding and cost to fund the full accrual of cost associated with the Civil Service Retirement System (CSRS) and Federal Employee Health Benefits (FEHB) program. The budget also includes several program level changes since the President’s Budget submission due to DISA’s initiatives as part of DOD’s Transformation process. Those initiatives are highlighted in DISA’s Transformation Roadmap.

Cost estimates and associated savings included in this budget submission are based upon initiation of transformation actions beginning in January 2003. Delay or disapproval of the transformation plan will require restoration of end-strength and FTEs, additional labor and non-labor costs, and revision to the stabilized rates included in this submission.

Additionally, during FY 2003, Computing Services will establish a processing site in the European theater. Current plans estimate staffing of 3 government personnel with an initial operating budget of \$3.0 million.

DISA’s current capital estimate of \$139.0 million is an increase of \$84.0 million from the original FY 2003 estimate. This increase includes \$20.8 million forwarded from FY 2002 for such programs as Medical Health Affairs, Air Force Integrated Maintenance Data System,

facility support, and software for server processing. Additionally, the current estimate includes \$60.0 million of new requirements for Transformation, Assured Computing and new customer server requirements.

FY 2003 Current Estimate to FY 2004 Estimate

Computing Services workload for both mainframe processing and non rate-based services continue to change reflecting a continuing increase in customer demand for information technology services. This budget submission assumes FY 2004 OS/390 CPU hours to increase by 1.8 percent or 64,000 hours while Unisys SUPS decrease by 32 percent or 1,061,000 SUPS, from the FY 2003 levels. At the same time, OS/390 mainframe rates decrease by 16 percent from FY 2003 and the Unisys SUPS rates remain largely static.

Since FY 2000, there has been a consistent shift in the Computing Services workload and cost structure. Specifically, Computing Services has seen cost and revenue shift from mainframe processing to the server environment. To illustrate this transition, the cost of server processing from FY 2000 to FY 2004 has increased from \$78.0 million to \$178.0 million, whereas mainframe processing has decreased from \$331.0 million in FY 2000 to \$237.0 million in FY 2004. Along with this significant reduction in mainframe processing costs, mainframe workload has increased by 15.0 percent or 476,000 CPU hours over the same period. DISA continues to work towards implementation of a rate structure for server processing in FY 2006 .

Telecommunication Services and Enterprise Acquisition Services

FY 2003 President's Budget Submission to FY 2003 Current Estimate

The TSEAS budget contains FY 2003 costs of \$2,497.9 million, or \$184.9 million more than the FY 2003 President's Budget Submission. This increase is mainly due to increases for Internet connectivity and backbone capacity, as well as the mandatory utilization of the NIPRNet by the DoD community. Likewise, SIPRNet connections are expected to increase at a pace of about 15.0 percent over the next few years. This coupled with revised customer requirements for NMCI, using Gigabit Switched Router (GSR) service, will increase overall network operations and transmission costs. Budgeted cost for Internet Protocol Router (IPR) and GSR services are \$158.5 million greater than FY 2003 President's Budget Submission levels. Transmission costs are \$36.9 million higher. As a result of actual FY 2002 experience and sustainable workload trends Commercial Satellite Services (CSSO) and Joint World Wide Intelligence Communication Services (JWICS) are also budgeted for significant operational growth in FY 2003. In addition, DISA is now budgeting for on-going Contingency Operations in Bosnia and Kosovo totaling \$38.2 million in FY 2003 and beyond. The execution budget may also reflect additional costs for the Global War On Terrorism (GWOT). DISA will seek funded customer orders for any workload increases in support of GWOT. In Contrast, the FY 2003 President's Budget overstated requirements among Enterprise Acquisition Services contracts and FTS-2000 services; reimbursable IT contract cost estimates were also reduced by \$74.1 million and \$20.3 million, respectively, for these services.

