Defense Working Capital Fund

Defense-Wide
Operating and Capital Budgets



Fiscal Year (FY) 2027 Budget Estimates

April 2026

Congressional Data

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DEFENSE-WIDE SUMMARY

Defense-Wide Working Capital Fund (DWWCF) consists of six activity groups. Defense Logistics Agency (DLA) operates three of these activity groups, Defense Information Systems Agency (DISA) operates one activity group, and Defense Finance and Accounting Service (DFAS) operates one activity group. In FY 2027, the Department is requesting funding to establish the Market Fluctuation Account (MFA) within the Working Capital Funds, Defense, pursuant to Title 10, Section 2208(t).

The mission of DLA is to provide effective and efficient worldwide support to warfighters and other customers. DLA operates the Supply Chain Management (SCM), Energy, and Document Services activity groups. DLA SCM manages materiel from initial acquisition to storage and distribution, and then finally reutilization or disposal. DLA Energy provides comprehensive worldwide energy solutions for the military services and other authorized customers. DLA Document Services provides time sensitive, competitively priced, and high-quality printing and digital services. The MFA sub-activity is established within DLA-Energy to absorb volatile in-year fuel market changes.

DISA is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of War, and other Department of War (DoW) Components. Its goal is to enable information dominance and support the warfighters and those who support them. DISA is chartered to operate three business areas within the Defense-wide Working Capital Fund, including Computing Services, Telecommunications Services, and Enterprise Acquisition Services.

DFAS was formed in 1991 to standardize, consolidate, and improve accounting and financial functions throughout the DoW. DFAS provides quality finance and accounting services to the DoW and other federal government customers. DFAS was established to standardize, consolidate, and integrate the Department's accounting and finance functions, achieving streamlined operations that reduce costs. This enables the Military Departments, supporting Defense Agencies, and Field Activities, to focus more effectively on their vital missions for national security through accurate, timely, and high-quality financial processing.

DEFENSE-WIDE WORKING CAPITAL FUND DISCRETIONARY AND MANDATORY FUNDING JUSTIFICATION

Table 1: Funding Overview: Discretionary and Mandatory Funding

$ in Thousands			
Defense-Wide Working Capital Fund	**FY 2025**	**FY 2026**	**FY 2027**
Discretionary	$59,787	$1,272	$1,273,760
Mandatory	-	-	$748,000
Total	**$59,787**	**$1,272**	**$2,021,760**

Table 2: Detailed Mandatory Breakout

BLI	Reconciliation Bin Title	FY 2025 ($K)	FY 2026 ($K)	FY 2027 ($K)
R08 - Supply Chain Management	Defense Industrial Base	$0	$0	$748,000
Mandatory Total	Defense Industrial Base	**$0**	**$0**	**$748,000**

The FY 2027 request for DWWCF appropriations includes $1,273.760 million in discretionary and $748.0 million in mandatory funds. The discretionary funds support: the establishment of the Market Fluctuation Account (MFA) to absorb volatile in-year fuel market changes; Military Pay modernization for Defense Joint Military Pay System (DJMS); the Facility Inventory Reduction initiative; and the establishment of the Financial Management Office for Enterprise-Wide Financial Systems. The mandatory funds support the Global Resiliency Initiative (GRI) which mitigates the risk forward-deployed U.S. Forces currently face in the early stages of a conflict until the industrial base can transition to a wartime production rate and operations tempo.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the estimated DWWCF estimated year end balances for FY 2025, FY 2026, and FY 2027. The plan projects a decrease of $95,241 thousand in cash from the beginning of FY 2025 through the end of FY 2027.

Dollars in Thousands	FY 2025	FY 2026	FY 2027
Cash, Beginning of Period	**$4,133,096**	**$3,753,304**	**$2,931,661**
Disbursements	$63,073,577	$68,773,663	$71,284,790
Collections	$62,691,526	$67,950,745	$72,117,224
Net Outlays	**$382,051**	**$822,918**	**$-832,434**
Appropriations (Title V): Total	$3	$0	$273,760
Cash Transfers	$2,253	$1,272	$0
Cash, End of Period	**$3,753,304**	**$2,931,661**	**$4,037,857**
Lower Operating Range	$2,381,639	$2,259,522	$2,388,642
Upper Operating Range	$7,514,566	$7,238,410	$7,123,665

FY 2025 Cash: The DWWCF lost $379.8 million in cash due to DLA SCM losing $289.9 million due to investments made in military readiness and receiving more supplies than sold and DLA Energy losing $248.1 million due to higher than planned product costs. DLA Document Services gained $23.8 million, DFAS Financial Operations gained $2.1 million, and DISA Information Services gained $132.3 million. This submission includes $2.3 million transfer-in for DLA Energy for Red Hill. The FY 2025 DWWCF ending cash balance was $3,753.3 million.

FY 2026 Cash: The DWWCF projects a cash loss of $821.6 million. The following activities project a cash loss from net outlays: DLA SCM ($1,006.3 million) and DFAS Financial Operations ($40.5 million). DLA SCM projects a cash loss due to investments made in military readiness. A cash gain is projected from net outlays for: DLA Energy (-$149.4 million), DLA Document Services (-$9.2 million), and DISA Information Services (-$66.6 million). DLA Energy projects a cash gain due to a reduction in non-product expenses. This submission includes $1.3 million in cash transfer-in for Red Hill. The projected FY 2026 DWWCF ending cash balance is $2,931.7 million.

FY 2027 Cash: The DWWCF projects a cash gain of $1,106.2 million. The following activities project a cash loss from net outlays: DLA Energy ($118.9 million) and DISA Information Services ($107.3 million). A cash gain is projected from net outlays for: DLA SCM (-$1,01.1 million), DFAS Financial Operations (-$311.6 million), and DLA Document Services (-$10.6 million). DLA SCM projects a cash gain due to an $894.0 million cash surcharge to ensure SCM cash balance

remains above the FY 2027 lower control limit. DLA Energy projects a cash loss due to increased non-product costs. This submission includes a $273.8 million DFAS appropriation for Military Pay modernization for DJMS, the Facility Inventory Reduction initiative, and the establishment of the Financial Management Office for Enterprise-Wide Financial Systems. The projected FY 2027 DWWCF ending cash balance is $ 4,037.9 million.

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DEFENSE-WIDE WORKING CAPITAL FUND
Source of New Orders & Revenue - Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**47,500**	**50,441**	**51,462**
Army	**9,415**	**10,757**	**11,118**
Operations & Maintenance	4,747	6,373	6,458
Research Development Testing & Evaluation	263	244	242
Procurement	1,431	980	1,055
Military Construction	3	4	4
Military Personnel	1,511	1,561	1,686
Family Housing	7	9	8
Other	138	235	203
Navy	**11,769**	**12,301**	**12,591**
Operations & Maintenance	8,135	8,575	8,564
Research Development Testing & Evaluation	162	161	174
Procurement	1,216	1,245	1,349
Military Construction	46	47	51
Military Personnel	564	578	627
Family Housing	3	3	4
Other	187	194	204
Air Force	**8,777**	**9,076**	**8,387**
Operations & Maintenance	6,797	7,125	6,348
Research Development Testing & Evaluation	244	178	168
Procurement	600	598	648
Military Construction	1	1	1
Military Personnel	87	89	96
Family Housing	2	2	2
Other	167	177	145
Marine Corps	**2,029**	**2,186**	**2,308**
Operations & Maintenance	983	1,127	1,159
Research Development Testing & Evaluation	4	0	0
Procurement	355	352	385
Military Construction	0	0	0
Military Personnel	278	285	309
Family Housing	1	1	1
Other	0	0	0
Defense-Wide	**15,510**	**16,121**	**17,058**
Operations & Maintenance	3,569	4,590	4,571
Research Development Testing & Evaluation	443	125	129
Procurement	831	452	487
Military Construction	0	0	-1
Defense Health Program	4,446	4,558	4,942
Family Housing	0	0	0

DEFENSE-WIDE WORKING CAPITAL FUND
Source of New Orders & Revenue - Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

	FY 2025	FY 2026	FY 2027
Other	5,084	5,227	5,664
b. Orders from other Fund Activities	**10,573**	**11,137**	**11,738**
Army Working Capital Funds	2,474	2,495	2,702
Navy Working Capital Funds	2,694	2,669	2,805
Air Force Working Capital Funds	4,789	5,424	5,628
Defense-wide	366	275	329
Other Working Capital Funds	127	180	179
Other	38	0	0
c. Total DoW	**58,073**	**61,578**	**63,200**
d. Other Orders:	**7,540**	**7,931**	**8,249**
Exchange Activities	0	0	0
Trust Funds	47	0	0
Non-Federal Agencies	889	860	794
Federal Agencies	1,330	1,512	1,474
Foreign Military Sales	3,526	3,766	4,038
Total for New Orders	**65,613**	**69,509**	**71,448**
2. Carry-In Orders	8,519	8,081	8,135
3. Total Gross Orders	**74,132**	**77,590**	**79,583**
4. Carry-Out Orders (-)	-8,091	-8,140	-8,045
5. Gross Sales	**66,041**	**69,449**	**71,538**
6. Credit (-)	-291	-925	-285
7. Net Sales	**65,751**	**68,525**	**71,253**
8. Reimbursable Sales/Other Income	-2,525	122	127
9. Total Revenue	**63,226**	**68,647**	**71,380**

DEFENSE-WIDE WORKING CAPITAL FUND
Revenue and Expenses - Summary
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Thousands)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**37,078,586.5**	**40,578,813.6**	**44,564,224.7**
Operations	37,002,415.2	40,488,154.5	44,481,715.7
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	76,171.3	90,659.1	82,509.0
Other Income	2,908,496.0	3,204,216.7	3,023,599.2
Refunds/Discounts (-)	-119,483.1	-132,713.8	-134,683.1
Total Income	**39,867,599.3**	**43,650,316.4**	**47,453,140.7**
Costs			
Cost of Material Sold from Inventory	30,944,058.7	35,145,072.3	38,518,496.8
Salaries and Wages:	3,060,136.0	3,188,082.9	3,140,667.5
Military Personnel Compensation & Benefits	52,247.6	50,521.6	54,996.4
Civilian Personnel Compensation & Benefits	3,007,888.3	3,137,561.3	3,085,671.1
Travel & Transportation of Personnel	30,592.9	47,256.0	47,876.6
Materials & Supplies (For Internal Operations)	76,817.4	86,362.4	81,258.7
Equipment	165,758.1	212,712.1	217,040.1
Other Purchases from Revolving Funds	220,192.4	187,591.6	173,036.2
Transportation of Things	511,100.8	752,361.2	596,183.4
Capital Investment Recovery (CIR)	76,304.3	91,500.2	83,347.6
Printing & Reproduction	95,985.7	75,401.0	76,802.1
Advisory & Assistance Services	70,015.7	47,871.7	47,703.6
Rent, Communication, Utilities, & Misc. Charges	204,514.5	230,768.7	242,352.6
Other Purchased Services	2,997,248.0	3,514,962.4	3,509,004.2
Total Expenses	**38,452,952.8**	**43,580,088.4**	**46,733,906.6**
Operating Result	**1,414,646.5**	**70,228.0**	**719,234.1**
Other Adjustments Affecting NOR	**-348.0**	**-467.0**	**-57.8**
Net Operating Result	**1,414,298.5**	**69,761.0**	**719,176.4**
Prior Year AOR	2,119,054.6	2,814,392.2	2,874,109.7
Other Changes Affecting AOR	0.0	2.5	0.0
Non-Recoverable AOR	-718,960.0	0.0	-2,473.9
Deferred AOR	0.0	-32,000.0	-3,602,040.3
Total Accumulated Operating Results for Budget Purposes	**2,814,393.1**	**2,852,155.8**	**-11,228.0**

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Defense Working Capital Fund
Defense Finance and Accounting Service
Operating Budget



Fiscal Year (FY) 2027 Budget Estimates
April 2026

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DEFENSE FINANCE AND ACCOUNTING SERVICE

Table 1: Funding Overview $ in Thousands			
Defense Finance and Accounting Service	**FY 2025**	**FY 2026**	**FY 2027**
Discretionary	-	-	273,460
Mandatory	-	-	-
Total	**-**	**-**	**273,460**

Summary of Budget Authority $ in Thousands			
Defense Finance and Accounting Service	**FY 2025**	**FY 2026**	**FY 2027**
Total Contract Authority (Includes CIP)	**28,956**	**34,236**	**-**
Operating Contract Authority	**-**	**-**	**-**
Financial Operations	**-**	**-**	**-**
Capital Investment Program (CIP)	28,956	34,236	**-**
Financial Operations	28,956	34,236	**-**
Total Spending Authority from Offsetting Collections	**1,644,417**	**1,541,223**	**1,609,728**
Financial Operations	1,644,417	1,541,223	1,609,728
Direct Appropriations, Total	**-**	**-**	**273,760**
Financial Operations	**-**	**-**	273,760
Total Budget Authority	**1,653,722**	**1,575,459**	**1,883,488**
Financial Operations	1,653,722	1,575,459	1,883,488

President's Budget 2027 Summary Personnel Data			
Defense Finance and Accounting Service	**FY 2025**	**FY 2026**	**FY 2027**
Civilian Full Time Equivalents	**10,561**	**9,460**	**9,776**
Financial Operations (Total Spending and Contract Authority)	10,561	9,460	9,734
Direct Appropriations	0	0	42
Military End Strength	**24**	**24**	**24**
Financial Operations	24	24	24

President's Budget 2027 Summary $ in Thousands			
Defense Finance and Accounting Service	**FY 2025**	**FY 2026**	**FY 2027**
Total Net Operating Result (NOR)	**(85,002)**	**(855)**	**73,700**
Financial Operations	(85,002)	(855)	73,700
Total Accumulated Operating Result (AOR)	**(63,273)**	**(61.6)**	**0.0**
Financial Operations	(63,273)	(61.6)	0.0
Total Capital Investment Projects	**28,956**	**34,236**	**0.0**
Financial Operations	28,956	34,236	0.0
Total Direct Appropriations	**-**	**-**	**273,760**
Financial Operations	**-**	**-**	273,760
Total Collections	**1,652,312**	**1,550,009**	**1,956,628**
Financial Operations	1,652,312	1,550,009	1,956,628
Total Disbursements	**1,650,261**	**1,590,498**	**1,645,035**
Financial Operations	1,650,261	1,590,498	1,645,035
Total End of Period Cash Balance	**220,468**	**179,979**	**491,586**
Financial Operations	220,468	179,979	491,586
Total Cash Lower Operating Limit	**131,200**	**109,640**	**397,223**
Financial Operations	131,200	109,640	397,223
Total Cash Upper Operating Limit	**402,052**	**380,492**	**727,660**
Financial Operations	402,052	380,492	727,660

Overview

Since its founding in 1991, the Defense Finance and Accounting Service (DFAS) has provided quality finance and accounting services for the Department of War (DoW) and its various components. The Secretary of War created DFAS to standardize, consolidate, and improve accounting and financial functions throughout the DoW. The intent was to reduce the cost of the Department's finance and accounting operations while strengthening its financial management. Every day DFAS contributes to the national defense through timely fulfillment of the important fiscal responsibilities. DFAS ensures accurate, timely, and reliable financial transactions and information are delivered to decision makers in support of customers. It is DFAS' privilege to provide high quality support to the warfighter today, but it is also DFAS' responsibility to play a collaborative leadership role to anticipate and be ready for tomorrow. DFAS builds on its core values of Integrity, Service, and Innovation to lead the DoW in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

DFAS effectively employs data transparency and customer collaboration to steadily and continually drive efficiencies. Since its inception, DFAS has consolidated more than 300 installation-level offices into ten sites and reduced the number of systems in use from 330 to 68.

As a 100% Working Capital Fund (WCF), DFAS manages its fully reimbursable full-time equivalents (FTEs) and non-labor costs in alignment with negotiated customer workload and Mission Work Agreement performance goals. DFAS establishes stabilized customer rates more than a year in advance of execution based on anticipated customer workload and must offset any prior year gains or losses. DFAS Workload projections have been refined in conjunction with FY25 Executive Orders and maintain FY targeted reductions into the FY27 budgeting process. DFAS also provides critical support for the Secretary's priorities including supercharging the United States' Defense Industrial Base and passing financial audit.

DFAS is committed to exceptional customer service, delivering accurate and timely finance and accounting services at the lowest cost, while utilizing electronic processes wherever possible. DFAS works in partnership with the Office of the Secretary of War (OSW), Military Services, Defense Agencies, and Combatant Commands to provide timely business information to key decision-makers. By focusing on the finance and accounting needs of the Military Services, DFAS allows warfighters to better concentrate on their missions.

DFAS pays DoW military and civilian personnel, military retirees and annuitants, as well as major DoW contractors and vendors. DFAS also functions as a shared services provider, delivering services to federal customers outside the DoW. On behalf of all customers, DFAS disburses over $652 billion each year, while providing a diverse range of accounting services, customer support, and financial reporting to assist customers in tracking funds and managing their budgets. The range and breadth of accounting, financial management, and support services provided to customers are briefly outlined below.

Audit Support Services:

DFAS is leading the way toward the Department's goal of achieving fully auditable financial statements. DFAS has now sustained 26 consecutive unmodified opinions for the DFAS WCF, 33 unmodified opinions for the Military Retirement Fund, twelve consecutive unmodified opinions for Non-Appropriated Fund (NAF) Financial Services, 23 consecutive modified opinions for the Medicare-Eligible Retiree Health Care Fund, as well as unmodified audit opinions for Statement on Standards for Attestation Engagements (SSAEs) for DFAS' internal functions of Civilian Payroll, Disbursing, Contract Pay, Defense Cash Accountability System (DCAS), Vendor Pay (CAPS-W, DAI, One Pay, Navy ERP, IAPS, DEAMS and GFEBS), and ELAN Hosting Services. In addition, DFAS exceeded its Federal Information System Controls Audit Manual (FISCAM) goals, with a 97.1 percent system controls pass rate.

Military/Civilian Pay Services:

Annually, DFAS processes over 132 million pay transactions for more than 6.6 million payroll customers and manages $2.2 trillion in Military Retirement and Health Benefits Funds. DFAS pays all military retirees and annuitants, as well as DoW civilian personnel and non-DoW customers including the Executive Office of the President, the Department of Energy, the Department of Veterans Affairs, the Department of Health and Human Services, and the U.S. Agency for Global Media. DFAS is actively supporting the modernization of Military Pay mission across the Department for better alignment of workload and to generate efficiencies and improve audit with the integration of personnel and pay data. DFAS currently performs end-to-end processing for Army and US Navy active and reserve military members and provides support for active and reserve military pay functions for the Air Force and US Marine Corps.

Commercial Pay Services:

DFAS processes 12.4 million commercial invoices annually while reducing unit costs through increased use of electronic commerce (e.g. electronic receipt of contracts, invoices, and receiving reports). This, along with other process improvements, has resulted in reduced cycle times, fewer errors, and less rework, freeing up additional personnel and customer resources to support the warfighter.

DFAS continues to work with customers to transition workload from legacy systems to the Enterprise Resource Planning (ERP) system environment with Defense Enterprise Accounting and Management System (DEAMS) for the Air Force, General Fund Enterprise Business System (GFEBS) for the Army, Navy Enterprise Resource Planning (Navy ERP) for the Navy, and Defense Agencies Initiative (DAI) and Financial Accounting Management Information System (FAMIS) for the Defense Agencies and Marine Corps.

Accounting Operations Services:

DFAS accounts for 1,619 active DoW appropriations by maintaining 38.2 million general ledger accounts. Accounting Operations provides responsive professional financial management, accounting, analysis, and consultation services with a focus on helping the DoW and other customers become more audit ready every day. Accounting services provided on a Direct Billable Hour (DBH) basis include General Ledger (GL) reconciliations, Journal Voucher (JV) postings, United States Treasury reporting, billing, payment demand letters and collections, error clearing, problem disbursement work, systems access request processing, and many other accounting services.

Information Technology (IT) Services:

Robust investment in building and maintaining secure and audit-steady accounting, disbursing, and payroll systems is core to success of the DFAS mission. The constantly evolving technological environment necessitates continuous management focus on IT planning, development and maintenance of systems, evolving cybersecurity threats, and maintaining essential computing infrastructure.

DFAS is focused on investing in target environment systems to consolidate capabilities into a modernized systems base, to permit retirement of legacy systems, and to realize reduced systems maintenance costs. DFAS successfully retired 31 legacy systems between FY 2017 and the end of FY 2025 and is partnering with customers to achieve additional legacy system retirements through FY 2027. Additionally, DFAS is continuing to test, validate, and update systems and processes in support of sustained auditability.

Budget Strategy

DFAS uses a robust strategy to prepare for tomorrow, today. The DFAS strategy is developed in five-year increments and is currently executing initiatives to support the goals set in its Fiscal Year (FY) 2022-2026 plan. Each element of this plan is designed to help DFAS follow its Mission statement to deliver financial excellence and quality pay services for its

customers. By following this Mission statement, DFAS aims to achieve its Vision to be a valued partner in financial management by consistently delivering first-class service and products. The plan includes four priorities: Strengthen Customer Partnerships, Enhance Performance, Modernize the Business Environment, and Invest in People.

- Strengthen Customer Partnerships: DFAS will partner with customers to help the Agency identify and implement innovative customer-oriented solutions that improve efficiency and partnerships. Work in this priority is broad-ranging and includes actions that take strategic advantage of DFAS's position as a shared service provider. Very often, when DFAS creates a solution for one customer, it can also be used for other customers. DFAS is in a unique position to help save the Department time and resources as it moves toward its financial management and audit goals.

- Enhance Performance: DFAS will work to achieve key cost, schedule, and performance metrics, and continuously improve productivity to remain a competitive shared service provider. Through customer collaboration, DFAS will actively work to identify and resolve process gaps, strengthen controls, and support delivery of efficient value-added services for its customers.

- Modernizing the Business Environment: DFAS is focused on reforming processes and systems to modernize, drive cost savings, and continues to provide competitive shared service value in the Department's financial management community. This focus will ensure valuable resources are dedicated to supporting a ready and capable force. The exploration of new technology is key to achieving success in this area, and DFAS is striving to take advantage of opportunities in the areas of Robotics Process Automation (RPA) and Artificial Intelligence (AI) while simultaneously guarding itself and its customers against potential dangers.

- Investing in People: Employees are DFAS' most important asset and the foundation for achieving the other strategic priorities. In support of its people, DFAS will establish a collaborative process where employees will, at the onset, develop, share, and replicate best practices, reaching across organization boundaries to implement enterprise-wide solutions. DFAS will focus on digital technologies, data analytics, and core financial expertise to provide value in an increasingly digital business environment.

Budget Assumptions

DFAS bases their budget assumptions and cost estimates on specific business needs required to meet customer workload forecasts. As a WCF, DFAS has flexibility to adapt its execution plan in response to evolving customer requirements. Since its inception in 1991, DFAS has continually achieved measurable improvements in productivity, which help offset growing workload requirements and the rising cost of labor.

The DFAS FY 2027 budget actively supports Department's strategy of supercharging the U.S. Defense Industrial Base and passing audit. As a service based WCF, DFAS costs are comprised of 80 percent labor-based expenses. Leveraging tools like the Deferred Resignation Program (DRP) and short-term hiring pauses, DFAS was able to reshape its workforce and achieve critical efficiencies to realize the targeted PB 2026 ten percent work year reduction and carry that over to PB 2027. Additionally, DFAS made strategic non-labor reductions in contracts and maintenance. DFAS is strategically aligning its existing workload to proactively meet customer and Department priorities while implementing a reduced overall footprint. As a WCF, DFAS will continue to remain agile year-over-year, adapting its resourcing posture in line with the workload demands of its customers and the Department.

The FY 2027 budget incorporates the following assumptions:

- Prioritizes resourcing in support of customer audit assertion and audit remediation as part of the DoW mandate to produce auditable financial statements and improve data integrity

- Reduces or eliminates legacy system expenses, wherever possible, while transitioning to target systems environments

- Modernizes the Total Force Pay (TFP) business line by consolidating and standardizing People Pay applications and intake channels. Optimizes the Civilian Pay mission to enhance customer experience, reduce process inconsistencies, and standardize reporting structures, while aligning with anticipated reductions in civilian end strengths, and supporting the Department's Military Pay modernization efforts.

- Invests in Information and Technology for the DFAS Blue Cloud Environment (DBCE), technology refreshes (PowerBuilder, SharePoint, etc.), and system hosting and licenses.

- Accelerates the modernization of the Defense Retiree and Annuitant System Pay (DRAS).

- Invests in Robotic Process Automation and Artificial Intelligence targeting manual processes to improve internal controls, increase speed and accuracy, and enhance standardization.

Direct Appropriations

DFAS is leveraging direct appropriations to facilitate critical investment in both physical and mission related infrastructure; ensuring investment costs do not negatively impact customer billing rates and critical resources needed for customer missions and DoW priorities.