FY 2003 Current Estimate to FY 2004 Estimate

In FY 2004, the impact of continued customer growth for NIPRNet, SIPRNet, and associated transmission services will result in a net increase of \$79.7 million over FY 2003 levels. Cost increases are also evident in voice communications, principally the Defense Switches Network. The DISA DWCF no longer includes operating cost for Enhance Mobile Satellite Services (EMSS or Iridium), resulting in a \$49.1 million reduction from FY 2003 levels. Beginning in FY 2004, EMSS is funded as a reimbursable operation through the DISA Operations and Maintenance account.

OPERATING BUDGET

Each DISA DWCF business area achieves a zero Accumulated Operating Results (AOR) by the end of FY 2004. The Computing Services operating budget includes the financial impact of a one-time investment for Transformation. Table 2 provides a summary of our estimate for FY 2003 operating results and estimates for FY 2004 and FY 2005:

Table 2: Operating Budget Summary

Computing Services	\$ in Millions		
	FY 2003	FY 2004	FY 2005
Revenue	590.2	594.8	592.2
Costs	606.5	616.9	592.2
Net Operating Result (NOR)	-16.3	-22.1	0.0
Accumulated Operating Result (AOR)	22.1	0.0	0.0

Telecommunication Services and Enterprise Acquisition Services	\$ in Millions		
	FY 2003	FY 2004	FY 2005
Revenue	2,556.4	2,564.8	2,653.2
Costs	2,497.9	2,577.6	2,653.2
Net Operating Result (NOR)	58.4	-12.8	0.0
Accumulated Operating Result (AOR)	12.8	0.0	0.0

CAPITAL INVESTMENT BUDGET

Capital investment program requirements are generally predicated on the replacement of major telecommunications and ADPE equipment when current equipment is no longer maintainable, or when replacement parts are not available. DISA strives to provide customers with quality service through the latest technology, and the capital program supports the insertion of new technology through major equipment purchases, which provides service enhancements and future cost reductions.

The FY 2004 Computing Services capital budget program includes estimates for: facilities/infrastructure replacements; optimization and replacement of mainframe and server systems; software standard operating environment; integrated storage solutions for computing processing; communication devices; and transformation initiatives.

The FY 2004 TSEAS capital budget reflects a greater management emphasis on this funding mechanism as a means of procuring information technology equipment and systems to DISA's warfighting support mission. This includes a budget request totaling \$116.6 million in FY 2003 which is \$61.4 million greater than the FY 2003 President's Budget level. Numerous projects have also been substituted, deleted, and added to achieve operational efficiency. Multiyear procurements are planned for CONUS Multi Function Switches, HITS Multi Function Switches, Router Deployment, Internet Protocol Core Network Expansion, and other equipment requirements.

In addition to DWCF capital investment initiatives, TSEAS customers are also expected to benefit from appropriated investment in the GIG-BE. This initiative fully supports the Department's network-centric warfare transformation objectives and achieves multiple benefits for GIG users. It corrects longstanding sub-optimization and shortages in the acquisition and slowed network response times. It leverages DOD's increasing investments in real-time surveillance capabilities. It underpins the ability of deployed forces "to plan and execute faster than the enemy and seize technical opportunities" by providing sufficient bandwidth for unanticipated requirements. It provides for network survivability by eliminating single point of failure.

Table 3 summarizes the capital program.

Table 3: Capital Budget Summary

\$ in Millions	FY 2003	FY 2004	FY 2005
Computing Services	139.3	72.7	64.0
TSEAS	116.6	87.2	64.6
Total Capital Program	255.9	159.9	128.6

CUSTOMER RATES, RATE DESIGN, AND UNIT COST

Computing Services

Computing Services rates reflect DISA's Transformation initiative which will result in the consolidation of mainframe processing, server processing, systems management, and management restructuring. The Computing Services budget has two basic methods of cost recovery, rate based and direct reimbursement. Each methodology is designed to capture the total cost of operations, including direct and overhead costs. This table provides the proposed computing customer rates:

Table 4: Computing Services Customer Rates

Work Load Units	(Dollars per Unit)		
	FY 2003	FY 2004	FY 2005
Unisys			
SUPS	13.8542	13.8535	13.8525

Work Load Units	(Dollars per Unit)		
	FY 2003	FY 2004	FY 2005
DASD MB Days	0.0252	0.0248	0.0246
Tape Storage (MB/Days)	0.0010	0.0013	0.0012
OS/390	FY 2003	FY 2004	FY 2005
CPU Hours (OS/390)	28.9265	24.1681	22.9127
I/O Transfers (OS/390)	0.0291	0.0270	0.0269
DASD MB Days (OS/390)	0.0073	0.0073	0.0061
Tape Mounts Cartridge (OS/390)	0.2973	0.3010	0.3595
Cartridge MB Days (OS/390)	0.0007	0.0007	0.0007
DASD Assured Computing	0.0000	0.0000	0.0029

Telecommunication Services

Pricing Structure: The DISA pricing structure for Telecommunications Services is designed to incentivize customers and recognize their use as military value added capabilities within the context of providing utility-like services for common good and promote security, interoperability and efficient practices across DOD. This includes a two-tiered pricing approach to Telecommunications Services.

Tier-One pricing recover the costs of the core infrastructure required to produce military readiness attributes of the DISN. For FY04 and FY05, Tier-One costs are centrally funded in the DISA Operations and Maintenance account.

Tier-Two pricing recovers the cost of usage associated with the delivery of information services to the customer. Prices are developed for the DISN Services from an analysis of tier-two network cost drivers and customer service requirements by theater. This includes identifying unique system costs and dividing those total costs including depreciation and communications operations/network management proportionately by unit (e.g., ports, connections, data packets, minutes of use, precedence, capability, etc) to determine a price per unit. This price per unit, along with the assessment of an overhead fee, is charged for the services requested by the customer.

Enterprise Acquisition Services

Enterprise Acquisition Services is a fee-for-service charge of 2 percent on each contract cost.

PERFORMANCE INDICATORS

DISA drafted its FY 2004 Performance Plan to demonstrate alignment with the management goals of the President's Management Agenda, the Quadrennial Defense Review's performance goals for risk management (balanced scorecard approach), and the Government Performance and Results Act. These alignments will be further enhanced as we implement DoD Management Initiatives. The result will be an improved performance management system that emphasizes delivering advanced capabilities to the warfighter and better accountability for assigned missions.

Computing Services

The Computing Services budget includes performance measures, which support system availability and responsiveness, and value to the customer:

1. Provide mainframe information processing services while incurring no more than specified unit costs.
2. All peak workload requirements will be met while maintaining an average utilization of installed OS 390 capacity of at least 70 percent.
3. Users will experience MVS and Unisys platform availability of at least 98 percent.
4. Complete a survey of Computing/Information Processing Service customers annually. Identify major concerns and issues. Not later than October 31, following the completion of the fiscal year, report to the Defense Management Council (DMC) an action plan that addresses all major issue areas with customers.

Rate-based OS/390 processing is 32% of the total DISA Computing Services DWCF budget. The FY 2004 Goal is \$24.17/per CPU hour for OS/390 processing.

Telecommunication Services and Enterprise Acquisition Services

The TSEAS budget includes Performance Measures associated with the FY 2003 Performance Contract. This includes providing telecommunications services while incurring no more than the following unit costs. Table 5 summarizes these measures for Telecommunications.

DSN is the voice subsystem of the aggregate of networks referred to as the DISN. The DSN provides rapid, reliable, survivable, non-secure/secure, and economical C2 telecommunications worldwide during all conditions of peace and war. The FY 2004 Goal is \$.108/minute for C2 Voices services (world-wide average).

The fee for Enterprise Acquisition Services will be competitive with the fee charged for similar services by other DoD and Federal Government contracting organizations throughout FY 2004.