($ Millions)	FY 2025	FY 2026	FY 2027
Military Pay Modernization	$0.0	$0.0	$216.50
DFAS Facilities Inventory Review	$0.0	$0.0	$52.26
Financial Management Office for Enterprise-Wide Financial Systems	$0.0	$0.0	$5.00
Total	**$0.0**	**$0.0**	**$273.76**
(FTES)			
Military Pay Modernization	0	0	42
DFAS Facilities Inventory Review	0	0	0
Financial Management Office for Enterprise-Wide Financial Systems	0	0	0
Total	**0**	**0**	**42**

DFAS Military Pay Modernization

DFAS is requesting FY 2027 funding of $216.5 million into the DFAS WCF to support Military Pay modernization for Defense Joint Military Pay System (DJMS). DFAS plans to modernize the military pay engine and create several cross-cutting capabilities that will transform and modernize DFAS Total Force Pay (Military Pay, Civilian Pay, Retired & Annuitant Pay, etc.).

The Military Departments will benefit from using a single payroll system that will uniformly and systematically compute Military Pay and enable engagement with financial partners, tax jurisdictions, and the banking network. Military Departments will be able to modernize HR processes and seamlessly interface into a modernized payroll system. Ultimately, timely and accurate pay for Military members improves the Department's ability to attract and retain warriors critical to national security.

The Department will take deliberate steps to modernize Military Pay: (1) Updating the functional capability in the existing DJMS for backlogged pay requirements. This action will generate immediate improvements to Military Pay by

reducing manual processes and providing more complete code for conversion. (2) Leveraging proven industry best practices to convert legacy COBOL code to modern technology, such as Java, and including modern interface technologies such as those provided by agentic AI. (3) Optimizing the pay-dependent data environment through the creation of a data architecture (e.g., mesh). These capabilities will transform and modernize the delivery of pay to warriors while in active or reserve status, when they retire, and if they choose to return as civilian employees.

DFAS Facility Inventory Reduction Initiative

DFAS is requesting FY 2027 funding of $52.3 million into the DFAS WCF to support the Facility Inventory Reduction initiative. The Facility Reduction initiative is a strategic reform effort aimed at transforming the management and utilization of real property within the DoW. DFAS' initiative supports the PB 2026 strategic reform SecWar directive aiming to reduce lease expenditures.

DFAS has completed its review of facilities inventory resulting in a proposed multi-phase plan which assumes an investment of $52.26 million to cover facility modifications, site close out requirements, personnel costs, incentive payments, and Permanent Change of Station costs to ensure full support to Department of War accounting and audit missions, mitigate mission risks, and ensure continuity while the workload is migrated from FY 2027 through FY 2031.

Financial Management Office for Enterprise-Wide Financial Systems

DFAS is requesting FY 2027 funding of $5.0 million into the DFAS WCF to support the feasibility review of a DFAS program office to oversee, develop requirements, and manage the acquisition of enterprise-wide financial management systems. This initiative builds on prior studies to address critical gaps in the Department's financial management capabilities. Consolidating and modernizing these systems is essential to achieving and sustaining a clean audit opinion, particularly for classified financial transactions. The program office will provide centralized expertise to ensure proper funding, governance, and sustainment of systems like Enterprise Financial Accounting System (eFAS), which are vital to the Department's financial integrity and mission readiness. Additionally, a DoW led study will evaluate the program office's scale, scope, and governance, informing its long-term structure and effectiveness.

Reform Initiatives

DFAS is actively engaged in reform initiatives related to its mission and in support of the National Defense Strategy, in partnership with OUSW, the Military Services, and Defense Agencies. Continuous partnership on Department sponsored efficiency initiatives has provided better alignment of resources to ensure greater buying power.

The DFAS FY 2027 budget reflects savings from the Reduced Legacy Systems (RLS) initiative, where savings have been incorporated into customer billing rates. The chart below outlines DFAS' progress to date on its RLS plan:

Reform Operation Title	Item/Service or Category	Current Year Projected Sales	Current Year Savings	Budget Year Projected Sales	Budget Year Savings
Reduce Legacy Systems - CRISPS, SNIPS, PMIS, DFRRS, MOCAS MT, SPS-PD2	People Pay Mission Area	$ -	$ 1.53	$ -	$ 1.03
Reduce Legacy Systems - ICPS, DRO	Disbursing Mission Area	$ -	$ 0.17	$ -	$ -
Reduce Legacy Systems - TSS, OLRV	Commercial Pay Mission Area	$ -	$ 0.61	$ -	$ 0.61
Reduce Legacy Systems - TBO, CORAS, DIT, CRS, IBOP, RECERT, SAMS, CHOOSE, SID, DWAS, DBMS, NFT, SS, NIMMS, DRRT, EBIZ, STARS, SWAP, CCAS, DEAT, IAPS, AFT	Direct Systems Reimbursement	$ -	$ 26.74	$ -	$ 19.44
DTPAT	Internal Network Support		$ -		$ -
	Total	$ -	$ 29.04	$ -	$ 21.08

($ in millions)

Operating Budget Summary

The following tables provide the DFAS estimates for revenue, cost, cash, and personnel levels and *exclude Direct Appropriations*

Revenue and Expenses

($ in Millions)

	FY 2025	FY 2026	FY 2027
Revenue	$1,566.9	$1,567.0	$1,682.9
Cost of Operation	$1,652.1	$1,567.9	$1,609.2
Operating Results	($85.1)	($0.9)	$73.7
Adjustment for Unfunded Depreciation on Non-DFAS Acquired PP&E	$0.1	$0.0	$0.0
Other Adjustment to NOR	$0.0	$0.0	$0.0
Recoverable Net Operating Results (NOR)	($85.0)	($0.9)	$73.7
Accumulated Operating Results (AOR) - Beginning	$21.7	($63.3)	($61.6)
Other Changes Affecting AOR	$0.0	$2.5	$0.0
Adjustment for Recoverable/Deferred AOR	$0.0	($0.0)	($12.1)
Recoverable AOR - Ending	($63.3)	($61.6)	$0.0

DFAS will make its positive AOR non-recoverable through FY 2026 to ensure sufficient cash to support ongoing daily operations. Decisions on future AOR adjustments will be re-evaluated each year based on operating results and cash requirements.

Cash

	PB 2027
Operating Range	$330.4M
Risk Mitigation Cash	$132.7M
Reserve Cash	$264.5M

DFAS monitors its cash balance throughout the year and budgets to ensure the agency maintains a sufficient balance to meet operating, capital investment, and other justified requirements throughout the year and into the subsequent year. The DFAS operating range utilizes the updated FY 2027 – FY 2031 Budget Review Guidance utilizing five years of monthly net outlay data to forecast baseline cash needs. The DFAS risk mitigation range represents the amount of cash on hand that allows the entity to maintain ordinary business in the event of an unplanned cash shortfall. DFAS operates on a monthly collection cycle and would utilize risk mitigation cash to maintain a positive daily cash balance until the next collection cycle, if needed.

DFAS utilizes cash reserves for known future cash obligations, such as future AOR returns, cash recovery, and planned future capital and Direct Appropriation project outlays. Changes in planned cash reserves from FY 2026 to FY 2027 are aligned to planned future liquidation of capital outlays and cash reserved for future outlays for the Military Pay Modernization and DFAS Facility Inventory Reduction Initiatives.

Personnel

	FY 2025	FY 2026	FY2027
Direct Hire Civilian FTEs	10,561	9,460	9,734
Indirect Hire Foreign National FTEs	191	189	200
Direct Appropriation			42
Civilian End Strength	10,752	9,649	9,976
Military End Strength	24	24	24

Capital Investment Program
($ in Millions)

	FY 2025	FY 2026	FY 2027
Total Obligations	$ 29.0	$ 34.2	$ 0
Total Capital Outlays	$ 14.6	$ 32.9	$ 24.2

A pre-investment economic analysis has been completed for all capital investments included in these budget exhibits.

Automatic Data Processing Equipment (ADPE) and Telecommunications Equipment

There are no ADPE projects scheduled for FY2027.

The FY26 ADPE or Telecommunications projects include a project for UNCOMM - Meeting Room Telecon Equipment Priority 3 Rooms.

Software Development

There are no Software Development projects scheduled for FY2027.

The FY 2026 software development includes a project for the Electronic Funds Distribution (EFD) - Momentum Update and Movement to Cloud. An EFD software update is needed to support the main Momentum software package which is commercial off the shelf (COTS) software. Underlying third-party product software versions must be kept current to ensure they work together with the Momentum software. This is an integrated one-step project that will also simultaneously move EFD to the Cloud. Current EFD software runs in non-Cloud mode at Defense Information Systems Agency (DISA) and moving to Cloud will meet the DoW's intent to move systems to the Cloud by 2027 to implement zero trust and provide a better user experience. EFD must be updated prior to moving to the Cloud.

The FY 2026 software development also includes a project for myPay – Mobile App and Document Upload. This project will deliver a more secure and engaging experience through native device integration and real-time communication, proactively combating fraud. The new document upload feature will allow customers to securely submit documents directly through myPay and the mobile app, streamlining the process, verifying authenticity, and eliminating the need for faxing. This enhancement reduces complexity and provides a single, secure platform for our customers.

There is also a project for the Defense Debt Management System (DDMS) - Codebase Re-write and Platform Update (this FY 2026 project has been cancelled by DFAS management leaving excess for FY 2026). DFAS has done the following internal reprogramming actions of the DDMS excess: reprogrammed $3.594 million to fund additional need for the EFD – Software & Cloud Modernization ($9.212 million was funded on AOB 26-1), reprogrammed $1.861 million to fund the myPay Mobile App and Document Upload project.

Minor Construction

There are no Minor Construction projects scheduled for FY2026 or FY2027.

Defense Finance and Accounting Service
Changes in the Costs of Operation
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	Costs
FY 2025 Enacted:	**$1,652.065**
FY 2026 Estimate in President's Budget:	**$1,649.375**
Estimated Impact in FY 2026 of Actual FY 2025 Experience:	**0.000**
Pricing Adjustments:	**43.500**
Inflation Adjustment	7.411
Annualization Prior Year Pay Raise	16.749
FY 2025 Civilian Pay Raise	19.340
Program Changes:	**-127.566**
Travel & Transportation of Personnel	0.694
Civilian Personnel Compensation	-133.659
Material & Supplies	-0.090
Other Purchases from Revolving Funds	23.015
Transportation of Things	-0.162
Depreciation	-0.436
Printing & Reproduction	-0.042
Advisory & Assistance Services	-7.507
Rent, Communication, Utilities and Misc. Charges	0.776
Other Purchased Service	-10.155
FY 2026 Current Estimate:	**$1,568.000**
Pricing Adjustments:	**13.654**
FY 2026 Civilian Pay Raise	0.000
Annualization Prior Year Pay Raise	5.954
Inflation Adjustment	7.700
Productivity Initiatives and Other Efficiencies:	**0.000**
Program Changes:	**28.045**
Other Purchased Service	2.233
Rent, Communication, Utilities and Misc. Charges	-2.585
Advisory & Assistance Services	-1.376
Printing & Reproduction	0.006
Depreciation	0.536
Other Purchases from Revolving Funds	-8.059
Material & Supplies	0.177
Travel & Transportation of Personnel	1.440
Civilian Personnel Compensation	35.777
Transportation of Things	-0.103
FY 2027 Estimate:	**$1,609.700**

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Defense Finance and Accounting Service
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**1,355.8**	**1,275.2**	**1,370.9**
Army	**475.2**	**491.9**	**518.2**
Operations & Maintenance	475.2	491.9	518.2
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Navy	**280.4**	**268.3**	**293.5**
Operations & Maintenance	279.0	267.1	292.3
Research Development Testing & Evaluation	1.3	1.2	1.3
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Air Force	**323.7**	**319.6**	**348.5**
Operations & Maintenance	323.7	319.6	348.5
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Marine Corps	**53.6**	**50.9**	**55.9**
Operations & Maintenance	53.6	50.9	55.9
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
Defense-Wide	**222.8**	**144.7**	**154.7**
Operations & Maintenance	201.0	125.2	134.6
Research Development Testing & Evaluation	21.8	19.5	20.2
Procurement	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Defense Health Program	0.0	0.0	0.0

	FY 2025	FY 2026	FY 2027
Family Housing	0.0	0.0	0.0
Other	0.0	0.0	0.0
b. Orders from other Fund Activities	**130.1**	**137.3**	**144.9**
Army Working Capital Funds	12.0	13.0	13.3
Navy Working Capital Funds	0.0	0.0	0.0
Air Force Working Capital Funds	25.5	25.8	23.9
Defense-wide	82.2	86.0	95.3
DLA, Defense Working Capital Fund	51.8	54.3	57.8
DFAS, Defense Working Capital Fund	0.0	0.0	2.0
DISA, Working Capital Fund	15.0	15.5	18.1
Defense Commissary Agency	15.5	16.2	17.4
Other Working Capital Funds	10.4	12.5	12.4
Defense Technology Security Administration	0.0	0.0	0.0
Defense Counterintelligence and Security Agency	0.0	1.8	1.3
US Transportation Command	10.4	10.1	10.5
Defense Technical Information Center	0.0	0.0	0.0
Washington Headquarters Services	0.0	0.6	0.6
Other	0.0	0.0	0.0
c. Total DoW	**1,485.8**	**1,412.5**	**1,515.8**
d. Other Orders:	**81.1**	**154.5**	**167.0**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.5
Federal Agencies	80.9	81.7	88.1
Foreign Military Sales	0.2	72.9	78.5
Total for New Orders	**1,566.9**	**1,567.0**	**1,682.9**
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	**1,566.9**	**1,567.0**	**1,682.9**
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	**1,566.9**	**1,567.0**	**1,682.9**
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	**1,566.9**	**1,567.0**	**1,682.9**
8. Reimbursable Sales/Other Income	0.0	0.0	0.0
9. Total Revenue	**1,566.9**	**1,567.0**	**1,682.9**

Defense Finance and Accounting Service
Revenue and Expenses
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**1,566.9**	**1,567.0**	**1,682.9**
Operations	1,556.3	1,556.8	1,672.6
Capital Surcharge	0.0	0.0	0.0
Capital Investment Recovery	10.7	10.2	10.3
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income	**1,566.9**	**1,567.0**	**1,682.9**
Costs			
Cost of Material Sold from Inventory	0.0	0.0	0.0
Salaries and Wages:	1,288.4	1,190.8	1,232.5
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	1,288.4	1,190.8	1,232.5
Travel & Transportation of Personnel	2.0	2.7	4.2
Materials & Supplies (For Internal Operations)	0.8	0.7	0.9
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	140.2	166.1	161.6
Transportation of Things	0.8	0.6	0.5
Capital Investment Recovery (CIR)	10.8	10.3	10.9
Printing & Reproduction	0.0	0.0	0.0
Advisory & Assistance Services	38.2	31.5	30.8
Rent, Communication, Utilities, & Misc. Charges	24.8	26.1	24.0
Other Purchased Services	146.2	139.1	144.3
Total Expenses	**1,652.1**	**1,568.0**	**1,609.7**
Operating Result	**-85.1**	**-1.0**	**73.1**
Other Adjustments Affecting NOR	**0.1**	**0.1**	**0.6**
Depreciation, Non-DWCF Acquired PP&E	0.1	0.1	0.6
Net Operating Result	**-85.0**	**-0.9**	**73.7**
Prior Year AOR	21.7	-63.3	-61.6
Other Changes Affecting AOR	0.0	2.5	0.0
Non-Recoverable AOR	0.0	0.0	0.0
Deferred AOR	0.0	0.0	-12.1
Total Accumulated Operating Results for Budget Purposes	**-63.3**	**-61.6**	**0.0**

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Defense Working Capital Fund

Defense Information Systems Agency



Operating Budget

Fiscal Year (FY) 2027 Budget Estimates

April 2026

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Information Services Activity Group

Overview

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of War, and other Department of War (DoW) Components. Its goal is to enable information dominance and support the warfighters and those who support them.

The DoW information environment is designed to optimize use of the DoW Information Technology (IT) assets, converging communications, computing, and enterprise services into a single joint platform that can be leveraged for all DoW missions. These efforts improve mission effectiveness, reduce total cost of ownership, reduce the attack surface of our networks, and enable DISA's mission partners to more efficiently access the information resources of the enterprise to perform their missions from any authorized IT device anywhere in the world. The DISA continues its efforts towards realization of an integrated Department-wide implementation of the DoW information environment through development, integration, and synchronization of technical plans, programs, and capabilities.

The DISA is uniquely positioned to provide the kind of stream-lined, rationalized enterprise solutions the Department is looking to affect IT transformation. The DISA owns/operates enterprise and cloud-capable DISA data centers, the worldwide Defense Information Systems Network (DISN), and the Defense Information Technology Contracting Organization (DITCO). The DISA data centers have been identified as Continental United States (CONUS) Core Data Centers (CDCs). Several major initiatives reflect this focus on DISA being the premier, best value, enterprise IT provider for the Department of War:

- This budget prioritizes the continuation of FY2026 price reductions to support the DoW focus on cost reduction and stabilization of price changes to allow customers to plan longer term.
- Because of the operational, cybersecurity and financial risks associated with legacy technologies remaining on the DISN network, the DISA is focused on establishing pricing strategies to influence customer behavior towards eliminating these legacy capabilities. In previous budgets Low Speed Time Division Multiplexing (LSTDM) and High-Speed Time Division Multiplexing (HSTDM) costs were removed from DISN Infrastructure Services and will continue to be billed on a reimbursable basis.
- The DISA has led efforts to implement and manage Defense Enterprise Office Solutions, which is a commercially provided, cloud-based enterprise service for common communication, collaboration, and productivity services. As a result, DISA has affected the decommissioning of legacy email, video, and audio-conferencing services and this budget reflects continued progress towards eliminating additional legacy capabilities.
- The Fourth Estate Network Optimization (4ENO) reform initiative includes the convergence of DoW networks, service desks, and operations centers into a consolidated, secure, and effective environment.
- The DISA has deployed an on-premises cloud hosting capability and commercial cloud access infrastructure to enable the Department's migration to cloud computing, a reduced data center footprint, and streamlined cybersecurity infrastructure.
- This budget includes efforts to modernize the management of the network backbone by moving network management tools to the commercial cloud; moving to cloud-based platforms allows the network operator to gain access to accurate and real time data which allows more timely decisions to support the warfighter.
- This budget includes continued delivery of the Joint Warfighting Cloud Capability (JWCC), which is a multiple award contract vehicle providing the DoW with direct access to multiple Cloud Service Providers (CSPs) to acquire commercial cloud capabilities and services at the speed of mission - at all

classification levels - from headquarters to the tactical edge. Direct awards with the CSPs also allows for streamlined provisioning of cloud services, fortified security, and commercial pricing parity.
- The budget includes modernization of IT service management tools to improve quality of service.

The DISA operates the Information Services Activity Group (ISAG) within the Defense-Wide Working Capital Fund (DWWCF), which consists of three business areas: **Computing Services (CS), Telecommunications Services (TS),** and **Enterprise Acquisition Services (EAS).** For rate setting purposes, the DISA assesses profit/loss factors at the agency level. Billing rates include a capital asset surcharge to support DISN technology refreshment.

The DISA is pursuing one Performance Improvement Initiative (PII) related to services offered in the ISAG portfolio. This budget includes continued support of the "Joint Service Provider (JSP) Help Desk Modernization" effort in which tools to improve IT service management performance are being provided on a reimbursable basis.

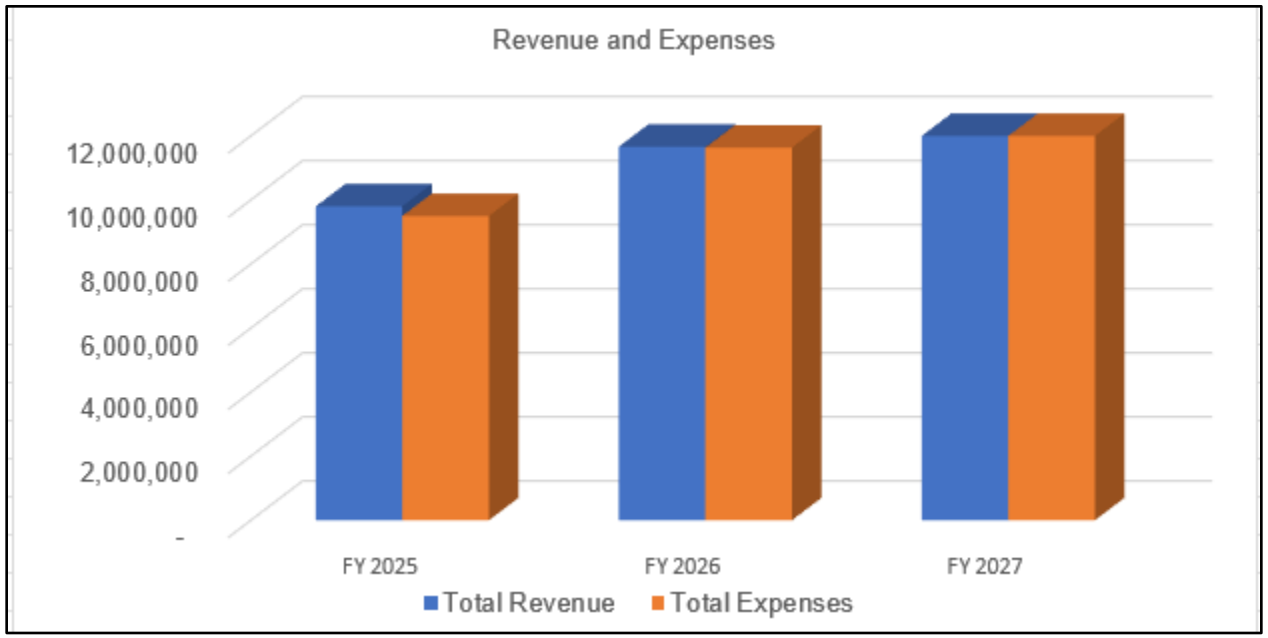
Key Budget Data updated

FY2027 President's Budget Submission $ in Thousands			
Defense Information Systems Agency Working Capital Fund	**FY 2025**	**FY 2026**	**FY 2027**
Total Contract Authority (Includes CIP)	**149,783**	**189,808**	**189,659**
Operating Contract Authority			
Capital Investment Program (CIP)	149,783	189,808	189,659
Reimbursable Authority, Total	**9,355,094**	**10,965,394**	**11,123,956**
Total Budget Authority	**9,504,877**	**11,155,202**	**11,313,615**

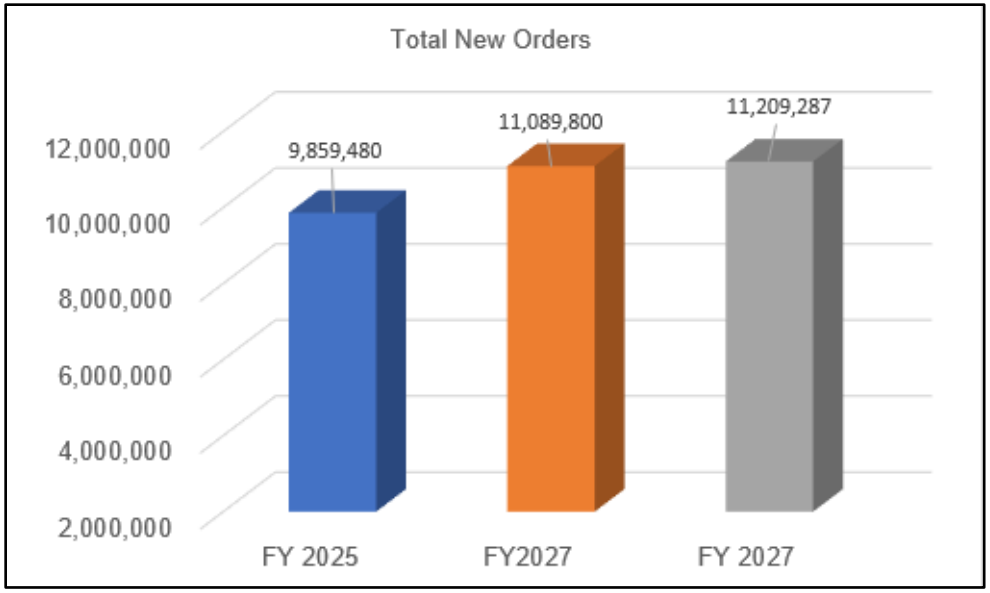
FY 2027 President's Budget Submission $ in Thousands			
Defense Information Systems Agency Working Capital Fund	**FY 2025**	**FY 2026**	**FY 2027**
Total Revenue	**9,859,480**	**11,089,800**	**11,209,287**
Total Expenses	**9,550,522**	**11,068,234**	**11,227,651**
Total Operating Results	**308,958**	**21,565**	**(18,364)**
Capital Surcharge	**350,394**	**26,373**	**58,313**
Total Net Operating Result	**(41,436)**	**(4,808)**	**(76,677)**
Deferred AOR			**(98,175)**
Total Accumulated Operating Result (AOR)	**621,676**	**174,852**	**-**
Total Direct Appropriations	**-**	**-**	**-**
Total End of Period Cash Balance	**563,518**	**630,073**	**522,807**
Total Cash Upper Operating Limit	**639,491**	**719,536**	**901,486**
Total Cash Lower Operating Limit	**234,974**	**155,622**	**401,207**

FY 2027 President's Budget Submission Personnel Data			
Defense Information Systems Agency Working Capital Fund	**FY 2025**	**FY 2026**	**FY 2027**
Civilian Full Time Equivalents	**3,609**	**3,683**	**3,502**
Military End Strength	**19**	**19**	**19**

The table above provides a summary of the financial accounts and personnel levels reflected in this budget request for the Information Services activity group.
** Data in all tables may be off due to rounding.*



Total Revenue and Expenses are projected to increase in FY 2026 and FY 2027 due to additional Reimbursable Authority needed in support of DISA's Defense Information Technology Contracting Organization (DITCO) and the DAFA migration to DoDNet.