Table 5: Performance Indicators

Theater Average Annual Unit Cost (TYS)	FY 2003	FY 2004	FY 2005
Voice (\$/min)			
CONUS	0.0286	0.0286	0.0255
Caribbean	0.0446	0.0446	0.3970
PAC	0.1059	0.1059	0.0942
Europe	0.1657	0.1465	0.1304
SW Asia	0.1726	0.1726	0.1536
Data (\$/kb)			
CONUS	10.0800	10.0800	8.8200
Caribbean	10.0800	10.0800	8.8200
PAC	22.4700	22.4700	19.6500
Europe	21.1800	21.1800	18.5300
SW Asia	26.5900	26.5900	23.2600

Theater Average Annual Unit Cost (TY\$)	FY 2003	FY 2004	FY 2005
Video (\$/min)			
CONUS	1.5170	1.5170	1.5170
Caribbean	1.5170	1.5170	1.5170
PAC	2.6100	2.6100	2.6100
Europe	2.4800	2.4800	2.4800
SW Asia	2.4800	2.4800	2.4800
Transmission (\$/kb)			
CONUS	21.7140	18.9210	16.2940
Caribbean	21.7140	18.9210	16.2940
PAC	21.7140	18.9210	16.2940
Europe	21.7140	18.9210	16.2940
SW Asia	21.7140	18.9210	16.2940

Performance measures are also based on providing support minimum DISN workload levels. Table 6 summarizes this workload.

Table 6: Workload Estimates

DoD Common User Telecommunications Workload	FY 2003	FY 2004	FY 2005
Voice (G/minutes)	1.233	1.328	1.394
Data (G/bytes)	9.044	12.318	14.890
Video (M/minutes)	9.666	10.303	10.818
Transmission (K/bytes)	9.553	11.331	13.598

CIVILIAN PERSONNEL

Computing Services

From FY 2003 and continuing through FY 2005, through the implementation of transformation initiatives, DISA is estimating Computing Services staffing level reductions of approximately 716 or 30 percent. This includes mainframe staffing reductions of over 50 percent. Additional efficiencies and staffing reductions are expected in the mid-tier server and overhead areas. Computing Services operations will retain the flexibility to adjust staffing upward or downward to fully support funded customer requirements. Labor cost estimates shown below include Voluntary Separation Incentive Pay, Voluntary Early Retirement Pay, Terminal leave and Severance Pay totaling \$0.9 million in FY 2003, \$6.0 million in FY 2004, and \$17.2 million in FY 2005.

Telecommunication Services and Enterprise Acquisition Services

The Telecommunication Services/Enterprise Acquisition Services civilian personnel budget remains largely static over the budget years. This trend notwithstanding, DISA continues to evaluate staffing requirements across the TSEAS business area.

Table 7 provides an overview of civilian personnel levels and costs for the DISA agency.

Table 7: Civilian Personnel

Computing Services	FY 2003	FY 2004	FY 2005
Civilian End Strength *	2,403	2,183	1,687
Civilian FTE *	2,421	2,244	1,822
Civilian Personnel Cost (\$ Millions)	\$196.0	\$202.0	\$168.5

* Includes Foreign Nationals

Telecommunication Services and Enterprise Acquisition Services	FY 2003	FY 2004	FY 2005
Civilian End Strength	533	533	533
Civilian FTE	533	533	533
Civilian Personnel Cost (\$ Millions)	\$39.4	\$40.4	\$41.6

MILITARY PERSONNEL

The overall number of reimbursable Military Personnel (MILPERS) assigned to TSEAS and Computing Services remain relatively flat through the budget years. The small increase for TSEAS in FY 2004 reflects expanded mission requirements at CONUS RNOSC located at the DISN Service Center, Scott Air Force Base. Table 8 provides a synopsis of DISA DWCF MILPERS levels and costs.

Table 8: Military Personnel

Computing Services	FY 2003	FY 2004	FY 2005
Military End Strength	14	14	14
Military Workyears	14	14	14
Military Personnel Cost (\$ Millions)	\$1.4	\$1.3	\$1.4

Telecommunication Services and Enterprise Acquisition Services	FY 2003	FY 2004	FY 2005
Military End Strength	32	35	35
Military Workyears	32	35	35
Military Personnel Cost (\$ Millions)	\$1.9	\$2.3	\$2.3

Changes in the Costs of Operations
Component: Defense Information Systems Agency
Activity Group: CS
January, 2003
(Dollars in Millions)