Rate Changes for Major Programs

In FY 2027, rates for Computing Services decrease by -8.00 percent in the aggregate. The price of the DISN Infrastructure Services (DISN IS) is unchanged. Pricing for other telecommunications services decreased by -0.16 percent in the aggregate. The standard contracting fee and the Joint Enterprise Licensing Agreement (JELA) fee remain unchanged at 2.25 percent and 0.50 percent, respectively.

Business Area	Major Service Offering	FY 2027 Rate/Fee	Percent Change
Computing Services	Composite Rate		-8.00%
Telecommunications Services	DISN Infrastructure Services Price	-	0.00%
	Other Telecommunications Services	-	-0.16%
Enterprise Acquisition Services	Standard IT Contracting Fee	2.25%	0.00%
	Joint Enterprise License Agreement Contracting Fee	0.50%	0.00%

Cash Requirement

	Cash Requirement ($ in millions)	FY 2025	FY 2026	FY 2027
1	**Rate of Disbursement (total across all business areas)**	**$243.012**	**$282.647**	**$290.168**
1a.	Total Disbursements	$9,477.479	$11,023.244	$11,316.553
1b.	Collection Cycles	39	39	39
2	**Range of Operation**	**$404.517**	**$563.914**	**$500.279**
2a.	Upper Bound of Expected Operating Range	$639.491	$719.536	$901.486
2b.	Lower Bound of Expected Operating Range	$234.974	$155.622	$401.207
3	**Risk Mitigation**	**$72.812**	**$88.382**	**$401.207**
4	**Reserves**	**$162.162**	**$67.240**	**$0.000**
	Ending Cash Balance	$563.518	$630.073	$522.807

The DISA historically considered the following key metrics when developing the budgeted cash requirement through FY2026: average rate of disbursement, range of operation, risk mitigation, and reserves. Starting with FY2027, the DISA used 5 years of historical disbursement and collection volatility to determine the FY2027 Lower Bound of Expected Operating Range, Upper Bound of Expected Operating Range, and Range of Operation in accordance with policy guidance.

Rate of Disbursement: The rate of disbursement is calculated based on the average volume of disbursements between large collections. The DISA applies different billing rules for different lines of businesses. These differences are largely driven by system processes or contract stipulations. Telecommunications Services are billed once per month, Computing Services are billed twice per month and IT Services are generally billed four times per month. Therefore, collections are posted on multiple days throughout each month. In FY 2025, the DISA experienced an average of 9.4 days between large collections across all business areas. With total disbursements projected at $9.5 billion, the average aggregate amount disbursements between collection cycles is $243.0 million. Total Disbursements are planned to increase from FY 2025 levels, mostly due to increases in workload for DITCO to support DoW and other agency contracting actions.

The expected rate of disbursement in FY 2027 assumes the same number of average days between collections and is adjusted for projected business volume, although Operating Ranges and Control Limits are static at PB 2025 and PB 2026 levels, consistent with policy guidance.

Range of Operation: Historically, the budgeted range of operation was largely based on analysis of prior year execution. Actual ranges are provided in the following table and reflect daily cash balances. From FY 2021 to FY 2025, the average difference between the high daily cash balance and low daily cash balance for each fiscal year was $661.90 million.

($M)	FY 2021	FY 2022	FY 2023	FY2024	FY2025
High	$929.10	$701.90	$731.80	$810.3	$888.0
Low	$39.40	$64.10	$251.10	$132.7	$264.2
Range	**$889.70**	**$637.70**	**$480.7**	**$677.6**	**$623.8**

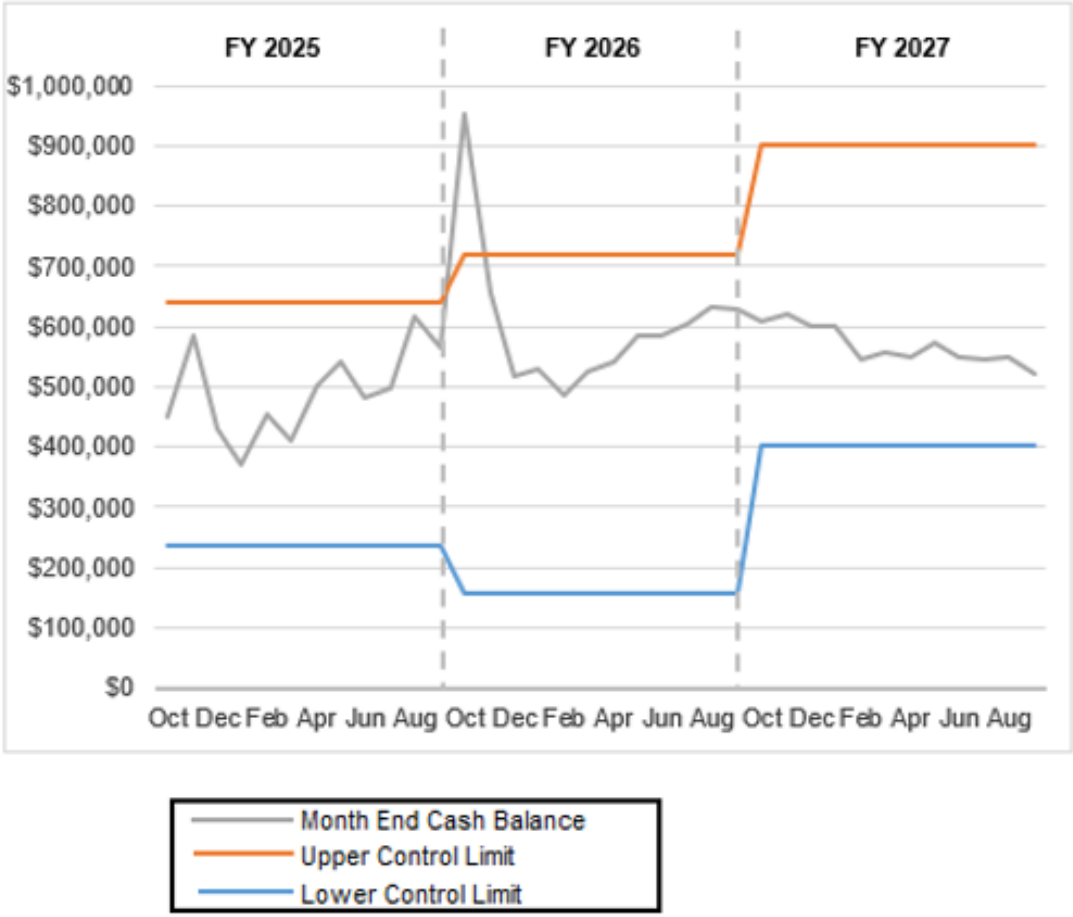
This historical methodology was used for budgeting the FY 2026 Range of Operation. For FY 2027, the new OSW (Comptroller) approved methodology calculates an operating range with 80 percent confidence level, assuming cash starts the year at the mid-point of the range. DISA has noted the FY 2027 calculated Operating Range of $500.279 million is smaller than the FY 2026 Operating Range of $563.914 million. Although FY2027 Beginning Cash Balance is not projected to start at the mid-point of the range, the range should be sufficient for anticipated end-of-month cash balances throughout the year.

Risk Mitigation: Historically through FY 2026, DISA has included a risk mitigation factor of three days of disbursements to address the potential for unplanned losses/lower cash execution. Beginning in FY 2027, DISA has increased the Risk Mitigation according to 5 years of historical disbursement and collection volatility, consistent with new methodology across the Department of War. This substantially raises the Lower Control Limit for DISA beginning in FY 2027 from $156.6 million in FY2026 to $401.2 million in FY 2027.

Reserves: In FY 2025, DISA planned for $162.162 million of Reserves to support returning AOR and Cash to customers in remaining budget years. DISA was able to achieve and maintain an 8 percent FY 2026 rate reduction for the DISN and 4 percent composite rate reduction for Computing Services in FY 2026 with a further 4 percent reduction in FY 2027. DISA does not have any cash reserves as the new methodology for Risk is $312.5 million higher than previously calculated. The projected FY 2027 Ending Cash Balance allows for carrying enough cash forward to FY 2028 to return $98.2 million of AOR to customers without breaching the new FY 2027 Lower Control Limit. Avoiding notable swings in rates will avoid negatively impacting customer budgets and allow for more consistent budget planning.

Cash Levels: Overall cash levels are higher than planned in PB 2026 due to unplanned FY 2025 profits but are needed to stay within updated Lower Control Limits for FY 2027 and allow for returning AOR and Cash to Customers in FY 2028.

DISA DWCF PB27 Monthly Cash Balances and Control Limits



Computing Services

DISA's Computing Services business area operates the DoW Hybrid Compute Centers (HCCs), which provide mainframe and server processing operations, data storage, production support, technical services, and end-user assistance for command and control, combat support, and enterprise services across the Department of War (DoW).

The Computing Services business area currently operates eleven data centers: six in the continental United States (CONUS) and five outside the continental United States (OCONUS). CONUS data centers are configured to support a broad range of Department of War computing requirements while OCONUS data centers are designed for more regional requirements. The computing facilities continue to be highly accessible and secure data processing centers with dual, high-capacity connectivity to the Department of War Information Network (DoDIN) and organic defense in-depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources to gain economies of scale. Additionally, Hosting and Compute (HaC) provides "assured computing," whereby all mission-critical data is continuously available to customers.

The DISA Hybrid Compute Centers employ highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment to over four million users through:

- 17 mainframes
- Approximately 7,300 NIPR and 3,000 SIPR operating systems
- Approximately 73 petabytes of storage
- Approximately 235,000 square feet of raised floor
- Approximately 3,400 network devices
- Survivable connectivity to the Defense Information Systems Network core

The subsequent table displays the locations of data centers currently operated by DISA.

Data Center Locations
Mechanicsburg, PA
Montgomery, AL
Oklahoma City, OK
Ogden, UT
Columbus, OH
San Antonio, TX
Europe (Stuttgart, Germany)
Europe (Wiesbaden, Germany
Bahrain (Temporary Enterprise Computing Center with new MILCON Facility in FY 2029)
Yokota, Japan
Ford Island, Hawaii

Service Descriptions

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the DoW components to:

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets
- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment, and supplies
- Manage the information for the medical environment and patient care
- Support DoW business, contracting, financial, payroll and eBusiness applications

The DoW Chief Information Officer (CIO) is leading efforts within the Department to consolidate data centers, continue the adoption of enterprise services, and foster adoption of cloud computing-all of which directly affect DISA's Computing Services. The HCCs are highly capable, highly resilient data centers providing standardized hosting and storage services to the enterprise within the Single Security Architecture. HCCs also enable a significant reduction in the total number of DoW data centers by serving as consolidation points for computing and storage services currently hosted across hundreds of component facilities.

Server Hosting and Virtualization Services provide managed hosting solutions for strategic partners requesting DISA to provide the labor, hardware, and software required to manage and maintain their server Operating Environments (OEs). This includes mandatory services for hosted applications, such as systems administration, cybersecurity administration, hardware services, and optional services such as application support/web administration and database administration. Rates are tailored to the attributes of the mission partner's workload (e.g., processing power allocated to the OEs, virtual vs. physical OEs, and type of hardware).

Server Storage Services include a wide array of storage offerings tailored to each strategic partner's level of service required to meet maximum acceptable data loss and minimum acceptable recovery time for each application. Rates charged are based on the usable gigabyte of storage allocated per month and the level of service requested by the strategic partner for data recovery.

Large-scale Mainframe Computing Hardware & Software Processing supports critical applications and processes throughout the Department of War, directly impacting the warfighter, leveraging IBM System z platforms. This includes the latest hardware, updated and maintained operating systems, all relevant supporting software, and specialized technical expertise to address any challenges. Capabilities include state-of-the-art z/OS, modernized Linux operating systems, and scalable containerized platform hosting.

The Global Content Delivery Service (GCDS) is a computing services enterprise-level solution that supports and enhances DISN operations by securing and accelerating mission-critical applications on NIPRNet and SIPRNet. Utilizing globally deployed edge computing nodes and emulating commercial Content Delivery Network (CDN) technology, GCDS provides content delivery, Web Application Firewall (WAF), cloud storage, streaming services and Identity Credential and Access Management (ICAM) capabilities that integrate with DISN's Zero Trust Access (ZTA) architecture. This offering ensures secure and reliable application distribution across the DoDIN in support of DISN requirements.

Stratus is a DoW on-premises private cloud leveraging a combination of mature Commercial off the Shelf (COTS) and government developed technology to deliver services tailored to needs of the DoW committing to a Zero Trust architecture. Stratus provides an Infrastructure as a Service (IaaS) that delivers a multi-tenant, self-service management capability for compute, storage, and network infrastructure. It delivers rapid elasticity, resource pooling, and broad network access through a self-service on-demand web-based portal where Strategic Partners can easily manage their resources.

Secure File Gateway ensures secure data transfer between DoW and those interfacing with the DoW (i.e., cooperative programs, commercial, public service, and others). Rates are charged based on the number of user accounts per month supporting file transfers.

Virtual Datacenter Security Stack (VDSS) serves as the virtual security enclave protecting applications and data hosted in commercial environments. It includes two core services: Web Application Firewall (WAF) and Next Generation Firewall. Together, these capabilities detect and prevent threats facing web applications and workloads.

DoW Olympus is a new service offering in FY2026. Provides common services for self-hosted cloud environments and a managed platform for customers that would prefer that the DISA manage their underlying cloud infrastructure. DoW Olympus is deployed in Microsoft Azure and Amazon Web Service (AWS) at IL5. Future plans include deployment to IL6 and expanding to other cloud providers including Google Cloud Platform (GCP) and Oracle Cloud Infrastructure (OCI).

Vulcan is a suite of tools that helps DoW customers adopt DevSecOps and Agile practices by enabling modern project management, software development, and IT infrastructure. Vulcan is an iteratively developed service, meaning new features and functionality are added routinely based on mission and customer demand. Vulcan provides these tools following a low-cost Software as a Service (SaaS) approach.

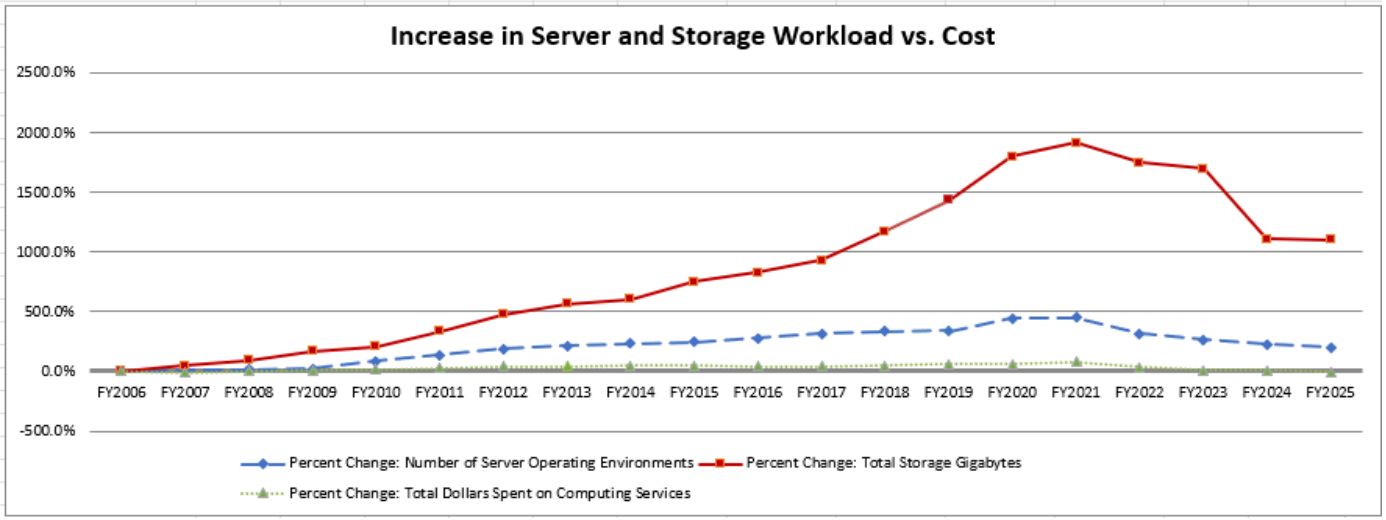
Vulnerability Management Service (VMS) ensures the resilience and security of mission operations in today's complex threat landscape by delivering a robust, hybrid-cloud endpoint security that safeguards critical services, applications, and data from both internal and external threats. The dynamic solution provides comprehensive protection for Strategic Partners, extending overage across data center hosted systems and commercial virtual private clouds (VPCs).

Containers as a Service (CaaS) provides secure, on-premises container hosting that is designed to facilitate rapid application deployment, patching and scalability. The CaaS platform is a managed NIPR and SIPR hosting capability for strategic partners that need DISA to provide the labor, hardware, and software required to manage and maintain their containerized applications. The CaaS service comes bundled with modern capabilities to ensure Strategic Partner success such as container scanning, container registry, backup/restore, and logging/monitoring infrastructure.

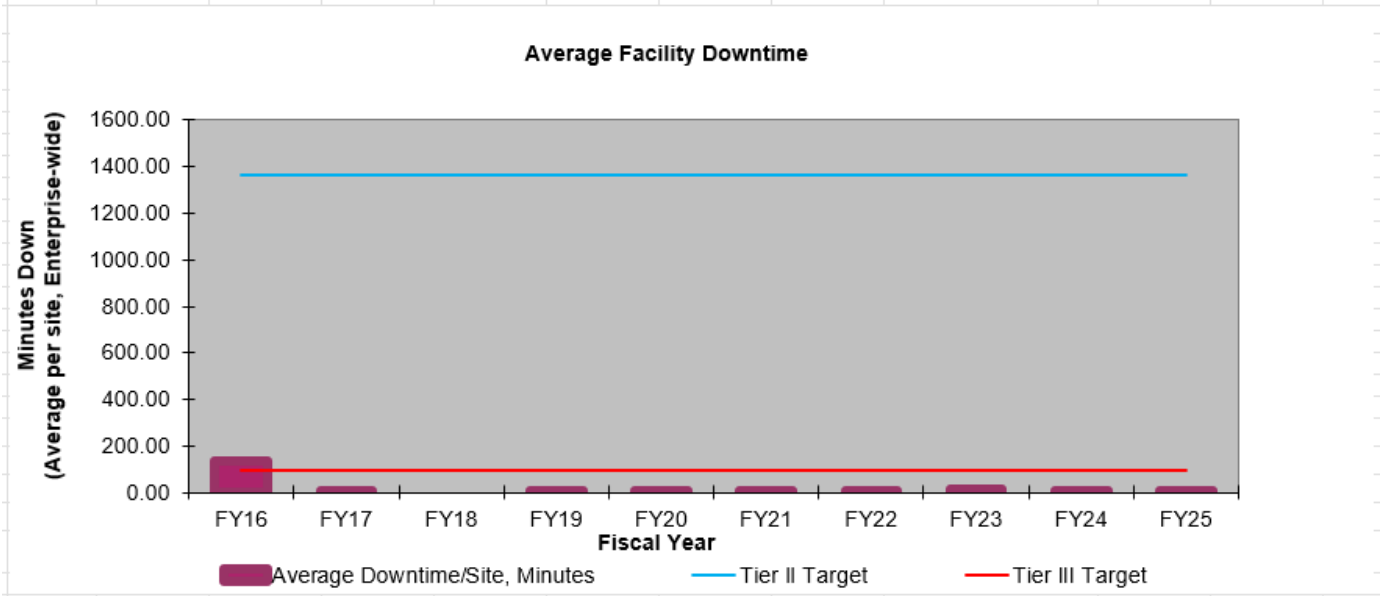
Performance Measures

Computing Services Trends: Increasing Workload and Efficiency

As shown in the subsequent table, demand for DISA's server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer-driven server operating environments (OEs) has increased by 200 percent, and total storage gigabytes have increased by 1,101 percent. Over the same timeframe, the cost to deliver all computing services has decreased by 4 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA's unique ability to leverage robust computing capacity at the DISA Datacenters.



The "Core Data Center Availability" metric, expressed in minutes per year, represents application availability from the end user's perspective and includes all outages or downtime regardless of root cause or problem ownership. Tier II requires achieving 99.75 percent availability, which limits downtime to approximately 1,361 minutes per year. Tier III, the standard for all DoW-designated Core Data Centers, requires achieving 99.98 percent availability, which limits downtime to approximately 95 minutes per year.



The "***Capacity Service Contract Equipment Availability***" metric represents DISA's equipment availability by technology, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as last mile communications issues, base power outages or the like. The Threshold refers to system uptime and capacity availability for intended use; this is the level required by contract. The Objective is the value agreed on by the vendor and the government to be an ideal target, and Actual is reported by the vendor monthly.

	Threshold	Objective	Actual
IBM System z Mainframe	99.95%	99.99%	100.00%
Unisys Mainframe	99.95%	99.99%	100.00%
P Series Server	99.95%	99.99%	100.00%
SPARC Server	99.95%	99.99%	100.00%
X86 Server	99.95%	>99.95%	99.99%
Itanium	99.95%	>99.95%	100.00%
Storage	99.95%	>99.95%	99.99%
Communications Devices	99.95%	>99.95%	99.99%

Rates

This budget results in a composite 8.00 percent rate reduction for Computing Services from published FY2026 rates. This is comprised of a 4.00 percent composite FY 2026 execution year rate reduction from the rates published in PB26 and an additional 4.00 percent composite rate reduction for FY 2027 for a total of 8.00 percent reduction to customers from PB 2026 to PB 2027. The DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement of actual cost. The charts on the following pages display the rates by category.

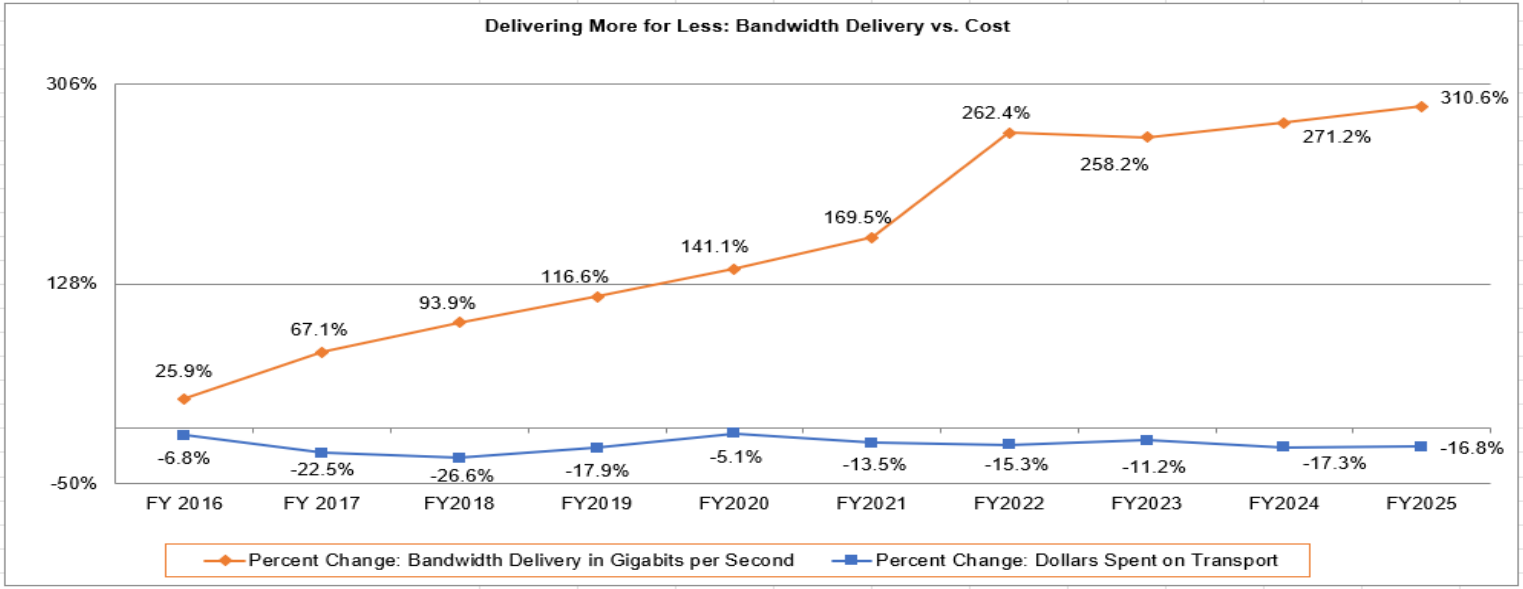
	Units in whole dollars	
Mainframe	**FY 2026**	**FY 2027**
IBM CPU Usage (Hour/Month)	$568.2768	$568.2768
IBM Storage (GB/Day)	$0.2398	$0.2230
IBM Long Term Storage (GB/Day)	$0.1581	$0.1470
Infrastructure - zLINUX (vCPU/Month)	$1,159.51	$1,043.56
HW Services - zLINUX (vCPU/Month)	$245.38	$245.38
Infrastructure	**FY 2026**	**FY 2027**
Storage Primary Disk Tier 1 (Useable GB/Month)	$0.3452	$0.3107
Server Storage Backup Service (Useable GB/Month)	$0.1887	$0.1698
Server Storage Dedicated COOP SAN Replication (Useable GB/Month)	$0.6643	$0.5979
Storage Primary Disk Tier 2 (GB/Month)	$0.0119	$0.0107
Object Storage (GB/Month)	$0.0743	$0.0669
Infrastructure - Cloud (vCPU/Month)	$164.00	$161.00
Infrastructure - Converged (x86) (vCPU/Month)	$178.00	$174.00
Infrastructure - Converged SPARC (OE/Month)	$611.00	$599.00
Infrastructure - Virtual (vCPU or Core/Month)	$215.00	$211.00
Infrastructure - Virtual Non Standard (OE/Month)	$1,524.00	$1,494.00
Infrastructure - Class 1: Physical (OE/Month)	$2,912.00	$2,854.00
Infrastructure - Class 2: Physical (OE/Month)	$3,972.00	$3,893.00
Infrastructure - Class 3: Physical (OE/Month)	$4,724.00	$4,630.00
Cyber Security	**FY 2026**	**FY 2027**
Database Administration - Security Only (OE/Month)	$229.25	$229.25
Cyber/Security Labor (OE/Month)	$53.45	$53.45
Financial Audit Compliance IBM Mainframe (Hour/Month)	$1.96	$1.88
Financial Audit Compliance Open Systems (OE/Month)	$269.37	$258.60
Financial Audit Compliance Unisys Mainframe (Sups/Month)	$0.20	$0.19
Vulnerability Endpoints (Endpoint/Month)	$32.28	$32.28
VMS without Endguard (Endpoint/Month)	$28.67	$28.67
Defender Data Only for 365J Tenant (Endpoint/Month)	$2.56	$2.56
Defender 365J Tenant Implementation (Per Endpoint)	$2.51	$2.51
Product Development & Management	**FY 2026**	**FY 2027**
Containerization As A Service (vCPU or Core/Month)	$162.49	$162.49
Common Services (Customer/Month)	$8,333.33	$8,333.33
Managed Platform (Customer/Month)	$12,500.00	$12,500.00
JIRA and Confluence (Per User/Month)	$128.96	$128.96
GITLAB Ultimate (Per User/Month)	$257.62	$257.62
JIRA Service Management (JSM) (Per User/Month)	$58.61	$58.61
Virtual Data Center Security Stack (VDSS) (OE/Month)	$140.33	$140.33
Cloud Engineering Bronze (Unit/Month)	$1,892.59	$1,892.59

	Units in whole dollars	
Product Development & Management (cont)	**FY 2026**	**FY 2027**
Cloud Engineering Silver (Unit/Month)	$3,784.00	$3,784.00
Cloud Engineering Gold (Unit/Month)	$9,461.72	$9,461.72
Cloud - IaaS Log View (Edge Gateway/Day)	$28.42	$28.42
Stratus vCPU (vCPU/Hour)	$0.0609	$0.0560
Stratus Memory (GB/Hour)	$0.0045	$0.0045
Stratus Tier I Primary Storage (GB/Day)	$0.0095	$0.0087
Stratus Backup Storage (GB/Day)	$0.0052	$0.0048
Stratus Tier 2 Storage (GB/Day)	$0.0008	$0.0007
Stratus Object Storage (GB/Day)	$0.0062	$0.0062
Hybrid Computing	**FY 2026**	**FY 2027**
Systems Administration Conventional: Virtual (OE/Month)	$444.00	$400.00
Systems Administration Conventional: Physical (OE/Month)	$446.00	$401.00
Systems Administration - Converged OSC SPARC (OE/Month)	$139.00	$125.00
Systems Administration - Converged x86 (OE/Month)	$276.00	$248.00
Systems Administration - Cloud (OE/Month)	$368.00	$368.00
Systems Administration - 24x7 (OE/Month)	$1,031.00	$928.00
HW Services SPARC LDOM Processor (Core/Month)	$210.00	$189.00
HW Services SPARC Class 1 Physical (OE/Month)	$1,359.00	$1,223.00
HW Services SPARC Class 2 Physical (OE/Month)	$2,992.00	$2,693.00
HW Services SPARC Class 3 Physical (OE/Month)	$7,450.00	$6,705.00
HW Services Itanium Class 1 Physical (OE/Month)	$1,963.00	$1,767.00
HW Services Itanium Class 2 Physical (OE/Month)	$4,058.00	$3,652.00
HW Services Itanium Class 3 Physical (OE/Month)	$7,488.00	$6,739.00
HW Services x86 VOE Processor (vCPU/Month)	$55.00	$50.00
HW Services x86 Class 1 Physical (OE/Month)	$248.00	$223.00
HW Services x86 Class 2 Physical (OE/Month)	$388.00	$349.00
HW Services x86 Class 3 Physical (OE/Month)	$629.00	$566.00
HW Services SPARC Virtual Memory (GB/Month)	$3.03	$2.73
HW Services x86 Virtual Memory (GB/Month)	$1.95	$1.76
H/W Services Itanium IVMs (OE/Month)	$1,127.00	$1,014.00
Server Implementation Virtual (One Time per OE or VOE)	$6,774.00	$6,774.00
Server Implementation Physical (One Time per OE)	$12,708.00	$12,708.00
Application Support / Web Administration (OE/Month)	$1,172.00	$1,172.00
24 x 7 Application Support (OE/Month)	$2,589.00	$2,589.00
Database Administration (OE/Month)	$2,181.00	$2,181.00
24 x 7 Database Administration (OE/Month)	$2,877.00	$2,877.00
Oracle Database Software Itanium Virtual (Core/Month)	$659.00	$659.00
Oracle Database Software Itanium Class 1 Physical (OE/Month)	$7,953.00	$7,953.00

	Units in whole dollars	
Hybrid Computing (continued)	**FY 2026**	**FY 2027**
Oracle Database Software Itanium Class 2 Physical (OE/Month)	$15,892.00	$15,892.00
Oracle Database Software Itanium Class 3 Physical (OE/Month)	$23,834.00	$23,834.00
Oracle Database Software x86 & SPARC Virtual (vCPU or Core/Month)	$331.00	$331.00
Oracle Database Software x86 & SPARC Class 1 Physical (OE/Month)	$3,974.00	$3,974.00
Oracle Database Software x86 & SPARC Class 2 Physical (OE/Month)	$7,937.00	$7,937.00
Oracle Database Software x86 & SPARC Class 3 Physical (OE/Month)	$11,924.00	$11,924.00
Secure File Gateway (Per User/Month)	$170.00	$156.00
DISA Service Platform	**FY 2026**	**FY 2027**
Service Now - ITSM/CSM License (Annual Charge)	$1,868.49	$1,868.49
Service Now - DSP Surcharge (Per Month)	$216.40	$216.40
Service Now - SPM License (Annual Charge)	$1,874.55	$1,874.55
Service Now - SPM DSP Surcharge (Per Month)	$213.28	$213.28
Service Now - SAM Subscription (Annual Charge)	$25.96	$25.96
Service Now - SAM DSP Surcharge (Per Month)	$2.95	$2.95
CSSP	**FY 2026**	**FY 2027**
CSSP DataCenter (OE/Month)	$171.21	$171.21
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 1 (Application/Month)	$1,802.74	$1,802.74
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 2 (Application/Month)	$3,225.93	$3,225.93
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 3 (Application/Month)	$5,758.77	$5,758.77
CSSP Cloud Infrastructure as a Service (IaaS) - Tier 4 (Application/Month)	$9,332.01	$9,332.01
CSSP Mainframe (Application/Month)	$109.65	$109.65
Endguard Data Surcharge		$0.8637
Thunderdome - ZTE (NIPR or SIPR) (Per User/Month)	$4.13	$4.13
Thumderdome - ZTR (NIPR or SIPR) (Per User/Month)	$5.11	$5.11
Microsoft Defender for Endpoint (MDE) Tier 1	$3,269.70	$3,269.70
Microsoft Defender for Endpoint (MDE) Tier 2	$7,551.83	$7,551.83
Microsoft Defender for Endpoint (MDE) Tier 3	$16,150.60	$16,150.60
Microsoft Defender for Endpoint (MDE) Tier 4	$34,185.39	$34,185.39
Microsoft Defender for Server (MDfS) Tier 1	$810.40	$810.40
Microsoft Defender for Server (MDfS) Tier 2	$3,946.43	$3,946.43
Microsoft Defender for Server (MDfS) Tier 3	$19,213.44	$19,213.44
Microsoft Defender for Server (MDfS) Tier 4	$88,680.81	$88,680.81
CCMD HQ Spt	$7,589.74	$7,589.74
Enterprise Services	**FY 2026**	**FY 2027**
DATAAPS (Account/Month)	$1.71	$1.23
Global Service Desk	**FY 2026**	**FY 2027**
GSD Tier II Support (W-Optional VIP Support) (0.25 FTE/Month)	$4,568.60	$4,568.60
GSD Automated Contract Distribution (ACD) System (License/Month)	$655.34	$655.34
GSD TIER I - ACD SERVICE (0.25 FTE/Month)	$355.87	$355.87
GSD TIER I - CORE SUPPORT (0.25 FTE/Month)	$3,484.27	$3,484.27

Telecommunications Services

The Telecommunications Services business area provides a set of high quality, reliable, survivable, and secure telecommunications services to meet the Department of War's command and control requirements. The major component of Telecommunications Services is the Defense Information Systems Network (DISN), a critical component of the DoDIN that provides the Warfighter with essential access to timely, secure, and operationally relevant information to ensure the success of military operations. The DISN is a collection of robust, interrelated telecommunications networks that provide assured, secure, and interoperable connectivity for the Department of War, coalition partners, national senior leaders, combatant commands, and other federal agencies. Specifically, the DISN provides dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The robustness of this telecommunications infrastructure has been demonstrated by DISA's repeated ability to meet terrestrial and satellite surge requirements in Southwest Asia while supporting disaster relief and recovery efforts throughout the world. Overall, the DISN provides a lower customer price through bulk quantity purchases, economies of scale and reengineering of current communication services. Despite the continuing upward trend in demand, DISA has delivered transport services at an overall cost decrease to mission partners, as shown in the subsequent chart.



The previous chart compares the bandwidth delivery, including MPLS connections, to Transport costs. Since FY 2016, DISA has increased transport bandwidth delivery capacity 310.6 percent to meet customer demand. The increase is driven by internet traffic, DoW Enterprise Services, full motion video collaboration, and

Intelligence, Surveillance and Reconnaissance (ISR) requirements. Over the same timeframe, transport costs associated with the physical connections between sites have decreased by -16.8 percent. Additionally, DISA has been able to keep these costs down without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability and latency, two key performance metrics.

The table below illustrates DISA's DISN Infrastructure Services (IS) service offering and the major cost centers that support it:

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN INFRASTRUCTURE SERVICES	Transport	Bandwidth Management	Backbone
		Maintenance	
		Core Sustaining Activities	Warehousing
			Minor Equipment
			Installation
			Other Sustaining Activities
			IP Data Systems
	Cyber Protection	Cyber Protection Activities	Cloud Based Internet Isolation (CBII)
			Enterprise Cross Domain Services
			Network Operations of Enterprise Infrastructure
			Network Hardening
			PKI and Directories
			Secure Configuration Management
			Joint Regional Security Stacks (JRSS)
	Security and Assurance	Network Security Monitoring	
	Centralized Services	Engineering and Logistics Management	
		Operational Support Services (OSS)	
		Network Support Services	

Service Descriptions

The ***Defense Information Systems Network Infrastructure Services (DISN IS)*** represents a collection of core capabilities required to operate, maintain, and sustain the globally available DISN communications backbone infrastructure. The DISN IS cost recovery model is designed to allocate costs to mission partners based on consumption at a point in time, using access circuit capacity as a proxy for measuring consumption.

The FY 2027 price of the DISN IS remains unchanged from FY 2026 levels which reflected a decrease in accordance with DoW cost reduction priorities including civilian labor reductions, reprioritization of capital investment program, and realizing reduced capital outlays and depreciation.

DISN Infrastructure Services cost elements are described below:

Transport Services provide a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Department of War Agencies. Transport Services provide the information transport for services described subsequently, as well as for other specialized services. Transport Services also includes the sustainment of transport and IP equipment (both Non-classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR)) at the DISN Service Delivery Nodes (SDN), management of communications backbone capacity of the DISN, and repair operations on all DISN equipment to ensure operability.

Cyber Protection activities support the DISN by designing and deploying proactive protections, deploying attack detection, and performing information assurance operations to ensure that adequate security is provided for information collected, processed, transmitted, stored, or disseminated on the DoDIN. These efforts include tasks associated with affording protection to telecommunications, information systems, and information technology that process sensitive and classified data as well as efforts to ensure the confidentiality, authenticity, integrity, and availability of the information and the systems. Operating costs also include providing mission partners secure access to the commercial cloud environment via the **Boundary Cloud Access Point (BCAP),** as well as sustainment of the Zero Day Network Defense (ZND) email capability, which detects and blocks polymorphic malware variants and other zero-day techniques at the DoW's enterprise email gateways.

Cloud Based Internet Isolation (CBII) transfers Internet browsing sessions from traditional desktop browsers to a secure, isolated cloud platform. The enterprise service provides enhanced network defense by isolating potentially malicious code and content within a cloud platform, removing the threat from direct connections to DoW networks.

Joint Regional Security Stacks (JRSS) is a joint Department of War (DoW) security architecture deployed regionally throughout the world. JRSS is a legacy security capability that is in the process of being decommissioned over a multi-year period, with a target sunset of all capabilities by the end of FY 2027. JRSS will be replaced with Department's zero trust architecture.

Cyber Data Analytics Platform (CDAP) is the consolidation of Raiden, Acropolis, ACT/CDE, Analytics, SIEM, BDP, DCO Cloud, DESOAR, WCF SIEM, and DNS Data Lakes. It is an Integrated Defensive Cyber Operations data lake and data pipeline for analysts within the Department of War to protect and defend the DoDIN.

Security and Assurance Services

Network Security Monitoring

Infrastructure Security provides Information Assurance (IA), Information Systems Security and Traditional Security support of the DISN to assure that the DISN systems and technology are secured according to the applicable security requirements, directives, and regulations.

Centralized Services

Centralized provisioning provides order entry, order preparation, solution design, and service activation support.

Engineering and Logistics Management provide architecture, systems engineering and end-to-end analytical support for the DISN and its customers, resolving high priority technical issues affecting end-to-end interoperability and performance across the DISN. Additionally, these functions provide customer service request fulfillment, manage DISN and telecommunication systems release activities, and oversee worldwide deployment for all corresponding services. This also includes circuit transition efforts supporting DISN projects.

Operational Support Services includes network operations, network management, and centralized provisioning functions. Network Operations provides trained personnel for tier I and II network support at the DISA NetOps centers located throughout the world. Network Management provides the tools necessary to automate the operations, administration, maintenance, and provisioning/engineering activities for the DISN. These same tools give network managers/monitors the capability to “see” the network in real-time, a critical capability necessary to resolve crises and other network events.

Network Services Support includes centralized support services across the DISN programs, including contract acquisition support, mission management and operational metrics support, and workforce management support.

The ***Department of War (DoW) Secure Access File Exchange (SAFE)*** is a web-based file transfer service that provides authenticated DoW Common Access Card (CAC) users (authenticated users) and guests (unauthenticated users) the capability to securely send and receive large files, including files that are too large to be transmitted via email.

In addition to the DISN services previously discussed, the DISA offers other **Reimbursable Telecommunications Services**, as described in the following section.

Video Services

Global Video Services – Classified (GVS-C) provides a full suite of on-demand, high-quality assured video conference capabilities and supports DoW subscribers, warfighters in the field and coalition partners worldwide. The unclassified capability has been decommissioned as a result of DoW mission partners migrating to the Defense Enterprise Office Solutions.

Voice Services

The ***DISN Enterprise Classified Travel Kit (DECTK)*** Gateway program supports DoW customers by providing classified voice and data services via small, rapidly deployable devices through any internet connection, anywhere in the world.

The ***Enterprise Voice Services (EVS)*** portfolio provides IP-based, unclassified, and classified voice capabilities supporting hard phone and soft client calling and supporting services for Combatant Commands, Services and Agencies.

Enterprise Voice over IP (EVoIP) and Enterprise Classified Voice over IP (ECVoIP) services provide global, scalable, and redundant communications solutions delivered over highly available and secure networks. Both Managed and Basic Voice Over IP capabilities are available to DoW mission partners.

Cloud Voice over IP (CVoIP) provides voice connectivity for commercial and Defense Switch Network (DSN) inbound and outbound calls to the impact level 5 cloud.

Organizational Messaging (OMS) provides assured messaging and directory services to support the exchange of official information and interoperability between the military services, DoW agencies, Combatant Commands, non-DoW U.S. Government activities, the Intelligence Community, NATO and Allied/Coalition Mission Partners.

Other Services

The DoW Mobility services provide enterprise-level Unclassified and Classified mobile communications services, which ensure interoperability, increased security, and access to information. The Mobility Program utilizes Commercial Mobile Devices (CMDs) and commercial carrier infrastructure, coupled with mobility infrastructure service, to provide DoW organizations with access to classified and unclassified data on mobile devices. Sustainment costs recovered through the DWCF are driven by customer-specific requirements, i.e., Mobile Device Management hardware, Mobile Application Store, software licenses, and 24x7 operational support.

Cross Domain Services (CDS) are responsible for enhancing security and availability of the DoDIN by ensuring adherence to Information Assurance and Network Operations policies governing transfer of information between domains. Services offered on a cost reimbursable basis include Enterprise Hosted Structured File Transfer and Enterprise Hosted Web Service functions. Services related to Enterprise Cross Domain Email and Enterprise Cross Domain File Sharing are included as part of the DISN Infrastructure Services.

The ***Low Speed Time Division Multiplexing (LSTDM)*** service offering includes the cost of the Serial-to-IP Edge Adaptation Network (SEANet) equipment required to provide enduring LSTDM requirements as the Promina equipment is end-of-life. This offering is meant to encourage a faster elimination of legacy technology to align with the Department's goals.

High Speed Time Division Multiplexing (HSTDM) service offering is a continuation of the LSTDM, with a new reimbursable bill for customers associated with costs for removing legacy technology from the DISN IS. Due to the uncertainty with vendor price increases and unknown customer elimination schedules, this is an unstabilized rate.

Customer-Unique Projects are initiated when DoW components request special network assistance as their missions change and/or expand. These actions are executed on a 100 percent customer reimbursable basis.

Department of War Network (DoDNet) includes the consolidation of NIPR and SIPR commodity IT services previously performed by Fourth Estate Agencies to the DISA as a single service that began in FY 2020. Using a phased approach, operations, maintenance, and sustainment of common-use IT for Fourth Estate Agencies will be completed by DISA and provided as a managed service on a reimbursable basis. This effort will streamline DoW networks and support functions, standardize solution sets, remove non-core competencies from Department of War Agencies and enable a mission focus, strengthen the Department's security posture, and allow for a reallocation of savings to increase lethality.

The ***Department of War 365 (DoD365) Joint Tenant*** is part of the Defense Enterprise Office Solutions (DEOS) portfolio, which enables standardized cloud adoption of messaging, office productivity, content management, and collaboration capabilities for end users across the DoW. The DoW365 Joint Tenant provides a single, shared tenant for the Fourth Estate Agencies and some Combatant Commands.

The ***Teams Audio Conferencing (TAC)*** capability, also known as the DoW365 Integrated Phone System (DIPS), is a voice conferencing service that allows users to make and receive calls through the Microsoft Teams application. DIPS has replaced the former contract that provides dial-in capability only.

Mission Assurance

The ***SECRET Internet Protocol Router Network Federal Demilitarized Zone (SIPRNet FED DMZ)*** capability utilizes a federal DMZ to support capabilities for sharing information with coalition partners and United States government agencies. FED DMZ increases attack detection and decreases the probability of adversarial attack success by providing access control and filtering capabilities. Mission partners are charged based on number of connections into the FED DMZ.

Public Key Infrastructure (PKI) as a Service to other Federal Agencies allows Federal entities to utilize DoW's PKI infrastructure for user authentication. The service provides access credentials to support identity authentication, data integrity, and communications privacy on Secret level networks. The DISA is the National Security System (NSS) Common Service Provider (CSP) and provides PKI service to requesting agencies on a reimbursable basis.

Security and Assurance Services enhance the security and availability of the DoDIN by ensuring adherence to Information Assurance (IA) and Network Operations policies. Certain services are provided as stand-alone offerings, while others are bundled. Examples of services provided include the certification of systems, Cybersecurity Service Provider (CSSP) services, IA readiness reviews, and malware analysis.

Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. These categories of metrics have guided the development of the Telecommunication Services budget submission. Below are major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2025 Actual	FY 2026 Operational Goal	FY 2027 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	98.50%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	≤ 100 Milliseconds	≤ 100 Milliseconds	≤ 100 Milliseconds
Optical Transport network availability	99.50%	99.50%	99.50%

The next section provides billing rates for FY 2026 and FY 2027. The ***DISN Infrastructure Services*** cost recovery model uses a fixed share allocation of costs across the Department and other non-DoW mission partners. The allocations were established at a point in time by using access circuit capacity as a proxy for measuring consumption. The subsequent table shows the FY 2026 and FY 2027 allocation by customer in $ millions.