FY 2002	Actual	548.395
FY 2003	Estimate in President's Budget	620.829
	Pricing Adjustments: Inflation	3.633
	Program Changes:	
	Personnel Compensation: FEHB/CSRS	(13.229)
	Personnel Compensation: Adjustments for Voluntary Separation	(9.913)
	Material, Equipment & Supplies	1.231
	Other Intrafund Purchases: Base Operating Cost/Printing	6.942
	Other Intrafund Purchases: Communications Cost	(1.471)
	Depreciation: Equipment for Transformation	3.112
	Advisory and Assistance Services: Contracts for Transformation	5.767
	Other Purchased Services: HW/SW / WKLD Reductions Mainframe	(12.026)
	Various Net Program Adjustments	1.590
FY 2003	Current Estimate	606.465
	Pricing Adjustments: Inflation	11.562
	Program Changes:	
	Personnel Compensation: Transformation Reductions	(4.480)
	Personnel Compensation: Voluntary Separation/Benefits/Retirement	4.593
	Material, Equipment & Supplies: Local Non-Capital Equipment	(2.261)
	Depreciation: New WKLD for Server / Mainframe Refresh	32.482
	Advisory and Assistance Services: Contracts for Transformation	(14.767)
	Other Purchased Services: Equipment Maintenance Transformation	(9.920)
	Other Purchased Services: Other Contracts Transformation	(4.564)
	Various Net Program Adjustments	(2.212)
FY 2004	Estimate	616.898
	Pricing Adjustments: Inflation	9.575
	Program Changes:	
	Personnel Compensation: Transformation Reductions	(46.528)
	Personnel Compensation: Voluntary Separation/Benefits/Retirement	8.608
	Material, Equipment & Supplies: Local Non Capital Equipment	(1.404)
	Other Intrafund Purchases: Communications Cost	7.511
	Other Intrafund Purchases: Base Operating Cost	(2.619)
	Depreciation: New WKLD for Server	26.706
	Advisory and Assistance Services: Contracts for Transformation	(19.046)
	Other Purchased Services: Other Contracts Transformation	(9.562)
	Other Purchased Services: Equipment Maintenance Transformation	2.745
	Various Net Program Adjustments	(0.720)
FY 2005	Estimate	592.164

Changes in the Costs of Operations
Component: Defense Information Systems Agency
Activity Group: TSEAS
January, 2003
(Dollars in Millions)

FY 2002	Actual	2,246.393
FY 2003	Estimate in President's Budget	2,312.957
	Pricing Adjustments:	
	Inflation	(12.100)
	Program Changes:	
	Data Services (eg NIPRNET, SIPRNET) workload growth	94.061
	Commercial Satellite Systems Office workload growth	64.442
	Contingency Operations (Kosovo, Bosnia)	38.235
	Transmission Services workload growth	36.900
	Joint Worldwide Intelligence Communicaitons System Workload	32.699
	Gigabit Switched Router Service workload growth	27.238
	Enterprise Acquisition Services Contracts	(74.070)
	FTS 2000 workload adjustment	(20.295)
	Other Changes:	
	FEHB/CSRS & pay adjustment	(2.206)
FY 2003	Current Estimate	2,497.861
	Pricing Adjustments:	
	Inflation	34.994
	Program Changes:	
	Transmisison Service workload growth	58.000
	Gigabit Switched Router Service workload growth	48.690
	Voice Services workload growth	20.078
	Enhanced Mobile Satellite Services - transfered to O&M account	(49.133)
	Data Services workload adjustment	(22.760)
	Various net program adjustments	(7.426)
	Other Changes:	
	FEHB/CSRS & pay adjustment	(2.700)
FY 2004	Estimate	2,577.604
	Pricing Adjustments:	
	Inflation	35.714
	Program Changes:	
	Various net program adjustments	11.850
	Other Changes:	
FY 2005	Estimate	2,625.168