Defense Information Systems Agency
Information Services Activity Group
Fiscal Year (FY) 2027 Budget Estimates
April 2026

				Units in whole dollars	
Customer Type	Customer	Mbps	% Allocation	FY2026	FY2027
MILDEP	Air Force	552,948.6	34.53%	$ 414.199	$ 414.199
MILDEP	Army	502,158.2	31.36%	$ 376.154	$ 376.154
MILDEP	Marine Corps	47,429.8	2.96%	$ 35.528	$ 35.528
MILDEP	Navy	330,776.8	20.66%	$ 247.776	$ 247.776
Other DoD	Advanced Research Projects Agency	1,421.7	0.09%	$ 1.065	$ 1.065
Other DoD	Defense Acquisition University	1,904.1	0.12%	$ 1.426	$ 1.426
Other DoD	Defense Commissary Agency	137.6	0.01%	$ 0.103	$ 0.103
Other DoD	Defense Contract Audit Agency	610.0	0.04%	$ 0.457	$ 0.457
Other DoD	Defense Contract Management Agency	869.9	0.05%	$ 0.652	$ 0.652
Other DoD	Defense Finance and Accounting Service	3,542.3	0.22%	$ 2.653	$ 2.653
Other DoD	Defense Information Systems Agency	81,358.1	5.08%	$ 60.943	$ 60.943
Other DoD	Defense Logistics Agency	25,167.0	1.57%	$ 18.852	$ 18.852
Other DoD	Defense Manpower Data Center	5,316.1	0.33%	$ 3.982	$ 3.982
Other DoD	Defense Media Activity	3,890.3	0.24%	$ 2.914	$ 2.914
Other DoD	Defense Microelectronics Activity	46.4	0.00%	$ 0.035	$ 0.035
Other DoD	Defense Security Cooperation Agency	1,065.2	0.07%	$ 0.798	$ 0.798
Other DoD	Defense Security Service	285.8	0.02%	$ 0.214	$ 0.214
Other DoD	Defense Technical Information Center	514.8	0.03%	$ 0.386	$ 0.386
Other DoD	Defense Threat Reduction Agency	3,981.6	0.25%	$ 2.982	$ 2.982
Other DoD	DoD Education Agency	51.5	0.00%	$ 0.039	$ 0.039
Other DoD	DoD Inspector General	342.2	0.02%	$ 0.256	$ 0.256
Other DoD	Joint Chiefs of Staff	4,901.8	0.31%	$ 3.672	$ 3.672
Other DoD	Defense Health Agency	15,384.3	0.96%	$ 11.524	$ 11.524
Other DoD	Missile Defense Agency	10,518.2	0.66%	$ 7.879	$ 7.879
Other DoD	Defense Programs Support Activity	437.3	0.03%	$ 0.328	$ 0.328
Other DoD	OUSD A&S	2.9	0.00%	$ 0.002	$ 0.002
Other DoD	OUSD R&E	1.7	0.00%	$ 0.001	$ 0.001
Non-DoD	Department of Commerce	91.0	0.01%	$ 0.068	$ 0.068
Non-DoD	Department of Energy	318.1	0.02%	$ 0.229	$ 0.229
Non-DoD	Department of Homeland Security	156.4	0.01%	$ 0.117	$ 0.117
Non-DoD	Department of Justice	355.8	0.02%	$ 0.267	$ 0.267
Non-DoD	Department of State	1,812.1	0.11%	$ 1.356	$ 1.356
Non-DoD	Federal Aviation Administration	11.0	0.00%	$ 0.008	$ 0.008
Non-DoD	Federal Bureau of Investigation	48.1	0.00%	$ 0.036	$ 0.036
Non-DoD	Government Accountability Office	44.9	0.00%	$ 0.034	$ 0.034
Non-DoD	National Aeronautics & Space Administratic	504.2	0.03%	$ 0.022	$ 0.022
Non-DoD	Nuclear Regulatory Commission	1.5	0.00%	$ 0.001	$ 0.001
Non-DoD	US Coast Guard	2,980.3	0.19%	$ 2.232	$ 2.232
	Total	1,601,387.6	100.00%	$ 1,199.192	$ 1,199.192

All other rates for ***telecommunications services*** include:

	Units in whole dollars	
Cybersecurity Service Provider	**FY 2026**	**FY 2027**
CSSP Subscription (Customer/Month)	$4,360.56	$4,360.56
Sensor Deployment and Activation (per Sensor)	$4,001.71	$4,001.71
Annual Sustainment and Customer Management (Feed/Month)	$45.31	$45.31
Network Security Monitoring - Small (Feed/Month)	$3,043.70	$3,043.70
Network Security Monitoring - Medium (Feed/Month)	$3,478.48	$3,478.48
Network Security Monitoring - Large (Feed/Month)	$3,913.27	$3,913.27
Network Security Monitoring - Extra Large (Feed/Month)	$4,348.06	$4,348.06
Cybersecurity Monitoring - JRSS (Workload factor/Month)	$3,079.50	$3,079.50
Cybersecurity Monitoring - Extended (Workload factor/Month)	$4,437.50	$4,437.50
External Vulnerability Scans - Small CSSP Customer (Customer/Month)	$500.21	$500.21
External Vulnerability Scans - Medium (Customer/Month)	$614.30	$614.30
External Vulnerability Scans - Large/Extra Large (Customer/Month)	$757.94	$757.94
Web Vulnerability Scans - Small (Customer/Month)	$110.38	$110.38
Web Vulnerability Scans - Medium (Customer/Month)	$216.76	$216.76
Web Vulnerability Scans - Large/Extra Large (Customer/Month)	$367.73	$367.73
Cloud SaaS CSSP Additional Blocks (per additional 100 users per month)	$88.00	$88.00
Third-Party Monitored CSSP (per month)	$602.83	$602.83
Cloud Software as a Service (SaaS) CSSP (per 100 Users per month)	$1,458.00	$1,458.00
Certification and Assessment Services	**FY 2026**	**FY 2027**
System & Enclave Assessment - Small (System/Month)	$1,700.70	$1,700.70
System & Enclave Assessment - Medium (System/Month)	$3,099.87	$3,099.87
System & Enclave Assessment - Large (System/Month)	$8,077.69	$8,077.69
System & Enclave Assessment - Extra Large (System/Month)	$14,619.65	$14,619.65

	Units in whole dollars	
Certification and Assessment Services (continued)	**FY 2026**	**FY 2027**
Site Assistance Visit: 1 Team Lead, Instructor, or Reviewer (per Week)	$17,527.51	$17,527.51
Site Assistance Visit: 1 Team Lead and 3 Reviewers (per Week)	$61,225.26	$61,225.26
Site Assistance Visit: Team Lead and 4 Reviewers (per Week)	$78,041.04	$78,041.04
Site Assistance Visit: 1 Team Lead and 5 Reviewers (per Week)	$94,806.35	$94,806.35
Site Assistance Visit: 1 Team Lead and 6 Reviewers (per Week)	$111,595.35	$111,595.35
Dedicated Team Lead Support (Person/Month)	$33,245.31	$33,245.31
Penetration Testing (Person/Week)	$7,725.00	$7,725.00
Red Team Operation (Person/Week)	$7,725.00	$7,725.00
Intrusion Assessment (per Week)	$28,152.99	$28,152.99
Fourth Estate Network Optimization	**FY 2026**	**FY 2027**
NIPR Standard Seat (Seat/Month)	$293.89	$293.89
SIPR Standard Seat (Seat/Month)	$256.96	$256.96
NIPR Only Premium Seat (Seat/Month)	$622.58	$622.58
Mobility Services	**FY 2026**	**FY 2027**
DoW Mobility Unclassified Capability (Device/Month)	$4.29	$4.29
DoW Mobility Classified Capability - Secret (Device/Month)	$90.99	$90.99
DoW Mobility Classified Capability - Top Secret (Device/Month)	$90.99	$90.99
Windows Data at Rest - Secret (Device/Month)	$259.17	$259.17
Enterprise Collaboration Services	**FY 2026**	**FY 2027**
DoW365-J Tenant Management (Account/Month)	$13.51	$10.77
Negligent Discharge of Classified Information (per incident)	$2,784.16	$2,784.16
Teams Audio Conferencing (TAC) DoW Integrated Phone System (DIPS) Connections (Concurrent call/Month)	$23.12	$23.12
Teams Audio Conferencing (TAC) DoW Integrated Phone System (DIPS) Security Activation (Tenant/Year) One Time	$102,719.59	$102,719.59

	Units in whole dollars	
Enterprise Collaboration Services (continued)	**FY 2026**	**FY 2027**
Teams Audio Conferencing (TAC) DoW Integrated Phone System(DIPS) Tenant Activation (Tenant/One-time)	$93,056.98	$93,056.98
Teams Audio Conferencing (TAC) DoW Integrated Phone System (DIPS) Security Reporting (Tenant/Month)	$2,622.42	$2,622.42
Organizational Messaging Service: Navy (per Month)	$704,163.50	$704,163.50
Organizational Messaging Service: Air Force (per Month)	$603,568.72	$603,568.72
Organizational Messaging Service: Army (per Month)	$603,568.72	$603,568.72
Organizational Messaging Service: DIA (per Month)	$100,594.79	$100,594.79
Enterprise Voice and Video Services	**FY 2026**	**FY 2027**
Enterprise Voice over IP (Managed) (Account/Month)	$38.04	$38.04
Enterprise Classified Voice over IP (Managed) (Account/Month)	$28.24	$28.24
Unclassified Backbone (EVoIP Basic) (Concurrent calls/Month)	$31.75	$31.75
Classified Backbone (VoSIP) (Phone number/Month)	$0.0020	$0.0020
Cloud Voice over IP (Concurrent call/Month)	$16.67	$16.67
Global Video Services: Air Force (per Month)	$557,554.71	$557,554.71
Global Video Services: Army (per Month)	$495,199.28	$495,199.28
Global Video Services: DISA (per Month)	$83,410.51	$83,410.51
Global Video Services: Marine Corps (per Month)	$15,386.40	$15,386.40
Global Video Services: Navy (per Month)	$111,753.89	$111,753.89
Global Video Services: Space Force (per Month)	$13,361.88	$13,361.88
Other Services	**FY 2026**	**FY 2027**
Defense Enterprise Classified Travel Kit (Kit/Month)	$1,066.26	$807.03
Circuit Integration Support (JCIP)	$1,017.64	$1,017.64
Low-Speed TDM (Connection/Month)	$9,624.51	$9,624.51
High-Speed TDM (Connection/Month)	$4,783.64	$4,783.64
SIPR Federal Demilitarized Zone (Connection/Month)	$5,354.03	$10,009.41
Cross Domain New Filter Implementation (per Filter)	$210,562.02	$210,562.02
Cross Domain Filter Sustainment (Filter/Month)	$12,303.35	$12,303.35
CDES Large Filter Modification (Greater than 3 Filter Mods)	$50,552.23	$50,552.23
CDES Medium Filter Modification (>1, but + or < than 3 Filter Mods)	$33,292.10	$33,292.10
CDES Small Filter Modification (each unit)	$20,344.94	$20,344.94
PKI Common Service Provider (Cert/Month)	$14.15	$14.15

Enterprise Acquisition Services

Overview

The Enterprise Acquisition Services business area is the Department's ideal source for procurement of best-value and commercially competitive information technology. Enterprise Acquisition Services provides contracting services for information technology and telecommunications acquisitions from the commercial sector and provides contracting support to the DISN programs, as well as to other DISA, DoW, and authorized non-DoW customers. These contracting services are provided through the DISA's Defense Information Technology Contracting Organization (DITCO) and include acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. These services provide end-to-end support for the mission partner.

Service Descriptions

Standard Contracting Services are provided by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services, and a wide range of other DoW programs that require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to the DoW for essential IT services such as cyber security, information assurance, engineering, hardware, equipment, software integration and support, DISN access, and non-DISN telecommunications circuits. All standard contracting services ordered by mission partners are provided on a 100 percent reimbursable basis, plus a fee-for-service to recover operating costs. The fee for standard IT contracting services remains unchanged in FY 2027 at 2.25 percent.

Joint Enterprise License Agreements provide economies of scale to the DoW when purchasing software licenses. The DISA has assumed a large business volume with relatively small contracting costs, which allows DISA to offer this service at a rate lower than the standard DITCO fee-for-service. The fee for joint enterprise license agreements remains unchanged in FY 2027 at 0.50 percent.

Joint Warfighting Cloud Capability (JWCC) is a multiple award contract vehicle providing the DoW with direct access to multiple Cloud Service Providers (CSPs) to acquire commercial cloud capabilities and services at the speed of mission - at all classification levels - from headquarters to the tactical edge. Direct awards with the CSPs also allows for streamlined provisioning of cloud services, fortified security, and commercial pricing parity.

Performance Measures

The following performance measures apply for Enterprise Acquisition Services (EAS):

SERVICE OBJECTIVE	FY25 Actual	FY 2026 Operational Goal*	FY 2027 Operational Goal*
Percent of total eligible contract dollars competed	73.00%	73.00%	73.00%
Percent of total eligible contract dollars awarded to small businesses	22.18%	20.00%	20.00%

*FY 2026 and FY 2027 goals for percentage of total eligible contract dollars competed are estimates based on the released FY 2025 goal. The goals have not yet been released by the Defense Procurement Acquisition Policy (DPAP).

Rates

Contracts awarded by the DITCO are provided on a 100 percent reimbursable basis. The cost of operations for the DITCO is recovered by charging mission partners a fee-for-service in addition to their direct vendor-provided contract cost. The fee-for-service for each contract type is provided in the subsequent table.

Contracting Rates	FY 2025	FY 2026	FY 2027
Standard IT Contracting Fee-for-Service	2.25%	2.25%	2.25%
Standard IT Contracting Decentralized Ordering Fee	1.00%	1.00%	1.00%
Joint Enterprise License Agreement (JELA) Fee	0.50%	0.50%	0.50%
JELA Decentralized Ordering Fee	0.25%	0.25%	0.25%
Joint Warfighting Cloud Capability (JWCC) Contracts	2.25%	2.25%	2.25%
Joint Warfighting Cloud Capability (JWCC) Decentralized Ordering	1.00%	0.50%	0.50%

Major Changes between Fiscal Years

Cost of Operations

($ in millions)	FY 2025	FY 2026	FY 2027
FY 2026 President's Budget	$11,690.1	$10,667.2	-
FY 2027 Current Estimates	**$9,550.5**	$11,068.2	$11,227.7
Change FY 2026 President's Budget to Current Estimate		$401.0	-
Annual Change in Current Estimates	-	$1,517.7	$159.4

FY 2025 Current Estimate to FY 2026 Current Estimates

The total cost of operations for the Information Services Activity Group increases by +$1,517.7 million from the FY 2025 Current Estimate. This is primarily driven by increased workload projections growth in workload for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO), including new Joint Enterprise Licensing Agreements (JELA) awards and associated support costs to award and administer those contracts.(+$2,195.0 million), inflationary increases (+$190.9 million), Adjustments primarily associated with changes in customer workload and indirect services supporting those requirements (+$57.6 million), Adjustments in the Global Service Desk and DoDNet Optimization reform initiative (+$19.5 million), Net increase in DISN services to support projected customer bandwidth and network infrastructure requirements, partially offset by the planned sunset of the Joint Regional Security Stacks (JRSS) (+$17.6 million), Cost increases to support DISA's investments in business systems to improve service delivery. Includes the continued implementation of DISA Marketplace, a new service delivery support capability replacing legacy systems to enhance quality of service (+$4.4 million).

These increases are partially offset by cost reductions associated with the transition of Enhanced Mobile Satellite Services (EMSS) and Commercial Satellite (COMSAT) programs to USSF (-$940.30 million), Cost reductions attributable to the sunsetting of Pacific-Enterprise Service-Hawaii (PES-HI) and Pacific-Enterprise Service-Korea (PES-K) service offering, DoW Enterprise Email (DEE) (both Non-Classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR)), DEE SIPR Journaling (-$20 million), and revised capital depreciation due to re-phasing of capital projects (-$7.7 million).

FY 2026 Current Estimate to FY 2027 Current Estimate

The total cost of operations for the Information Services Activity Group reflects a net increase of +$594.4 million from the FY 2026 Current Estimate to the FY 2027 Current Estimate. This is primarily driven by inflationary increases (+$251.1 million), updated workload projections for reimbursable telecommunication services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO) to include anticipated reduction to Federal customer funding for contracts (+$246.4 million), increased funding for customer migrations to the Fourth Estate Optimization reform initiative enterprise service and implementation of DoDNet Innovation and Emerging Technology (DIET) capabilities (+$195.8 million), and revised capital depreciation due to re-phasing of capital projects (+$0.9 million).

These increases are partially offset by Updated workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO) to include anticipated reduction to Federal customer funding for contracts (-$226.8 million), reduced costs due to DWCF DISN 8 percent cost reductions, including the continued reduction for Network Management and Network Operations tools migrating to the cloud (-$31.8 million),Adjustments primarily associated with changes in customer workload requirements (-$7.7 million), cost reductions in Defense Business Systems (DBS) primarily due to the continued sunsetting of DBS Storefront, and reductions in common support and the Financial Accounting Management Information System (-$1.3 million).

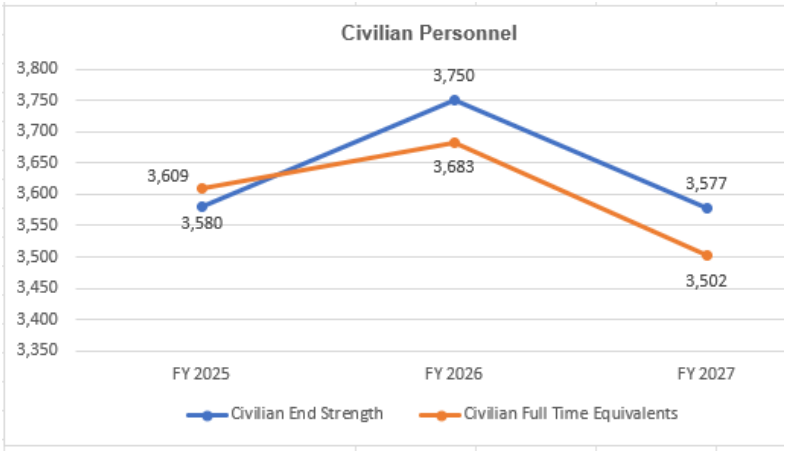
($ in millions)	FY 2025	FY 2026	FY 2027
Equipment	$0.0	$0.0	$0.0
ADPE and Telecom	$123.2	$171.0	$181.5
Software	$26.4	$18.5	$7.9
Minor Construction	$0.2	$0.3	$0.3
Total Program Authority	$149.8	$189.8	$189.7
Annual Capital Outlays	$171.7	$212.0	$195.8
FY 2026 President's Budget	$214.2	$218.8	$189.7
Change FY 2026 President's Budget to Current Estimates	-	-$29.0	-
Change FY 2026 Current Estimate to FY 2027 Current Estimate	-	-	-$0.1

FY 2026 President's Budget Submission to FY 2026 Current Estimates
Total capital investment obligation authority decreases by -$29.0Mfrom the FY 2026 President's Budget. The decrease is primarily due to a reduction in DISN, EVoIP, Cyber Security Hardware & Facilities Support requirements.

FY 2026 Current Estimate to FY 2027 Current Estimate
The FY 2027 capital investment program decreased by -$0.1 million from FY 2026 primarily due to reductions in EVoIP, FAMIS, GVS, & OMS NGC Infrastructure Modernization. Additionally, these decreases were offset by increases in Cyber Security Tool Evolution HW/SW.

Civilian Personnel

($ in millions)	FY 2025	FY 2026	FY 2027
Civilian End Strength	3,580	3,750	3,577
Civilian Full Time Equivalents	3,609	3,683	3,502
Civilian FTE Efficiencies			-181
Total Civilian Labor Cost	$616.2	$650.8	$629.8
Civilian Labor Overtime Cost	$2.1	$3.3	$3.4



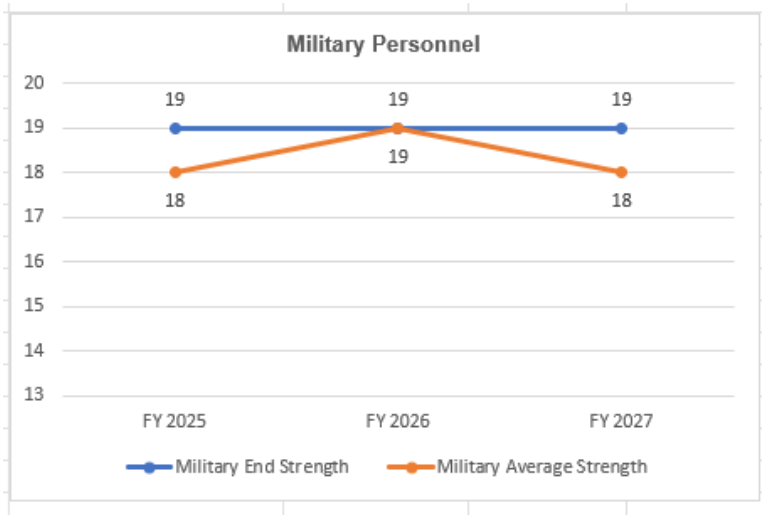
Civilian labor requirements increase by +74 FTEs from FY 2025 to FY 2026. This is primarily driven by the additional migrations and support of the Global Service Desk and DoDNet services.

Civilian labor requirements decrease by -181 FTEs from FY 2026 to FY 2027. The decrease is primarily due to Agency workforce optimization and staffing restructuring, in accordance with DoW guidance.

Military Personnel

($ in millions)	FY 2025	FY 2026	FY 2027
Military End Strength	19	19	19
Military Average Strength	18	19	18
Military Labor Cost	$3.7	$2.7	$2.5

Changes in military end strength are driven by the three-year average fill rate, which determines reimbursement to the military personnel accounts.



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Defense Information Systems Agency
Changes in the Cost of Operation
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	Costs
FY 2025 Estimated Actual:	**$9,550.522**
FY 2026 Estimate in President's Budget:	**$11,068.234**
Estimated Impact in FY 2026 of Actual FY 2025 Experience:	**0.000**
Pricing Adjustments:	**215.073**
Non-Labor Inflation	205.475
Civilian/Military Pay Raise	8.044
Annualization of Civilian/Military Pay Raise	1.554
Program Changes:	**1,302.639**
Revised capital depreciation due to re-phasing of capital projects.	-7.710
Cost reductions attributable to the sunsetting of Pacific-Enterprise Service-Hawaii (PES-HI) and Pacific-Enterprise Service-Korea (PES-K) service offering, DoW Enterprise Email (DEE) (both Non-Classified Internet Protocol Router Network (NIPR) and Secret Internet Protocol Router Network (SIPR)), DEE SIPR Journaling.	-20.041
Cost reductions associated with the transition of Enhanced Mobile Satellite Services (EMSS) and Commercial Satellite (COMSAT) programs to USSF	-940.265
Cost increases to support DISA's investments in business systems to improve service delivery. Includes the continued implementation of DISA Marketplace, a new service delivery support capability replacing legacy systems to enhance quality of service.	4.390
Net increase in DISN services to support projected customer bandwidth and network infrastructure requirements, partially offset by the planned sunset of the Joint Regional Security Stacks (JRSS).	17.603
Adjustments in the Global Service Desk and DoDNet Optimization reform initiative.	19.479
Adjustments primarily associated with changes in customer workload and indirect services supporting those requirements.	57.551
Projected growth in workload for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO), including new Joint Enterprise Licensing Agreements (JELA) awards and associated support costs to award and administer those contracts.	2,171.632
FY 2026 Current Estimate:	**$11,068.234**
Pricing Adjustments:	**221.717**
Non-Labor Inflation	216.256
Civilian/Military Pay Raise	1.910
Annualization of Civilian/Military Pay Raise	3.551
Productivity Initiatives and Other Efficiencies:	**0.000**
Program Changes:	**-62.300**

Defense Information Systems Agency
Changes in the Cost of Operation
Fiscal Year (FY) 2027 Budget Estimates
April 2026

	Costs
Revised capital depreciation due to re-phasing of capital projects	0.854
Cost reductions in Defense Business Systems (DBS) are primarily due to the continued sunsetting of DBS Storefront, and reductions in DBS contract support and the Financial Accounting Management Information System. These savings are partially offset by the costs associated with the new DBS human capital Management System.	-1.312
Adjustments primarily associated with changes in customer workload requirements	-7.707
Reduced costs due to DWCF DISN 8 pecent cost reductions, including the continued reduction for Network Management and Network Operation tools migrating to the cloud.	-31.774
Updated workload projections for reimbursable telecommunications services and contracts awarded by the Defense Information Technology Contracting Organization (DITCO) to include anticipated reduction to Federal customer funding for contracts.	-218.618
Increased funding for customer migrations to the Fourth Estate Network Optimization reform initiative enterprise service and implementation of DoDNet Innovation and Emerging Technology (DIET) capabilities	196.257
FY 2027 Estimate:	**$11,227.651**

Defense Information Systems Agency
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**9,010.548**	**9,931.200**	**9,876.014**
Army	**2,397.353**	**3,039.490**	**3,053.727**
Operations & Maintenance	1,830.806	3,018.031	3,034.790
Research Development Testing & Evaluation	77.963	20.543	18.063
Procurement	488.584	0.916	0.874
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Navy	**1,007.038**	**1,084.346**	**1,080.261**
Operations & Maintenance	999.449	1,083.951	1,079.887
Research Development Testing & Evaluation	5.094	0.157	0.149
Procurement	2.395	0.000	0.000
Military Construction	0.100	0.238	0.225
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Air Force	**1,402.635**	**1,359.287**	**1,306.846**
Operations & Maintenance	1,297.427	1,342.863	1,290.268
Research Development Testing & Evaluation	78.870	6.192	5.837
Procurement	26.338	10.013	10.522
Military Construction	0.000	0.219	0.219
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
Marine Corps	**187.252**	**224.760**	**224.859**
Operations & Maintenance	177.500	224.760	224.859
Research Development Testing & Evaluation	3.627	0.000	0.000
Procurement	6.125	0.000	0.000
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Other	0.000	0.000	0.000
Defense-Wide	**4,016.270**	**4,223.317**	**4,210.321**
Operations & Maintenance	3,264.404	4,206.097	4,193.492
Research Development Testing & Evaluation	343.399	8.610	8.047
Procurement	408.467	8.610	8.782
Military Construction	0.000	0.000	0.000
Defense Health Program	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	0.000	0.000	0.000
b. Orders from other Fund Activities	**620.248**	**897.688**	**1,082.759**
Army Working Capital Funds	45.477	0.316	0.229
Army Industrial Operations	45.477	0.316	0.229
Air Force Working Capital Funds	54.339	533.014	675.216

US Transportation Command (TRANSCOM)	34.846	18.934	18.853
Consolidated Sustainment Activity Group (CSAG)	19.338	5.492	5.688
US Space Force (USSF)	0.155	508.588	650.675
Navy Working Capital Funds	130.786	14.914	14.647
Other Navy Activity Groups	113.440	0.008	0.008
Marine Corps Depot Maintenance	0.151	0.000	0.000
Navy Supply Management	9.545	14.906	14.639
Navy Depot Maintenance	7.583	0.000	0.000
Navy Base Support	0.067	0.000	0.000
Marine Corps Supply	0.000	0.000	0.000
Defense-wide Working Capital Funds	272.727	181.801	225.671
DLA Supply Chain Management	122.166	55.997	55.527
Defense Finance and Accounting Service (DFAS)	150.559	125.804	170.144
DISA Computing Services (CSD)	0.000	0.000	0.000
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	0.002	0.000	0.000
Other Working Capital Funds	116.919	167.643	166.996
Other	11.570	0.000	0.000
Defense Commissary Agency (DECA) Operations	59.615	152.186	152.183
Corps of Engineers	26.815	0.000	0.000
Defense Counterintelligence and Security Agency (DCSA) Background Investigation (BI)	18.919	15.457	14.813
Other	0.000	0.000	0.000
c. Total DoW	**9,630.796**	**10,828.888**	**10,958.773**
d. Other Orders:	**228.684**	**260.912**	**250.514**
Exchange Activities	0.000	0.000	0.000
Trust Funds	46.459	0.000	0.000
Non-Federal Agencies	0.231	0.018	0.018
Federal Agencies	134.380	215.894	205.496
Foreign Military Sales	47.614	45.000	45.000
Total for New Orders	**9,859.480**	**11,089.800**	**11,209.287**
2. Carry-In Orders	0.000	0.000	0.000
3. Total Gross Orders	**9,859.480**	**11,089.800**	**11,209.287**
4. Carry-Out Orders (-)	0.000	0.000	0.000
5. Gross Sales	**9,859.480**	**11,089.800**	**11,209.287**
6. Credit (-)	0.000	0.000	0.000
7. Net Sales	**9,859.480**	**11,089.800**	**11,209.287**
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	**9,859.480**	**11,089.800**	**11,209.287**

Defense Information Systems Agency
Revenue and Expenses
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**9,859.480**	**11,089.800**	**11,209.287**
Operations	9,748.929	10,986.959	11,105.592
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	110.551	102.841	103.695
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	**9,859.480**	**11,089.800**	**11,209.287**
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	619.921	653.546	632.313
Military Personnel Compensation & Benefits	3.726	2.717	2.505
Civilian Personnel Compensation & Benefits	616.196	650.830	629.808
Travel & Transportation of Personnel	5.145	13.309	13.348
Materials & Supplies (For Internal Operations)	47.959	122.114	122.272
Equipment	0.000	0.000	0.000
Other Purchases from Revolving Funds	17.988	17.942	18.018
Transportation of Things	0.505	1.057	1.074
Capital Investment Recovery (CIR)	110.551	102.841	103.695
Printing & Reproduction	0.631	4.533	4.533
Advisory & Assistance Services	24.327	13.003	12.923
Rent, Communication, Utilities, & Misc. Charges	2,471.985	2,037.046	2,121.811
Other Purchased Services	6,251.510	8,102.843	8,197.665
Total Expenses	**9,550.522**	**11,068.234**	**11,227.651**
Operating Result	**308.958**	**21.566**	**-18.364**
Other Adjustments Affecting NOR	**-350.394**	**-468.373**	**-58.313**
Retained AOR	0.000	-442.000	0.000
Less Capital Surcharge Reservation	-350.394	-26.373	-58.313
Net Operating Result	**-41.436**	**-446.807**	**-76.677**
Prior Year AOR	663.127	621.676	174.852
Other Changes Affecting AOR	-0.015	0.016	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	0.000	-98.175
Total Accumulated Operating Results for Budget Purposes	**621.676**	**174.885**	**0.000**

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Defense Working Capital Fund
Defense Logistics Agency
Operating Budget



Fiscal Year (FY) 2027 Budget Estimates
April 2026

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EXECUTIVE SUMMARY

Funding Overview			
	FY 2025 ($K)	FY 2026 ($K)	FY 2027 ($K)
Discretionary	$ -	$ -	$ -
Mandatory	$ -	$ -	$ 748,000
Total	**$ -**	**$ -**	**$ 748,000**

Detailed Mandatory Breakout				
BLI	Reconciliation Bin Title	FY 2025 ($K)	FY 2026 ($K)	FY 2027 ($K)
R08	Defense Industrial Base	$ -	$ -	$ 748,000
Total	**$ -**	**$ -**		**$ 748,000**

MANDATORY FUNDING JUSTIFICATION

The FY 2027 request for Working Capital Fund appropriations includes $0 in discretionary and $748.0 million in mandatory funds. The mandatory funds support the Global Resiliency Initiative (GRI) which mitigates the risk forward-deployed U.S. Forces currently face in the early stages of a conflict until the industrial base can transition to a wartime production rate and operations tempo. GRI ensures the COCOMS & Services have what they need during an increase in Service requirements until industry can meet an increased production requirement (surge).

FY 2027 Program and Budget Summary ($ in Thousands)			
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Total Revenue	$ 39,515,903	$ 43,265,274	$ 47,063,365
Total Expenses	$ 38,125,335	$ 43,204,693	$ 46,354,693
Total Net Operating Result	$ 1,390,568	$ 60,582	$ 708,671
Total Accumulated Operating Results	$ 2,810,724	$ 2,871,306	$ -
Total Capital Investment Program	$ 133,457	$ 111,620	$ 117,903
Total Collections	$ 39,171,240	$ 42,912,058	$ 46,689,142
Total Disbursements	$ 39,461,128	$ 43,918,395	$ 45,679,039
Total End of Period Cash Balance	$ 1,683,089	$ 676,753	$ 1,686,856
Total Cash Lower Operating Limit	$ 951,686	$ 1,021,142	$ 924,904
Total Cash Upper Operating Limit	$ 2,752,000	$ 3,030,404	$ 2,847,514
Civilian Full-Time Equivalents	22,715	22,912	22,188
Military Personnel	503	499	499

FUNCTIONAL DESCRIPTION

The Defense Logistics Agency (DLA) is the nation's logistics combat support agency. We manage the entire consumables supply chain, from raw materials to disposal, for the military, other government agencies, and partner nations. We also support humanitarian aid and disaster relief. DLA buys and sells almost all consumable supplies that the U.S. military needs, including food, clothing, fuel, construction materials, medical supplies, and repair parts.

DLA's Supply Chain Management (SCM) Activity Group provides approximately $39.5 billion in goods and services. This covers everything from buying supplies to storing, distributing, reusing, or disposing of them. SCM is divided into three main areas: DLA Materiel Supply Chains (MSCs), DLA Distribution, and DLA Disposition Services. Costs associated with these activities include salaries, operating expenses, the cost of the supplies themselves, and investments in equipment, software, and building improvements.

BUDGET HIGHLIGHTS

Summary of Budget Authority ($ in Thousands)			
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Unit Cost	$ 1.13	$ 1.11	$ 1.11
Operating Contract Authority	$ 44,493,611	$ 48,722,853	$ 52,491,051
Capital Investment Program (CIP)	$ 133,457	$ 111,620	$ 117,903
Variability	$ -	$ 2,838,585	$ 3,056,012
Total Budget Authority	**$ 44,627,069**	**$ 51,673,058**	**$ 55,664,967**

The Defense Logistics Agency (DLA) Supply Chain Management is projecting a total budget of $55.6 billion in fiscal year (FY) 2027. The budget incorporates efficiencies like workforce optimization, travel, and contract services. In addition, the budget is mainly affected by inflation and the need to maintain adequate inventory for military readiness.

Inflation: Inflation is impacting DLA's budget. While long-term contracts offer some short-term protection, higher prices from vendors continue to increase our costs as contracts are renewed. We expect materiel prices to exceed the inflationary factors of 2.9 percent in FY 2026 and 2.1 percent in FY 2027 by 4.5 percent in FY 2026 and 2.7 percent in FY 2027. These increases are mostly unavoidable because it takes several years for inflation to affect long-term contracts. Even if inflation slows down quickly, our costs will remain high for several years as older contracts expire and are replaced with new ones. Higher costs reduce our customers' buying power.

Inventory Augmentation: Our budget aims to achieve 85 percent supply availability by FY 2027. To do this, we need $850 million in obligations for weapon systems supply chains. DLA is deferring $610 million from previous positive balances to ensure we have enough cash in FY 2027 to cover these obligations. This inventory augmentation ensures that the military has the weapon systems parts they need. Our Enterprise Business System is set up to maintain an 85 percent supply availability.

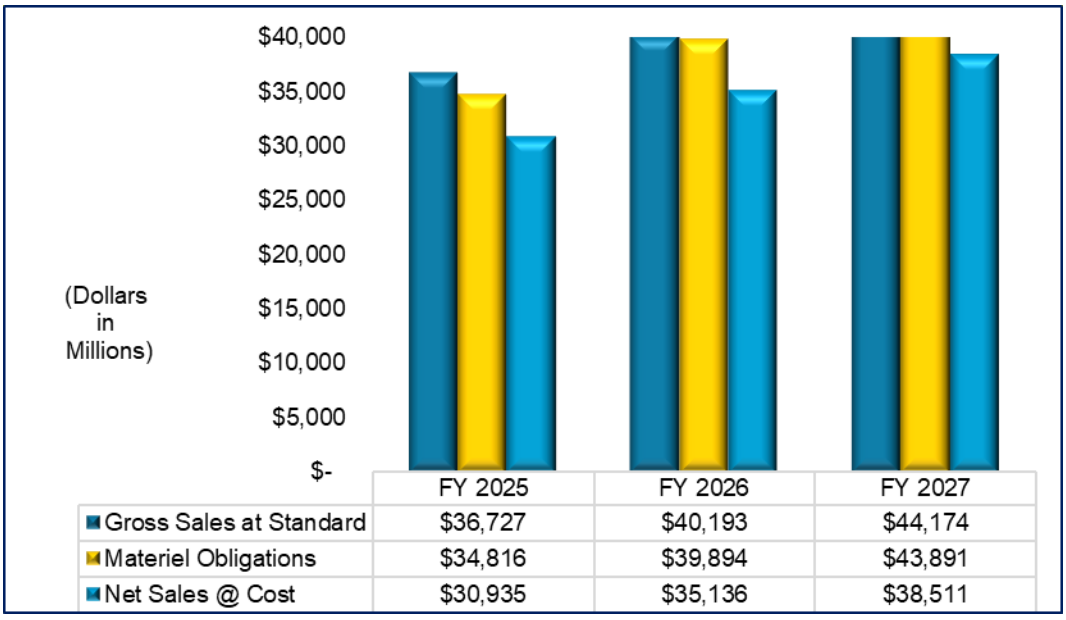
Cash Surcharge. The Materiel Supply Chain budget includes an $894 million cash surcharge to ensure the Supply Chain Management cash balance remains above the FY 2027 lower cash limit. The cash surcharge was applied to the Troop Support and Weapons supply chains.

DEFENSE LOGISTICS AGENCY (DLA) MATERIEL SUPPLY CHAINS (MSCs) manage about five million consumable items and respond to customer orders. DLA MSCs include:

- DLA Troop Support
  - Subsistence (Class I)
  - Clothing and Textiles (Class II)
  - Construction and Equipment (Class IV and VII)
  - Medical (Class VIII)
- DLA Weapon Support (Class IX)

Workload: The DLA MSC workload is the foundation for the budget. The workload factors in assumptions about the overall organization and specific supply chains as well as input from planning sessions with financial and logistics experts from the military.

DLA constantly reviews demand forecasts through demand planning meetings. We aim to maximize supply availability to support military readiness while maintaining a healthy cash balance. From FY 2026 through FY 2027, our projected obligations will be higher than our net sales. These higher obligations (as shown below) will help us maintain an 85 percent supply availability, preventing future backorders in weapon support supply chains, and ensuring available funding for customer orders received late in the fourth quarter of the fiscal year.



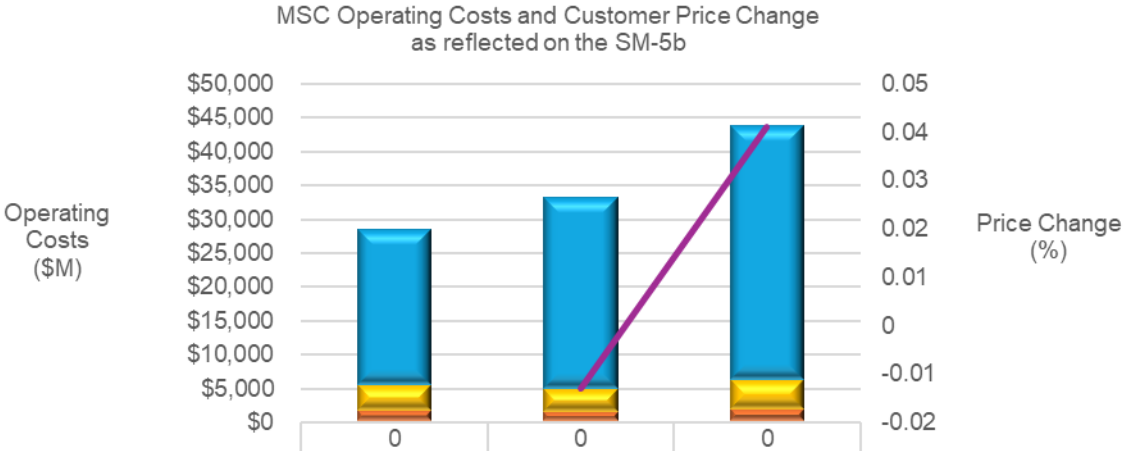
	FY 2025	FY 2026	FY 2027
Gross Sales at Standard	$36,727	$40,193	$44,174
Materiel Obligations	$34,816	$39,894	$43,891
Net Sales @ Cost	$30,935	$35,136	$38,511

In FY 2025, the Defense Logistics Agency (DLA) received $42.281 billion in new orders from the military, other Department of War (DoW) accounts, and other government agencies. We expect new orders to increase in FY 2027 to maintain supply availability of 85 percent.

Summary of Inventory ($ in Thousands)			
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Inventory	$ 20,032,320	$ 20,394,714	$ 21,446,196
End of Period Backorders at Cost	$ 5,996,533	$ 6,022,928	$ 5,955,639
Undelivered Orders	$ 18,816,885	$ 18,942,382	$ 19,119,649
New Orders	$ 42,181,520	$ 43,242,810	$ 46,887,248

Pricing: One of the Defense Logistics Agency's (DLA's) goals is to be more financially transparent with our customers. To achieve this, we now track and report operating costs instead of the cost recovery rate. The approved operating costs are required to provide supplies to customers. These costs include salaries, shipping, storage, cataloging, and the return of prior year balances, as well as any necessary charges for capital improvements, readiness, or cash flow. The increase in operating costs in FY 2027 is due to an $894 million cash surcharge and the $610 million inventory readiness factor, both of which are offset slightly by the return of AOR.

The price change for customers reflects changes in the price of individual items due to budget adjustments. These changes are driven by factors such as inflation, the basic costs of buying, storing, and shipping items, and prior year balances. The table below shows the overall price change for customers and the operating costs for FY 2027.



	0	0	0
Materiel Costs	$23,025	$28,516	$37,725
Operating Costs	$3,923	$3,454	$4,470
Materiel Inflation	$1,465	$1,285	$1,683
Materiel Adjustments	$131	$128	$134
Price Change		-1.3%	4.1%

DEFENSE LOGISTICS AGENCY DISTRIBUTION (DLA) Distribution provides global warehousing and delivery of supplies for the Military services, other government agencies, and DLA. There are 24 distribution centers around the world, providing logistics planning and support for military operations.

Workload: The workload measures for DLA Distribution include:

Receipts and Issues: We project processing workload based on sales and processing trends. We use this data to predict future sales and workload. Workload is measured by the number of lines processed. We expect processing workload to decrease slightly in FY 2027.

Processing Workload (in Millions)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Lines Received and Shipped	12.2	12.0	11.7

Storage: We project storage workload based on past and current data. We expect storage workload to increase by 700,000 cubic feet in FY 2026 but will decrease by 12,500,000 cubic feet in FY 2027.

Storage Workload - Occupied Cubic Feet (in millions)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Covered Storage Space	36.2	36.5	36.9
Open Storage Space	39.3	39.7	32.5
Specialized Storage Space	2.4	2.5	2.5
Total	**77.9**	**78.6**	**71.9**

*Numbers may not add due to rounding

Pricing: DLA Distribution covers costs associated with receipt, issue, storage, and a variety of other services using various pricing methodologies and rates as shown in the Appendix.

In support of contingency operations, DLA Distribution provides forward-positioned inventory and storage. Inventory is stored for the lifespan of weapons systems and utilizes the Service Level Bill financing methodology for reimbursement.

DLA Distribution Service Level Bill (SLB) ($ in Thousands)		
	Fiscal Year 2026	Fiscal Year 2027
Army	$ 77,200	$ 76,740
Navy	$ 99,900	$ 86,160
USMC	$ 2,100	$ 2,160
Air Force	$ 40,600	$ 43,830
DLA	$ 145,200	$ 141,560
Total	**$ 365,000**	**$ 350,450**

*Numbers may not add due to rounding

DEFENSE LOGISTICS AGENCY (DLA) DISPOSITION SERVICES handles the reuse and disposal of excess military property. If the military cannot reuse an item, we offer it to other government agencies. If no agency needs it, we sell it to the public, recycle it, or dispose of it properly. Any remaining property is designated as surplus and is donated to authorized state agencies and charities. DLA Disposition Services also handles scrap metal recovery, demilitarization, and hazardous waste disposal for the military:

Workload: The main workload measure for DLA Disposition Services is the number of line items received. Each line item represents a single form (Disposal Turn-In Document) that DLA Disposition Services receives for processing excess, obsolete, or unusable items. Each form may list one or more of the same items. This measure is key to our operations because it's used to set rates and bill customers. In FY 2026, we expect to process 2.4-million-line items.

Pricing: DLA Disposition Services covers costs not covered by sales and reimbursable charges through a Service Level Bill (SLB). We use an Activity Based Costing model to create these bills. This model uses disposal workload to assign costs to customers based on the services they receive. The table below shows the SLB breakout for FY 2025, 2026, and 2027 by customer. In FY 2027, the SLB is forecasted to decrease from FY 2026 due to shifts in workload distribution and fluctuations associated with AOR recovery.

Summary of Service Level Bill
($ in Thousands)

	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Army	$ 160,330	$ 155,622	$ 139,453
Navy	$ 67,224	$ 56,590	$ 43,709
United States Marine Corps	$ 25,883	$ 16,908	$ 13,083
Air Force	$ 55,361	$ 59,005	$ 48,764
Coast Guard	$ 2,157	$ 1,725	$ 1,189
DLA	$ 38,824	$ 36,113	$ 36,573
Other (Unit Cost Reimb)	$ 9,706	$ 16,908	$ 14,570
Total	**$ 359,485**	**$ 342,872**	**$ 297,341**

DLA INFORMATION OPERATIONS: DLA Information Operations provides the DoW with the Procurement Integrated Enterprise Environment (PIEE), a suite of web-based applications designed to streamline and automate the acquisition lifecycle from procure-to-pay. PIEE serves as the single point of entry for procurement capabilities, providing real-time online storage of key documents and managing requirements, awards, contract administration, payment, and property management. PIEE interfaces with the military and other defense agencies' contract writing, payment, logistics, and Enterprise Resource Planning systems, facilitating seamless data exchange, and represents a DoW acquisition strategy to deliver integrated contracting, financial, and logistics capabilities. Funding for PIEE is provided by military services and defense agencies through shared costs, as reflected in the SLB. Procurement Integrated Enterprise Environment (PIEE) costs are allocated

based on the percentage of contract dollars obligated in the Federal Procurement Data System between the military services and the Defense Logistics Agency (DLA). The Defense Contract Management Agency and Defense Finance and Accounting Service allocations are based on their unique reliance on PIEE to perform their respective core mission sets. DLA will continue to pursue the most effective funding approach for this program.

Summary of Procurement Integrated Enterprise Environment Service Level ($ in Thousands)			
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Army	$ 15,555	$ 15,870	$ 16,207
Navy	$ 14,953	$ 15,256	$ 15,607
United States Marine Corp	$ 602	$ 614	$ 600
Air Force	$ 13,829	$ 14,109	$ 14,406
Defense Logistics Agency DLA)	$ 8,069	$ 8,232	$ 8,404
Defense Contract Management Agency	$ 2,308	$ 2,355	$ 2,401
Defense Finance and Accounting Service	$ 2,308	$ 2,355	$ 2,401
Total	**$ 57,624**	**$ 58,791**	**$ 60,026**

CAPITAL INVESTMENT PROGRAM (CIP): DLA Supply Chain Management's capital budget includes investments that cost more than $250,000 and last for two or more years. Overall, our capital investments increased in FY 2027 because of the need for capital Non-Automated Data Processing Equipment (Non-ADPE) in support of our distribution network. Our capital investments fall into one of four categories:

($ in Millions)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Non-Automated Data Processing Equipment	$ 36.50	$ 41.20	$ 55.40
Automated Data Processing Equipment	$ -	$ -	$ -
Software Development	$ 53.90	$ 29.10	$ 22.50
Minor Construction	$ 43.00	$ 41.30	$ 40.00
Total	**$ 133.40**	**$ 111.60**	**$ 117.90**

Non-ADPE includes purchases of equipment for warehouses and disposal, warehouse racking systems, and security equipment like intrusion detection systems. Costs include ongoing efforts to modernize automated warehouse management equipment at various locations as part of our Distribution Network Transformation.

ADPE includes telecommunications and network/production hardware systems and hardware systems, as well as hardware purchases like local area networks and wide area networks. We reviewed the requirements in this category and determined that these purchases will not be capitalized.

Software Development includes improvements to existing programs like DLA's enterprise resource planning system (Enterprise Business System), including G-Invoicing efforts; the medical software system, Functional Executive Agent Medical Support; and FedMall, an eCommerce ordering system. Capital needs will decrease in FY 2027 as some of the program's software development will be completed and they enter the sustainment phase.

Minor Construction includes building new facilities, replacing existing ones, or modifying current facilities to improve mission performance. Minor construction projects include altering facilities to accommodate changing missions, upgrading security (gates, fences, and lighting) to meet current security standards, and renovating demilitarization facilities. These investments represent project costs based on current capitalization thresholds.

ANALYSIS OF BUDGET STATEMENTS

NET OPERATING RESULTS (NOR)/Accumulated Operating Results (AOR): The following table shows the NOR/AOR for DLA Supply Chain Management, which exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other adjustments. To preserve cash, DLA is requesting to delay the return of $3,580.0 million in positive AOR.

NOR ($ in Thousands)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenue	$ 39,515,903	$ 43,265,274	$ 47,063,365
Expenses	$ 38,125,335	$ 43,204,693	$ 46,354,693
Appropriations	$ -	$ -	$ -
Net Operating Results	$ 1,390,568	$ 60,582	$ 708,671
Prior Year AOR	$ 2,139,116	$ 2,810,724	$ 2,871,306
Other Changes Affecting AOR	$ -	$ 0	$ (0)
Non-Recoverable AOR	$ (718,960)	$ -	$ -
Deferred AOR	$ -	$ -	$ (3,579,977)
Total AOR	**$ 2,810,724**	**$ 2,871,306**	**$ -**

*Numbers may not add due to rounding.

CASH PROJECTIONS (see table below):

Fiscal Year (FY) 2025: DLA Supply Chain Management (SCM) had a cash loss of $289.9 million due to investments in military readiness and receiving more supplies than sold. Cash balances remained within the acceptable operating range for FY 2025.

FY 2026: DLA SCM projects a cash loss of $1,006.3 million due to investments made in military readiness. Cash balances project to end FY 2026 below the lower control limit due to investments made for military readiness.

FY 2027: DLA SCM projects a cash gain of $1,010.1 million due to an $894 million cash surcharge to ensure Supply Chain Management cash balance remains above the FY 2027 lower control limit. Cash balances will remain within the acceptable operating range for FY 2027.