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: TSEAS and CS
January, 2003
(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1. New Orders				
a. Orders from DoD Components				
Air Force Appropriated	492.665	462.113	473.883	470.571
Army Appropriated	323.086	332.874	341.754	346.706
Navy and Marine Corps Appropriated	246.351	427.545	478.575	476.493
DISA Appropriated	487.501	489.733	445.700	480.425
Other DoD	593.264	396.090	386.091	392.900
b. Orders from Other Fund Activity Groups				
Air Force - Working Capital	66.895	65.326	69.083	64.722
Army - Working Capital	9.978	13.739	13.732	12.079
Navy - Working Capital	51.828	53.200	47.577	49.419
DISA - Working Capital	6.262	6.104	6.618	7.241
DFAS	157.604	155.673	161.101	168.153
DLA	85.547	83.803	75.788	78.013
Defensewide - Working Capital	12.297	10.457	10.553	11.405
Computing Services	0.000	312.129	317.296	322.465
c. Total DoD	2,533.278	2,808.786	2,827.751	2,880.592
d. Other Orders				
FAA	222.920	229.313	215.809	214.497
Other Federal Agencies	70.682	107.342	115.719	121.942
Other Non-Federal	0.626	1.134	0.293	0.301
Total New Orders	2,827.506	3,146.575	3,159.572	3,217.332
2. Carry In Orders	0.000	0.000	0.000	0.000
3. Total Gross Orders	2,827.506	3,146.575	3,159.572	3,217.332
4. Other Income	0.303	0.000	0.000	0.000
5. Revenue	2,827.809	3,146.575	3,159.572	3,217.332
6. End of Year Work in Process	0.000	0.000	0.000	0.000
7. Direct Contract Obligations	0.000	0.000	0.000	0.000
8. Non-DoD, BRAC, FMS, and DWCF Orders	0.000	0.000	0.000	0.000
9. Funded Carry-Over (Charge to Backlog)	0.000	0.000	0.000	0.000
10. Months of Carry-Over	0.000	0.000	0.000	0.000

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: CS
January, 2003
(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1. New Orders				
a. Orders from DoD Components				
Air Force Appropriated	87.159	86.595	93.975	85.795
Army Appropriated	37.372	34.616	36.397	29.637
Navy and Marine Corps Appropriated	39.739	36.910	34.428	34.083
DISA Appropriated	17.279	21.641	23.463	25.672
Other DoD	21.841	44.578	44.991	48.623
b. Orders from Other Fund Activity Groups				
Air Force - Working Capital	66.895	65.326	69.083	64.722
Army - Working Capital	9.978	11.539	11.532	9.879
Navy - Working Capital	51.828	53.200	47.577	49.419
DISA - Working Capital	6.262	6.104	6.618	7.241
DFAS	150.364	148.556	153.504	159.978
DLA	62.095	65.655	56.617	58.533
Defensewide - Working Capital	12.297	10.457	10.553	11.405
c. Total DoD	563.109	585.177	588.738	584.987
d. Other Orders				
Other Federal Agencies	2.997	5.023	6.015	7.177
Total New Orders	566.106	590.200	594.753	592.164
2. Carry In Orders	0.000	0.000	0.000	0.000
3. Total Gross Orders	566.106	590.200	594.753	592.164
4. Other Income	0.303	0.000	0.000	0.000
5. Revenue	566.409	590.200	594.753	592.164
6. End of Year Work in Process	0.000	0.000	0.000	0.000
7. Direct Contract Obligations	0.000	0.000	0.000	0.000
8. Non-DoD, BRAC, FMS, and DWCF Orders	0.000	0.000	0.000	0.000
9. Funded Carry-Over (Charge to Backlog)	0.000	0.000	0.000	0.000
10. Months of Carry-Over	0.000	0.000	0.000	0.000

Source of New Orders and Revenue
Component: Defense Information Systems Agency
Activity Group: TSEAS
January, 2003
(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1. New Orders				
a. Orders from DoD Components				
Air Force Appropriated	405.506	375.518	379.908	384.776
Army Appropriated	285.714	298.258	305.357	317.069
Navy and Marine Corps Appropriated	206.612	390.635	444.147	442.410
DISA Appropriated	470.222	468.092	422.237	454.753
Other DoD	571.423	351.512	341.100	344.277
b. Orders from Other Fund Activity Groups				
Army - Working Capital	0.000	2.200	2.200	2.200
DFAS	7.240	7.117	7.597	8.175
DLA	23.452	18.148	19.171	19.480
Computing Services	0.000	312.129	317.296	322.465
c. Total DoD	1,970.169	2,223.609	2,239.013	2,295.605
d. Other Orders				
FAA	222.920	229.313	215.809	214.497
Other Federal Agencies	67.685	102.319	109.704	114.765
Other Non-Federal	0.626	1.134	0.293	0.301
Total New Orders	2,261.400	2,556.375	2,564.819	2,625.168
2. Carry In Orders	0.000	0.000	0.000	0.000
3. Total Gross Orders	2,261.400	2,556.375	2,564.819	2,625.168
4. Other Income	0.000	0.000	0.000	0.000
5. Revenue	2,261.400	2,556.375	2,564.819	2,625.168
6. End of Year Work in Process	0.000	0.000	0.000	0.000
7. Direct Contract Obligations	0.000	0.000	0.000	0.000
8. Non-DoD, BRAC, FMS, and DWCF Orders	0.000	0.000	0.000	0.000
9. Funded Carry-Over (Charge to Backlog)	0.000	0.000	0.000	0.000
10. Months of Carry-Over	0.000	0.000	0.000	0.000

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: TSEAS and CS
January, 2003
(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Revenue				
Gross Sales				
Operations	2,768.211	3,090.187	3,042.409	3,060.357
Capital Surcharge	0.000	0.000	0.000	0.000
Depreciation Excluding Major Construction	59.295	56.388	117.163	156.975
Major Construction Depreciation	0.000	0.000	0.000	0.000
Other Income	0.303	0.000	0.000	0.000
Refunds/Discounts(-)				
Total Income	2,827.809	3,146.575	3,159.572	3,217.332
Expenses				
Salaries and Wages:				
Military Personnel Compensation & Benefits	3.174	3.306	3.587	3.678
Civilian Personnel Compensation & Benefits	228.287	235.865	242.981	210.580
Travel & Transportation of Personnel	5.389	10.018	8.989	8.999
Materials and Supplies	159.493	112.992	113.233	120.786
Equipment	0.000	0.000	0.000	0.000
Other Purchases from Revolving Funds	30.060	38.384	38.301	44.085
Transportation of Things	0.123	0.071	0.072	0.277
Depreciation Capital	59.295	56.388	117.163	156.975
Rent, Communications, Utilities, & Misc. Charges	1,528.134	1,388.899	1,360.139	1,368.190
Printing and Reproduction	0.364	0.823	0.819	0.815
Advisory and Assistance Services	84.760	122.729	109.807	92.412
Other Purchased Services	695.709	1,134.851	1,199.411	1,210.535
Total Expenses	2,794.788	3,104.326	3,194.502	3,217.332
Operating Result	33.021	42.249	(34.930)	0.000
Less Capital Surcharge Reservation	0.000	0.000	0.000	0.000
Plus Passthroughs and Other Appropriations Affecting NOF	0.000	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000	0.000
Net Operating Result	33.021	42.249	(34.930)	0.000
Prior Year AOR	89.622	(7.319)	34.930	(0.000)
Other Changes Affecting AOR	(129.962)	0.000	0.000	0.000
Accumulated Operating Result	(7.319)	34.930	(0.000)	(0.000)
Non Recoverable Adjustment Impacting AOR	0.000	0.000	0.000	0.000
Accumulated Operating Result for Budget Purpose	(7.319)	34.930	(0.000)	(0.000)