($ in Thousands)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Disbursements	$ 39,461,128	$ 43,918,395	$ 45,679,039
Collections	$ 39,171,240	$ 42,912,058	$ 46,689,142
Net Outlays	$ 289,888	$ 1,006,337	$ (1,010,103)
Appropriations Received	$ -	$ -	$ -
Transfer	$ -	$ -	$ -
Total Change in Cash	$ 289,888	$ 1,006,337	$ (1,010,103)
Beginning Cash Balance	$ 1,972,977	$ 1,683,089	$ 676,753
Ending Cash Balance	$ 1,683,089	$ 676,753	$ 1,686,856
Lower Operating Range	$ 951,686	$ 1,021,142	$ 924,904
Upper Operating Range	$ 2,752,000	$ 3,030,404	$ 2,847,514

*Numbers may not add due to rounding

PERSONNEL PROFILE

The table below shows the Defense Logistics Agency (DLA) Supply Chain Management's (SCM) actual workforce numbers for FY 2025 and our projected workforce levels for FY 2026 and FY 2027. The decrease in full-time equivalents (FTEs) in FY 2027 is due to workforce optimization efforts.

	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Civilian End Strength	22,757	23,128	22,452
Civilian FTEs	22,715	22,912	22,188
Military End Strength/FTEs	503	499	499

Appendix

Other DLA Distribution Rates	Fiscal Year 2025		Fiscal Year 2026		Fiscal Year 2027	
	CONUS	OCONUS	CONUS	OCONUS	CONUS	OCONUS
Material Processing Center (per line)	$30.99		$23.24		$24.78	
Estimated Transportation ($M)	$248.70	$109.90	$254.75	$113.36	$263.10	$168.36
Total Processing Cost ($M)	$545.98	$107.20	$417.08		$444.98	
Composite Rate (line item)						
Composite Rate (lines, MB only)	$49.96	$85.10	$39.87		$43.63	
Workload (Millions of lines, MB only)	11,017	1,224	10,798		10,538	
Market Basket Issue Priority Group (IPG) 1 & 2 fee per line item	$2.64	$2.64	$2.64		$2.64	
Market Basket no Prepositioned Materiel Receipt (PMR) fee per line item	$7.55	$7.55	$7.55		$7.55	
Market Basket Supply Discrepancy Report (SDR) fee per line item	$22.91	$22.91	$22.91		$22.91	
Market Basket no PMR & SDR (Combo) fee per line item	$24.92	$24.92	$24.92		$24.92	
Reimbursable Rates:						
DLA Facility	$146.93		$150.02		$159.54	
Non-DLA Facility	$104.84		$107.04		$113.60	
Storage Rates						
Covered Storage	$11.68		$9.95		$10.52	
Open	$1.62		$1.17		$1.24	
Specialized	$16.00		$13.35		$14.12	

*MB in the table refers to Market Basket

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Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Business Division	Net Customer Orders	Net Sales	FY 2025 Obligation Targets: Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations	Variability Targets	Target Total
Division:	31,004.888	36,607.445	44,493.611	0.000	0.000	44,493.611	133.457	0.000	44,627.068
CLOTHING & TEXTILES	1,491.340	1,974.338	2,166.604	0.000	0.000	2,166.604	0.000	0.000	2,166.604
MEDICAL	9,713.578	10,135.436	10,013.162	0.000	0.000	10,013.162	10.680	0.000	10,023.842
SUBSISTENCE	3,049.317	3,481.013	3,269.244	0.000	0.000	3,269.244	0.000	0.000	3,269.244
CONSTRUCTION & EQUIPMENT	9,729.668	10,155.582	10,682.750	0.000	0.000	10,682.750	0.000	0.000	10,682.750
AVIATION	3,817.536	5,768.897	8,135.657	0.000	0.000	8,135.657	8.298	0.000	8,143.955
LAND	1,581.046	2,427.718	2,180.348	0.000	0.000	2,180.348	0.000	0.000	2,180.348
MARITIME	1,622.403	2,664.461	2,513.062	0.000	0.000	2,513.062	1.600	0.000	2,514.662
MANAGEMENT HEADQUARTERS	0.000	0.000	262.634	0.000	0.000	262.634	0.000	0.000	262.634
ENTERPRISE OPERATIONS	0.000	0.000	1,179.260	0.000	0.000	1,179.260	1.500	0.000	1,180.760
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,957.755	0.000	0.000	1,957.755	16.267	0.000	1,974.022
CENTRAL FUND	0.000	0.000	172.613	0.000	0.000	172.613	0.000	0.000	172.613
DISTRIBUTION	0.000	0.000	1,567.982	0.000	0.000	1,567.982	87.995	0.000	1,655.977
DISPOSITION SERVICES	0.000	0.000	392.540	0.000	0.000	392.540	7.117	0.000	399.657
TOTAL SUPPLY CHAIN MANAGEMENT	**31,004.888**	**36,607.445**	**44,493.611**	**0.000**	**0.000**	**44,493.611**	**133.457**	**0.000**	**44,627.068**

Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2026

Business Division	Net Customer Orders	Net Sales	Obligation Targets: Operating	Obligation Targets: Mobilization	Obligation Targets: Direct Appn	Obligation Targets: Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
Division:	35,162.249	40,061.120	48,722.853	0.000	0.000	48,722.853	111.620	2,838.584	51,673.057
CLOTHING & TEXTILES	1,907.539	2,139.788	2,510.334	0.000	0.000	2,510.334	0.159	79.507	2,590.000
MEDICAL	11,278.756	11,627.882	11,751.445	0.000	0.000	11,751.445	0.341	401.726	12,153.512
SUBSISTENCE	3,254.566	3,546.448	3,654.581	0.000	0.000	3,654.581	6.975	123.633	3,785.189
CONSTRUCTION & EQUIPMENT	10,982.874	11,747.490	11,918.971	0.000	0.000	11,918.971	0.209	601.520	12,520.700
AVIATION	3,934.894	6,188.534	7,311.243	0.000	0.000	7,311.243	6.167	300.396	7,617.806
LAND	1,815.237	2,307.792	2,490.775	0.000	0.000	2,490.775	0.000	832.229	3,323.004
MARITIME	1,988.383	2,503.186	2,832.094	0.000	0.000	2,832.094	4.941	126.069	2,963.104
MANAGEMENT HEADQUARTERS	0.000	0.000	188.730	0.000	0.000	188.730	0.000	0.000	188.730
ENTERPRISE OPERATIONS	0.000	0.000	1,275.445	0.000	0.000	1,275.445	14.778	0.000	1,290.223
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,900.461	0.000	0.000	1,900.461	0.000	0.000	1,900.461
CENTRAL FUND	0.000	0.000	890.463	0.000	0.000	890.463	0.000	69.941	960.404
DISTRIBUTION	0.000	0.000	1,604.493	0.000	0.000	1,604.493	66.010	235.177	1,905.680
DISPOSITION SERVICES	0.000	0.000	393.818			393.818	12.040	68.386	474.244
Total	**35,162.249**	**40,061.120**	**48,722.853**	**0.000**	**0.000**	**48,722.853**	**111.620**	**2,838.584**	**51,673.057**

Supply Chain Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2027

Business Division	Net Customer Orders	Net Sales	Obligation Targets: Operating	Obligation Targets: Mobilization	Obligation Targets: Direct Appn	Obligation Targets: Total Operating Obligations	Obligation Targets: Total Capital Obligations	Variability Target	Target Total
Division:	38,443.492	44,039.811	52,491.051	0.000	0.000	52,491.051	117.903	3,056.012	55,664.966
CLOTHING & TEXTILES	1,748.967	1,995.846	2,628.331	0.000	0.000	2,628.331	0.154	83.069	2,711.554
MEDICAL	12,443.148	12,945.819	12,859.408	0.000	0.000	12,859.408	0.331	438.888	13,298.627
SUBSISTENCE	3,590.070	3,926.326	3,832.334	0.000	0.000	3,832.334	6.149	129.416	3,967.899
CONSTRUCTION & EQUIPMENT	12,473.040	13,140.893	13,094.931	0.000	0.000	13,094.931	0.202	660.207	13,755.340
AVIATION	4,187.781	6,513.348	7,917.642	0.000	0.000	7,917.642	5.993	282.883	8,206.518
LAND	1,975.386	2,720.797	2,805.197	0.000	0.000	2,805.197	0.000	940.156	3,745.353
MARITIME	2,025.100	2,796.782	3,324.793	0.000	0.000	3,324.793	4.753	148.595	3,478.141
MANAGEMENT HEADQUARTERS	0.000	0.000	191.095	0.000	0.000	191.095	0.000	0.000	191.095
ENTERPRISE OPERATIONS	0.000	0.000	1,278.688	0.000	0.000	1,278.688	2.849	0.000	1,281.537
ENTERPRISE INFORMATION TECH.	0.000	0.000	1,836.625	0.000	0.000	1,836.625	11.566	0.000	1,848.191
CENTRAL FUND	0.000	0.000	884.458	0.000	0.000	884.458	0.000	71.114	955.572
DISTRIBUTION	0.000	0.000	1,440.335	0.000	0.000	1,440.335	73.020	233.559	1,746.914
DISPOSITION SERVICES	0.000	0.000	397.214	0.000	0.000	397.214	12.886	68.125	478.225
Total	**38,443.492**	**44,039.811**	**52,491.051**	**0.000**	**0.000**	**52,491.051**	**117.903**	**3,056.012**	**55,664.966**

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Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2025			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**18,050.031**	**11,626.016**	**735.905**	**5,688.110**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	-6.018	13.632	-5.688	-13.962
b. Price Change Amount (Memo)	-259.384	-1,724.624	0.000	1,465.240
c. Inventory Reclassified and Repriced	17,784.629	9,915.024	730.217	7,139.388
3. Purchases	**32,131.939**	**31,712.678**	**419.261**	**0.000**
4. Gross Sales At Cost	**-31,041.057**	**-30,654.509**	**-388.206**	**1.658**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	300.678	299.415	0.000	1.263
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	2.893	1.630	0.000	1.263
Transfers from Military Services	297.785	297.785	0.000	0.000
b. Returns From Customers For Credit +	105.952	51.696	0.000	54.256
c. Returns From Customers Without Credit	30.878	13.000	0.000	17.878
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	247.765	-19.000	0.000	266.765
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	471.534	-500.000	19.112	952.422
Combat Losses	971.534	0.000	19.112	952.422
Retail/Wholesale Losses	-500.000	-500.000	0.000	0.000
h. Total Adjustments	1,156.807	-154.889	19.112	1,292.584
6. Inventory - End of Period (EOP)	**20,032.318**	**10,818.304**	**780.384**	**8,433.630**
7. Inventory EOP, Revalued		**0**	**0**	**0**
a. Economic Retention (Memo)	0.000			
b. Contingency Retention (Memo)	0.000			
c. Potential DoW Reutilization (Memo)	0.000			
8. Inventory on Order EOP	**18,816.885**	**15,776.881**	**95.645**	**2,944.359**

Narrative FY 2025: 8. Narrative (Explanation of unusual changes): DLA's FY 2025 BOP to EOP inventory value increased by $1,982.3 million driven by purchases exceeding sales, strategic restocking to meet anticipated demand (e.g., Intercommunication Modification Kits, Chlorate Candles, Breather Apparatus, RFID tags), and adjustments from prior-year backorders, as the release of FY 2024 backorder levers and long procurement lead times caused delayed receipts to increase on-hand inventory in FY 2025. Reductions from the disposition of COVID-19 related items (e.g., Hospital Gowns, Exam Gloves, and Masks), along with minor retail/wholesale and accounting losses, partially offset these increases. Overall, the year-end balance reflects active inventory turnover while maintaining readiness and contingency stock levels.

Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2026			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**20,032.318**	**10,818.304**	**780.384**	**8,433.630**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	-0.259	0.000	-0.259	0.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	20,032.059	10,818.304	780.125	8,433.630
3. Purchases	**35,849.150**	**35,665.305**	**488.133**	**-304.288**
4. Gross Sales at Cost	**-35,245.534**	**-34,752.674**	**-446.840**	**-46.020**
5. Inventory Adjustments				
a. Capitalizations + or (-)	434.728	434.728	0.000	0.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	5.000	5.000	0.000	0.000
Transfers from Military Services	429.728	429.728	0.000	0.000
b. Returns From Customers for Credit	109.680	107.465	0.000	2.215
c. Returns From Customers Without Credit	72.580	13.000	0.000	59.580
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-775.902	-219.000	0.000	-556.902
f. Issues/Receipts Without Reimbursement + or (-)	0.000	0.000	0.000	0.000
g. Other (List/Explain)	-82.049	-695.243	0.000	613.194
Combat Losses	-704.714	-704.714	0.000	0.000
Retail/Wholesale Losses	622.665	9.471	0.000	613.194
h. Total Adjustments	-240.963	-359.050	0.000	118.087
6. Inventory - End of Period (EOP)	**20,394.712**	**11,371.885**	**821.418**	**8,201.409**
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000	0.000	0.000	0.000
b. Contingency Retention (Memo)	0.000	0.000	0.000	0.000
c. Potential DoW Reutilization (Memo)	0.000	0.000	0.000	0.000
8. Inventory on Order EOP	**18,942.382**	**15,943.922**	**243.516**	**2,754.944**

Narrative FY 2026:

8. Narrative (Explanation of unusual changes): DLA's FY 2026 BOP to EOP inventory value is projected to increase by $362.4 million. The main drivers for the projected increase are purchases that are expected to exceed Gross Sales at Cost, reflecting ongoing replenishment and strategic restocking to support operational requirements. Routine adjustments from combat losses, property disposals, and other minor factors are anticipated to partially offset this increase. Inventory levels will reflect normal timing-related fluctuations associated with extended lead times and differences between materiel receipts and sales. Inventory on order will continue to sustain Warfighter support, and overall year-end balances are expected to reflect active turnover, alignment with operational demand, and readiness objectives.

Supply Chain Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2027			
DLA Material Supply Chain	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**20,394.712**	**11,371.885**	**821.418**	**8,201.409**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.000	0.000	0.000	0.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	20,394.712	11,371.885	821.418	8,201.409
3. Purchases	**39,458.864**	**39,412.580**	**538.092**	**-491.808**
4. Gross Sales at Cost	**-38,622.985**	**-38,081.919**	**-493.662**	**-47.404**
5. Inventory Adjustments				
a. Capitalizations + or (-)	445.620	445.620	0.000	0.000
Transfers from Military Services	442.620	442.620	0.000	0.000
Transfer from other DLA ICPs	3.000	3.000	0.000	0.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
b. Returns From Customers for Credit	112.204	109.986	0.000	2.218
c. Returns From Customers Without Credit	76.238	13.000	0.000	63.238
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-269.563	-244.000	0.000	-25.563
f. Issues/Receipts Without Reimbursement + or (-)	-543.398	0.000	0.000	-543.398
g. Other (List/Explain)	394.502	-7.966	0.000	402.468
Combat Losses	-18.000	-18.000	0.000	0.000
Retail/Wholesale Losses	412.502	10.034	0.000	402.468
h. Total Adjustments	215.603	316.640	0.000	-101.037
6. Inventory - End of Period (EOP)	**21,446.194**	**13,019.186**	**865.848**	**7,561.160**
7. Inventory EOP, Revalued				
a. Economic Retention (Memo)	0.000	0.000	0.000	0.000
b. Contingency Retention (Memo)	0.000	0.000	0.000	0.000
c. Potential DoW Reutilization (Memo)	0.000	0.000	0.000	0.000
8. Inventory on Order EOP	**19,119.649**	**16,268.455**	**257.659**	**2,593.535**

Narrative FY 2027: 8. Narrative (Explanation of unusual changes): DLA's FY 2027 BOP to EOP inventory value is projected to increase by $1,051.5 million. The main drivers for the projected increase are purchases expected to exceed sales, supported by demand-based requirements and capitalizations from military services. This includes PBL NIIN Lot Payment CAPs, where SIO contracts replenish inventory and are recorded as transfers from the military services rather than material receipts, resulting in additional inventory growth. Reductions from property disposals, customer returns, and issues without reimbursement are anticipated to partially offset gains. In addition, extended lead times may cause temporary fluctuations, while inventory on order will maintain Warfighter support. Overall, year-end balances are expected to reflect active turnover, operational alignment, and readiness objectives.

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Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2025

	Total	WRM Protected	WRM Other
1. Inventory BOP	735.906	715.850	20.056
2. Price Change	-5.688	0.000	-5.688
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts	**419.261**	**419.261**	**0.000**
(1). Purchases	419.261	419.261	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-388.206**	**-388.206**	**0.000**
(1). Sales	-388.206	-388.206	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**19.112**	**21.208**	**-2.096**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	19.112	21.208	-2.096
5. Inventory EOP	**780.385**	**768.113**	**12.272**
STOCKPILE COSTS			
1. Storage	9.351	9.351	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**9.351**	**9.351**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	384.793	384.793	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**384.793**	**384.793**	**0.000**

Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2026

	Total	WRM Protected	WRM Other
1. Inventory BOP	780.385	768.113	12.272
2. Price Change	-0.259	0.000	-0.259
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts	**488.133**	**488.133**	**0.000**
(1). Purchases	488.133	488.133	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-446.840**	**-446.840**	**0.000**
(1). Sales	-446.840	-446.840	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**821.419**	**809.406**	**12.013**
STOCKPILE COSTS			
1. Storage	9.351	9.351	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**9.351**	**9.351**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	378.940	378.940	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**378.940**	**378.940**	**0.000**

Supply Chain Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2027

	Total	WRM Protected	WRM Other
1. Inventory BOP	821.419	809.406	12.013
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes			
a. Receipts	**538.092**	**538.092**	**0.000**
(1). Purchases	538.092	538.092	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**-493.662**	**-493.662**	**0.000**
(1). Sales	-493.662	-493.662	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**865.849**	**853.836**	**12.013**
STOCKPILE COSTS			
1. Storage	9.351	9.351	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**9.351**	**9.351**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	386.883	386.883	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**386.883**	**386.883**	**0.000**

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Supply Chain Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**28,314.2**	**29,026.5**	**31,472.9**
Army	**5,727.8**	**5,871.9**	**6,366.8**
Operation & Maintenance	1,911.3	1,959.4	2,124.5
Research Development Testing & Evaluation	136.0	139.4	151.2
Procurement	923.0	946.2	1,026.0
Military Construction	1.0	1.0	1.1
Military Personnel	1,494.3	1,531.9	1,661.0
Family Housing	3.4	3.5	3.8
Other	0.8	0.8	0.9
Other (non-interfund, approp data not available)	1,258.1	1,289.8	1,398.5
Navy	**7,123.6**	**7,302.9**	**7,918.3**
Operation & Maintenance	3,613.7	3,704.7	4,016.9
Research Development Testing & Evaluation	155.1	159.0	172.4
Procurement	1,208.0	1,238.4	1,342.7
Military Construction	46.0	47.1	51.1
Military Personnel	564.1	578.3	627.0
Family Housing	3.2	3.3	3.6
Other	158.9	162.9	176.7
Other (non-interfund, approp data not available)	1,374.7	1,409.3	1,528.0
Air Force	**2,527.7**	**2,591.3**	**2,809.7**
Operation & Maintenance	935.7	959.2	1,040.0
Research Development Testing & Evaluation	80.4	82.5	89.4
Procurement	573.7	588.1	637.6
Military Construction	0.6	0.6	0.7
Military Personnel	86.6	88.8	96.3
Family Housing	1.5	1.5	1.7
Other	0.0	0.0	0.0
Other (non-interfund, approp data not available)	849.3	870.6	944.0
Marine Corps	**1,742.5**	**1,786.4**	**1,936.9**
Operation & Maintenance	727.8	746.1	809.0
Research Development Testing & Evaluation	0.0	0.0	0.0
Procurement	350.2	359.1	389.3
Military Construction	0.0	0.0	0.0
Military Personnel	278.3	285.3	309.3
Family Housing	0.5	0.6	0.6
Other	0.0	0.0	0.0
Other (non-interfund, approp data not available)	385.7	395.4	428.7
Defense-Wide	**11,192.4**	**11,474.0**	**12,441.1**
Operation & Maintenance	83.1	85.2	92.4
Research Development Testing & Evaluation	75.1	77.0	83.5

Supply Chain Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Procurement	420.8	431.4	467.7
Military Construction	-0.4	-0.4	-0.5
Defense Health Program	4,445.8	4,557.7	4,941.8
Family Housing	0.0	0.0	0.0
Other	5,082.1	5,210.0	5,649.1
Other (non-interfund, approp data not available)	1,085.9	1,113.2	1,207.0
b. Orders from other Fund Activities	**8,032.9**	**8,235.1**	**8,929.1**
Army Working Capital Funds	2,410.2	2,470.8	2,679.1
Navy Working Capital Funds	2,118.7	2,172.0	2,355.1
Air Force Working Capital Funds	3,496.7	3,584.7	3,886.8
Defense-wide	7.3	7.5	8.1
Other Working Capital Funds	0.0	0.0	0.0
Other	0.0	0.0	0.0
c. Total DoW	**36,347.1**	**37,261.6**	**40,402.0**
d. Other Orders:	**5,834.4**	**5,981.2**	**6,485.3**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0
Federal Agencies	615.8	631.3	684.5
Foreign Military Sales	3,474.5	3,561.9	3,862.1
Other (non-interfund)	1,744.2	1,788.0	1,938.7
Total for New Orders	**42,181.5**	**43,242.8**	**46,887.2**
2. Carry-In Orders	7,966.1	8,068.6	8,122.7
3. Total Gross Orders	**50,147.6**	**51,311.5**	**55,010.0**
4. Carry-Out Orders (-)	-8,068.6	-8,122.7	-8,027.5
5. Gross Sales	**42,079.0**	**43,188.7**	**46,982.5**
6. Credit (-)	0.0	0.0	0.0
7. Net Sales	**42,079.0**	**43,188.7**	**46,982.5**
8. Reimbursable Sales/Other Income	-2,563.1	76.6	80.8
9. Total Revenue	**39,515.9**	**43,265.3**	**47,063.4**

Supply Chain Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**36,726.633**	**40,192.892**	**44,174.210**
Operations	36,650.583	40,102.381	44,091.853
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	76.050	90.511	82.357
Other Income	2,908.458	3,204.171	3,023.553
Refunds/Discounts (-)	-119.188	-131.789	-134.398
Total Income	**39,515.903**	**43,265.274**	**47,063.365**
Costs			
Cost of Material Sold from Inventory	30,935.105	35,135.854	38,510.782
Salaries and Wages:	3,014.954	3,136.114	3,090.046
Military Personnel Compensation & Benefits	52.221	50.501	54.976
Civilian Personnel Compensation & Benefits	2,962.733	3,085.613	3,035.070
Travel & Transportation of Personnel	30.160	46.456	47.058
Materials & Supplies (For Internal Operations)	65.671	69.744	65.606
Equipment	157.007	197.424	199.450
Other Purchases from Revolving Funds	215.766	182.540	167.976
Transportation of Things	509.189	750.302	594.124
Capital Investment Recovery (CIR)	76.050	90.511	82.357
Printing & Reproduction	35.739	0.856	0.864
Advisory & Assistance Services	65.880	44.698	44.337
Rent, Communication, Utilities, & Misc. Charges	111.982	128.888	137.610
Other Purchased Services	2,907.832	3,421.305	3,414.484
Total Expenses	**38,125.335**	**43,204.692**	**46,354.694**
Operating Result	**1,390.568**	**60.582**	**708.671**
Other Adjustments Affecting NOR	**0.000**	**0.000**	**0.000**
Plus Passthrough or Other Appropriations Affecting NOR	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Result	**1,390.568**	**60.582**	**708.671**
Prior Year AOR	2,139.116	2,810.724	2,871.306
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	-718.960	0.000	0.000
Deferred AOR	0.000	0.000	-3,579.977
Total Accumulated Operating Results for Budget Purposes	**2,810.724**	**2,871.306**	**0.000**

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Executive Summary

DLA Energy Funding Overview $ in Thousands			
	FY 2025	**FY 2026**	**FY 2027**
Discretionary	$59,787	$1,272	$1,000,000
Mandatory	$0	$0	$0
Total	**$59.787**	**$1,272**	**$1,000,000**

Functional Description

As the integrated materiel manager for bulk petroleum, the Defense Logistics Agency (DLA) Energy provides comprehensive worldwide energy solutions to the Department of War (DoW) and other authorized customers. DLA Energy buys and sells petroleum and aerospace products, arranges for petroleum support services, provides maintenance on fuel infrastructure, performs energy-related environmental assessments and cleanup, coordinates bulk petroleum transportation, and performs petroleum quality surveillance functions worldwide. DLA Energy issues contracts for electricity, natural gas, and renewable energy for the military services and for the privatization of their utility systems. DLA Energy also issues energy savings performance contracts for DoW, helping the department meet specified energy reduction goals.

Budget Highlights

The DLA Energy budget is based on the economic assumptions for fuel issued by the Office of Management and Budget (OMB) and is subject to the underlying risks of the global fuel market. The FY 2027 budget assumes the average cost of refined fuel will be $99.17/barrel. The average cost of refined fuel purchased in FY 2025 was $108.80/barrel.

DLA will continue to support the Department of the Navy in its mission to permanently close the Red Hill Bulk Fuel Storage Facility. DLA Energy will finance the cost through either a transfer-in of appropriations or within the non-product cost portion of the standard fuel price.