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: CS
January, 2003
(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Revenue				
Gross Sales				
Operations	526.313	553.288	525.359	496.064
Capital Surcharge	0.000	0.000	0.000	0.000
Depreciation Excluding Major Construction	39.793	36.912	69.394	96.100
Major Construction Depreciation	0.000	0.000	0.000	0.000
Other Income	0.303	0.000	0.000	0.000
Refunds/Discounts(-)				
Total Income	566.409	590.200	594.753	592.164
Expenses				
Salaries and Wages:				
Military Personnel Compensation & Benefits	1.662	1.408	1.330	1.364
Civilian Personnel Compensation & Benefits	192.099	195.974	202.047	168.509
Travel & Transportation of Personnel	3.779	6.567	5.767	5.558
Materials and Supplies	18.656	19.375	17.405	16.263
Equipment	0.000	0.000	0.000	0.000
Other Purchases from Revolving Funds	30.060	31.417	31.193	36.480
Transportation of Things	0.109	0.017	0.017	0.017
Depreciation Capital	39.793	36.912	69.394	96.100
Rent, Communications, Utilities, & Misc. Charges	5.241	6.231	6.127	5.816
Printing and Reproduction	0.302	0.730	0.724	0.718
Advisory and Assistance Services	84.760	120.679	107.722	90.292
Other Purchased Services	171.934	187.155	175.172	171.047
Total Expenses	548.395	606.465	616.898	592.164
Operating Result	18.014	(16.265)	(22.145)	0.000
Less Capital Surcharge Reservation	0.000	0.000	0.000	0.000
Plus Passthroughs and Other Appropriations Affecting NOF	0.000	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000	0.000
Net Operating Result	18.014	(16.265)	(22.145)	0.000
Prior Year AOR	164.161	38.410	22.145	0.000
Other Changes Affecting AOR	(143.765)	0.000	0.000	0.000
Accumulated Operating Result	38.410	22.145	0.000	0.000
Non Recoverable Adjustment Impacting AOR	0.000	0.000	0.000	0.000
Accumulated Operating Result for Budget Purpose	38.410	22.145	0.000	0.000

Revenue and Expenses
Component: Defense Information Systems Agency
Activity Group: TSEAS
January, 2003
(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Revenue				
Gross Sales				
Operations	2,241.898	2,536.899	2,517.050	2,564.293
Capital Surcharge	0.000	0.000	0.000	0.000
Depreciation Excluding Major Construction	19.502	19.476	47.769	60.875
Major Construction Depreciation	0.000	0.000	0.000	0.000
Other Income	0.000	0.000	0.000	0.000
Refunds/Discounts(-)				
Total Income	2,261.400	2,556.375	2,564.819	2,625.168
Expenses				
Salaries and Wages:				
Military Personnel Compensation & Benefits	1.512	1.898	2.257	2.314
Civilian Personnel Compensation & Benefits	36.188	39.891	40.934	42.071
Travel & Transportation of Personnel	1.610	3.451	3.222	3.441
Materials and Supplies	140.837	93.617	95.828	104.523
Equipment	0.000	0.000	0.000	0.000
Other Purchases from Revolving Funds	0.000	6.967	7.108	7.605
Transportation of Things	0.014	0.054	0.055	0.260
Depreciation Capital	19.502	19.476	47.769	60.875
Rent, Communications, Utilities, & Misc. Charges	1,522.893	1,382.668	1,354.012	1,362.374
Printing and Reproduction	0.062	0.093	0.095	0.097
Advisory and Assistance Services	0.000	2.050	2.085	2.120
Other Purchased Services	523.775	947.696	1,024.239	1,039.488
Total Expenses	2,246.393	2,497.861	2,577.604	2,625.168
Operating Result	15.007	58.514	(12.785)	0.000
Less Capital Surcharge Reservation	0.000	0.000	0.000	0.000
Plus Passthroughs and Other Appropriations Affecting NOF	0.000	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000	0.000
Net Operating Result	15.007	58.514	(12.785)	0.000
Prior Year AOR	(74.539)	(45.729)	12.785	(0.000)
Other Changes Affecting AOR	13.803	0.000	0.000	0.000
Accumulated Operating Result	(45.729)	12.785	(0.000)	(0.000)
Non Recoverable Adjustment Impacting AOR	0.000	0.000	0.000	0.000
Accumulated Operating Result for Budget Purpose	(45.729)	12.785	(0.000)	(0.000)