In FY 2027, the Department is requesting funding to establish the Market Fluctuation Account to absorb volatile in-year fuel market changes, pursuant to Title 10, Section 2208(t). These funds may only be disbursed if the Secretary determines the disbursement is necessary to absorb petroleum market price fluctuations without affecting the standard price charged for fuel.

DLA Energy Summary of Budget Authority $ in Thousands			
	FY 2025	**FY 2026**	**FY 2027**
Total Contract Authority (Includes CIP)	**$16,873,388**	**$13,576,380**	**$11,302,599**
Operating Contract Authority	$16,807,370	$13,494,980	$11,219,399
Capital Investment Program (CIP)	$66,017	$81,400	$83,200
Direct Appropriations/Transfers, Total	**$2,253**	**$1,272**	**$0**
Operating Contract Authority	$2,253	$1,272	$0
Total Budget Authority	**$16,875,641**	**$13,577,652**	**$11,302,599**
Operating Contract Authority	$16,809,623	$13,496,252	$11,219,399
Capital Investment Program (CIP)	$66,017	$81,400	$83,200

DLA Energy President's Budget 2027 Summary $ in Thousands			
	FY 2025	**FY 2026**	**FY 2027**
Total Revenue	$11,954,912	$12,364,603	$11,058,582
Total Expenses	$12,664,223	$12,330,170	$11,275,211
Total Net Operating Result Adjustments	($709,310)	$34,432	($216,628)
Total Accumulated Operating Result (AOR)	$2,654,789	$2,690,493	$0
Direct Appropriations/Transfers, Total	$2,253	$1,272	$0
Total Capital Investment Projects	$66,017	$81,400	$83,200
Total Collections	$11,922,723	$12,048,209	$12,179,255
Total Disbursements	$12,173,054	$11,900,090	$12,298,107
Total End of Period Cash Balance	$1,124,080	$1,273,471	$1,154,619

DLA Energy President's Budget 2027 Summary $ in Thousands			
	FY 2025	**FY 2026**	**FY 2027**
Total Cash Lower Operating Limit	$820,715	$825,220	$527,614
Total Cash Upper Operating Limit	$2,809,030	$2,951,922	$2,475,455

Operations

DLA Energy operations include civilian and military labor, information technology, and other non-labor costs. The decrease in FY 2027 is primarily due to a reduction in Full-Time Equivalents (FTEs).

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Operations	$735.2	$858.8	$819.4

Sustainment, Restoration, and Modernization (SRM)

DLA Energy has established SRM funding levels based on the results of recent planning studies and projects identified by the military services. The SRM program includes maintenance, repair, demolition, facilities, and minor construction. SRM was budgeted to 100 percent of the facilities sustainment model.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
SRM	$1,110.9	$687.0	$706.6

Transportation

DLA Energy budgets for worldwide transportation of fuel through various modes of transportation to include tanker, truck, pipeline, barge, and rail car. The transportation budget is primarily comprised of commercial transportation. Increased costs are driven primarily by sea transportation (Military Sealift Command, which is part of the Transportation Working Capital Fund). The increase in FY 2027 supports operational requirements for additional vessels and transportation rates.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Transportation	$871.4	$908.3	$931.0

Terminal Operations (TOPS)

DLA Energy funds contractor and government operated storage and distribution operations worldwide. The increase in FY 2027 is primarily due to shifting of requirements due to changing award patterns and exercising of contract option years.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
TOPS	$662.5	$579.3	$776.6

Environmental

DLA Energy provides funding for environmental compliance and restoration at military service locations that store and manage DLA-owned fuel. Environmental costs include permit fees, oil spill response and other related expenses, organization fees, waste disposal fees, costs associated with updating spill response plans, sampling, and analyzing fees, and remediation costs.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Environmental	$118.6	$100.2	$102.2

Aerospace Energy (AE)

In addition to petroleum-based products, DLA Energy provides missile propellants and cryogenics to customers worldwide. This includes product, transportation, operations, and storage costs.

The decrease in FY 2026 is primarily due to the shifting of requirements due to changing award patterns and exercising of option years. The increase in FY 2027 is primarily due to requirements for Hydrazine and Gaseous Nitrogen for federal and commercial space launch operations.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Aerospace	$156.1	$81.1	$106.4

Performance Indicators

Net Sales

DLA Energy measures its workload in terms of net petroleum barrels sold. The military services provide their projected requirements to DLA Energy. DLA Energy uses historical sales to estimate requirements for other authorized customers.

(Barrels in Millions)	FY 2025	FY 2026	FY 2027
Net Sales	76.5	79.5	76.5

Net Operating Results (NOR)

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable, other income, such as federal and state excise taxes collected on sales. Other changes affecting NOR include transfers and direct appropriations.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Revenue	$11,954.9	$12,364.6	$11,058.6
Expenses	$12,664.2	$12,330.2	$11,275.2
Operating Results	($709.3)	$34.4	($216.6)
Other Changes Affecting NOR	$2.3	$1.3	$0.0
Transfers	$2.3	$1.3	$0.0
Capital Surcharge	$0.0	$0.0	$0.0
Appropriations	$0.0	$0.0	$0.0

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Net Operating Results	**($707.1)**	**$35.7**	**($216.6)**
Prior Year Accumulated Operating Results (AOR)	$3,361.8	$2,654.8	$2,690.5
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Deferred AOR	$0.0	$0.0	$0.0
Non-Recoverable AOR	$0.0	$0.0	($2,473.9)
Accumulated Operating Results	**$2,654.8**	**$2,690.5**	**$0.0**

Cash

Pricing decisions, projected market conditions, and workload estimates provide the inputs for determining cash collections, disbursements, and net outlays. The DLA Energy projects ending cash balances for FY 2026 and FY 2027 could change due to higher cost for refined fuel.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Disbursements	$12,173.1	$11,900.1	$12,298.1
Collections	$11,922.7	$12,048.2	$12,179.2
Net Outlays	$250.4	($148.1)	$118.9
Transfers from Appropriations	$0.0	$0.0	$0.0
Other Direct Appropriations	$2.3	$1.3	$0.0
Total Change in Cash	($248.1)	$149.4	($118.9)
Beginning Cash Balance	$1,372.2	$1,124.1	$1,273.5
Ending Cash Balance	**$1,124.1**	**$1,273.5**	**$1,154.6**
Lower Estimate of the Operating Range	$820.7	$825.2	$527.6
Upper Estimate of the Operating Range	$2,809.0	$2,951.9	$2,475.5

Energy Pricing (Petroleum)

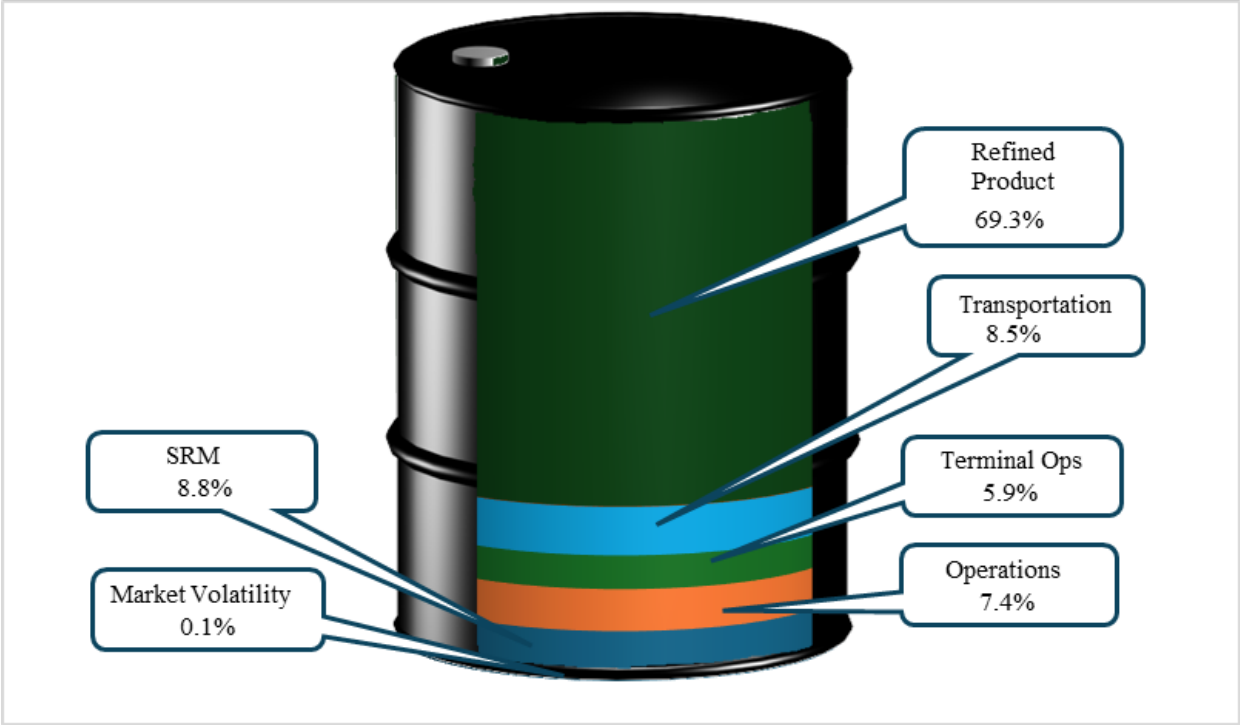
For FY 2027, DoW petroleum pricing is based on economic assumptions forecasts provided by OMB. OMB establishes petroleum projections based on market futures data from the New York Mercantile Exchange.

The following table provides the Standard Fuel Prices for FY 2025 to FY 2027. The SFP includes the refined product cost assumptions, and the non-product costs, which includes a market volatility factor.

The market volatility factor captures losses and the delta between product-related costs and the product portion of the standard price.

(Dollars per Barrel)	FY 2025	FY 2026	FY 2027
Petroleum Refined Cost	$108.80	$110.99	$99.17
Petroleum Non-Product Cost	$43.30	$38.36	$43.91
Market Volatility Factor	$1.73	$4.79	$0.14
Standard Price	**$153.83**	**$154.14**	**$143.22**

Standard Price Expense Allocation



Reflects percentages based on PB 2027, FY 2027, standard fuel price.

Inventory

DLA Energy's FY 2027 inventory objective is to maintain 54.1 million barrels, of which 34.5 million barrels represent War Reserve Materiel (WRM).

In the following table, normal losses refer to spills, evaporation, shrinkage, and contamination. Combat losses include losses from insurgent attacks, theft, and spillage.

(Barrels in Millions)	FY 2025	FY 2026	FY 2027
Beginning Inventory:	**51.5**	**52.2**	**54.1**
Peacetime Operating	17.0	17.7	19.6
WRM	34.5	34.5	34.5
Receipts	79.2	82.5	77.5
Net Sales	(76.5)	(79.5)	(76.5)
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (normal)	(2.1)	(1.0)	(1.0)
Ending Inventory:	**52.2**	**54.1**	**54.1**
Peacetime Operating	17.7	19.6	19.6
WRM	34.5	34.5	34.5

Manpower

The table below contains the budgeted personnel numbers for DLA Energy for FY 2026 and FY 2027. The decrease in FY 2027 is the result of the Defense Comprehensive Review.

	FY 2025	FY 2026	FY 2027
End Strength:	**1,322**	**1,716**	**1,360**
Military	66	72	72
Civilian	1,256	1,644	1,288
FTEs:	**1,381**	**1,661**	**1,360**
Military	66	72	72
Civilian	1,315	1,589	1,288

Capital

The capital budget comprises projects exceeding the $250,000 expense investment threshold for equipment and minor construction categories.

Minor construction is limited to projects valued at less than $4 million but more than $250,000.

The equipment consists of Automated Fuel Handling Equipment (AFHE) and Automated Tank Gauges (ATG) at various installations that have reached the end of their lifecycle. The AFHE allows bulk fuel to be monitored and controlled for fuel operations from a central location on site. The ATG measures, monitors, and inventories fuel levels that are placed in storage tanks.

The minor construction capital request supports the requirements of aging petroleum infrastructure. These requirements include upgrades to fuel storage facilities and systems to ensure compliance with environmental and efficiency standards. The minor construction investment represents project cost based on current capitalized thresholds.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
Equipment	$2.0	$25.1	$25.2
Software Development	$0.0	$1.0	$0.0
Minor Construction	$64.0	$55.3	$58.0
Total	**$66.0**	**$81.4**	**$83.2**

Red Hill Bulk Fuel Storage Tank Facility

DLA will continue to support the Department of the Navy in its mission to defuel and permanently close the Red Hill Bulk Fuel Storage Facility. Some of the costs related to Red Hill will be funded through transfers received. In FY 2025, DLA Energy received a cash transfer with contract authority of $2.3 million and received an additional cash transfer of $1.3 million in FY 2026. DLA projects to have enduring requirements in FY 2027 for additional tank closures and fuel dispersal costs, which will be funded through the non-product portion of the standard fuel price (SFP).

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
FY 2027 Red Hill Enduring Requirement	$0.0	$0.0	$0.0
Red Hill Response Cash Transfers w/Contract Authority	$2.3	$1.3	$0.0
Total	**$2.3**	**$1.3**	**$0.0**

Market Fluctuation Account (MFA)

In FY 2027, DLA Energy will use its market fluctuation account to finance unforeseen requirements related to energy product costs. This will help absorb sudden increases in petroleum costs and keep the SFP stable for the military services.

(Dollars in Millions)	FY 2025	FY 2026	FY 2027
FY 2027 Market Fluctuation Account	$0.0	$0.0	$1,000.0
Total	**$0.0**	**$0.0**	**$1,000.0**

Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

FY 2025

Business Division	Net Customer Orders	Net Sales at Standard	Obligation Targets: Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations	Variability Targets	Target Total
Division:	11,671.638	11,916.908	16,807.371	0.000	59.787	16,867.158	66.017	0.000	16,933.175
Energy Mission	11,618.586	11,865.673	16,637.625	0.000	59.787	16,697.412	66.017	0.000	16,763.429
Aerospace	53.052	51.235	156.126	0.000	0.000	156.126	0.000	0.000	156.126
Reimbursable	0.000	0.000	13.620	0.000	0.000	13.620	0.000	0.000	13.620
CAPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**11,671.638**	**11,916.908**	**16,807.371**	**0.000**	**59.787**	**16,867.158**	**66.017**	**0.000**	**16,933.175**

FY 2026

Business Division	Net Customer Orders	Net Sales Standard	Obligation Targets: Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Target Total	
Division:	13,243.770	12,318.930	13,494.980	0.000	1.272	13,496.252	81.400	10,187.731	23,765.383
Energy Mission	13,184.303	12,259.463	13,378.870	0.000	1.272	13,380.142	81.400	10,187.731	23,649.273
Aerospace	59.467	59.467	81.133	0.000	0.000	81.133	0.000	0.000	81.133
Reimbursable	0.000	0.000	34.977	0.000	0.000	34.977	0.000	0.000	34.977
CAPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**13,243.770**	**12,318.930**	**13,494.980**	**0.000**	**1.272**	**13,496.252**	**81.400**	**10,187.731**	**23,765.383**

FY 2027

Business Division	Net Customer Orders	Net Sales at Standard	Obligation Targets: Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Target Total	
Division:	11,297.542	11,012.400	11,219.400	0.000	4.000	11,223.400	83.200	8,433.323	19,739.923
Energy Mission	11,238.075	10,952.933	11,077.676	0.000	4.000	11,081.676	83.200	8,433.323	19,598.199
Aerospace	59.467	59.467	106.395	0.000	0.000	106.395	0.000	0.000	106.395
Reimbursable	0.000	0.000	35.329	0.000	0.000	35.329	0.000	0.000	35.329
CAPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**11,297.542**	**11,012.400**	**11,219.400**	**0.000**	**4.000**	**11,223.400**	**83.200**	**8,433.323**	**19,739.923**

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Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2025			
DLA Energy	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**5,282,946.9**	**2,092,148.5**	**3,190,798.4**	**0.0**
2. BOP Inventory Adjustments		**0**	**0**	**0**
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	41,652.1	-169,655.8	211,308.0	0.0
c. Inventory Reclassified and Repriced	5,324,599.0	1,922,492.7	3,402,106.3	0.0
3. Purchases	**8,670,250.1**	**8,670,250.1**	**0.0**	**0.0**
4. Gross Sales At Cost	**-8,574,586.9**	**-8,574,586.9**	**0.0**	**0.0**
5. Inventory Adjustments		**0**	**0**	**0**
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns From Customers For Credit +	207,461.2	207,461.2	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Reciepts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-228,366.1	-228,366.1	0.0	0.0
Retail/Wholesale Losses	-228,366.1	-228,366.1	0.0	0.0
h. Total Adjustments	-20,904.9	-20,904.9	0.0	0.0
6. Inventory - End of Period (EOP)	**5,399,357.3**	**1,997,251.0**	**3,402,106.3**	**0.0**
7. Inventory on Order EOP	**5,399,357.3**	**1,997,251.0**	**3,402,106.3**	**0.0**

Narrative:
NA

Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2026			
DLA Energy	**Total**	**Demand Based**	**Mobilization**	**Non-Demand Based**
1. Inventory - Beginning of Period (BOP)	**5,399,357.3**	**1,997,251.0**	**3,402,106.3**	**0.0**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	604,761.7	177,712.8	427,048.9	0.0
c. Inventory Reclassified and Repriced	6,004,119.0	2,174,963.7	3,829,155.3	0.0
3. Purchases	**9,218,630.1**	**9,218,630.1**	**0.0**	**0.0**
4. Gross Sales at Cost	**-9,559,826.3**	**-9,559,826.3**	**0.0**	**0.0**
5. Inventory Adjustments				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns From Customers for Credit	665,940.0	665,940.0	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-110,990.0	-110,990.0	0.0	0.0
Retail/Wholesale Losses	-110,990.0	-110,990.0	0.0	0.0
h. Total Adjustments	554,950.0	554,950.0	0.0	0.0
6. Inventory - End of Period (EOP)	**6,217,872.8**	**2,388,717.5**	**3,829,155.3**	**0.0**
7. Inventory on Order EOP	**6,217,872.8**	**2,388,717.5**	**3,829,155.3**	**0.0**

Narrative:
NA

Energy Management Activity Group
Inventory Status
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2027			
DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. Inventory - Beginning of Period (BOP)	**6,217,872.8**	**2,388,717.5**	**3,829,155.3**	**0.0**
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-853,168.9	-445,378.9	-407,790.0	0.0
c. Inventory Reclassified and Repriced	5,364,703.9	1,943,338.6	3,421,365.3	0.0
3. Purchases	**7,714,763.9**	**7,714,763.9**	**0.0**	**0.0**
4. Gross Sales at Cost	**-7,813,035.2**	**-7,813,035.2**	**0.0**	**0.0**
5. Inventory Adjustments				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0			
Transfer from other DLA ICPs	0.0			
Transfer to other DLA ICPs	0.0			
b. Returns From Customers for Credit	197,441.3	197,441.3	0.0	0.0
c. Returns From Customers Without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts Without Reimbursement + or (-)	0.0	0.0	0.0	0.0
g. Other (List/Explain)	-99,170.0	-99,170.0	0.0	0.0
Retail/Wholesale Losses	-99,170.0	-99,170.0		
h. Total Adjustments	98,271.3	98,271.3	0.0	0.0
6. Inventory - End of Period (EOP)	**5,364,703.9**	**1,943,338.6**	**3,421,365.3**	**0.0**
7. Inventory on Order EOP	**5,364,703.9**	**1,943,338.6**	**3,421,365.3**	**0.0**

Narrative:
NA

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

FY 2025

	Total	WRM Protected	WRM Other
1. Inventory BOP	3,190,798.094	3,190,798.094	0.000
2. Price Change	211,307.988	211,307.988	0.000
3. Reclassification	**3,402,106.082**	**3,402,106.082**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**3,402,106.082**	**3,402,106.082**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

FY 2026

	Total	WRM Protected	WRM Other
1. Inventory BOP	3,402,106.082	3,402,106.082	0.000
2. Price Change	427,048.918	427,048.918	0.000
3. Reclassification	**3,829,155.000**	**3,829,155.000**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**3,829,155.000**	**3,829,155.000**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
War Reserve Material
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

FY 2027

	Total	WRM Protected	WRM Other
1. Inventory BOP	3,829,155.000	3,829,155.000	0.000
2. Price Change	-407,790.000	-407,790.000	0.000
3. Reclassification	**3,421,365.000**	**3,421,365.000**	**0.000**
4. Inventory Changes			
a. Receipts	**0.000**	**0.000**	**0.000**
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues	**0.000**	**0.000**	**0.000**
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments	**0.000**	**0.000**	**0.000**
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and Losses	0.000	0.000	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	**3,421,365.000**	**3,421,365.000**	**0.000**
STOCKPILE COSTS			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	**0.000**	**0.000**	**0.000**
WRM BUDGET REQUEST			
1. Obligations @ Cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replenishment/Repair WRM - Reinvestment	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	**0.000**	**0.000**	**0.000**

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**8,575.1**	**9,940.3**	**8,469.9**
Army	**757.6**	**1,291.6**	**1,115.9**
Operations & Maintenance	530.1	903.7	780.8
Army	401.1	683.9	590.9
Army Reserve	30.0	51.1	44.2
Army National Guard	98.9	168.7	145.7
Army Reserve, Recovery Act	0.0	0.0	0.0
Research Development Testing & Evaluation	49.2	83.9	72.5
Procurement	19.4	33.0	28.5
Aircraft Procurement, Army	14.3	24.4	21.1
Missile Procurement, Army	2.4	4.1	3.6
Weapons & Tracked Vehicles, Army	1.9	3.2	2.8
Ammunition, Army	0.0	0.0	0.0
Other, Army	0.7	1.2	1.1
Military Construction	1.7	2.9	2.5
Army National Guard	0.4	0.7	0.6
Army Reserve	0.5	0.8	0.7
Army	0.8	1.3	1.1
Military Personnel	16.8	28.7	24.8
National Guard	1.4	2.3	2.0
Army	14.4	24.5	21.2
Reserve, Army	1.1	1.9	1.6
Family Housing	3.1	5.2	4.5
O&M	2.9	5.0	4.3
Construction	0.1	0.2	0.2
Other	137.4	234.2	202.4
Defense Health Program, Defense	29.2	49.7	42.9
Chemical Agent and Monitions Destruction, Army	0.1	0.1	0.1
Other	4.4	7.4	6.4
National Guard and Reserve Equipment, Defense	0.0	0.0	0.0
Department of Defense Base Closure Account 1990	2.8	4.8	4.2
Support for International Sporting Competitions, Defense	0.6	1.0	0.8
Defense Emergency Response Fund, Defense (Army)	2.0	3.5	3.0
Army Other (non-interfund approp data not available)	98.4	167.7	144.9
Burdensharing Contribution, Defense	0.0	0.0	0.0
Navy	**3,277.1**	**3,556.9**	**3,209.1**
Operations & Maintenance	3,242.3	3,519.1	3,175.0
Navy Reserve	144.8	157.1	141.8
Navy	3,097.5	3,362.0	3,033.2
Research Development Testing & Evaluation	0.5	0.6	0.5

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Research, Development, Test and Evaluation - Recovery Act, Navy	0.5	0.6	0.5
RDT&E, Navy	0.0	0.0	0.0
Procurement	5.9	6.5	5.8
Aircraft Navy	0.0	0.0	0.0
Weapons Navy	0.8	0.8	0.7
Ammunition, Navy & Marine Corps	0.0	0.0	0.0
Other, Navy	5.2	5.6	5.1
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Reserve Personnel, Navy	0.0	0.0	0.0
Military Personnel, Navy	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Other	28.3	30.8	27.8
Defense Health Program, Defense	0.2	0.3	0.2
Shipbuilding & Conversion, Navy	0.0	0.0	0.0
Defense Emergency Response Fund, Defense (Navy)	0.0	0.0	0.0
Department of Defense Base Closure Account 2005 (Navy)	0.0	0.0	0.0
Navy Other (non-interfund approp data not available)	28.1	30.5	27.5
Air Force	**4,492.6**	**4,771.6**	**3,887.4**
Operations & Maintenance	4,240.4	4,503.8	3,669.3
Air Force	2,868.8	3,047.0	2,482.4
Air Force Reserve	430.6	457.4	372.6
Air National Guard	941.0	999.4	814.2
Research Development Testing & Evaluation	84.5	89.7	73.1
Procurement	0.2	0.3	0.2
Aircraft, Air Force	0.1	0.2	0.1
Missile, Air Force	0.0	0.0	0.0
Other, Air Force	0.1	0.1	0.1
Space, Air Force	0.0	0.0	0.0
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Reserve Personnel, Air Force	0.0	0.0	0.0
Family Housing	0.4	0.5	0.4
Other	167.0	177.3	144.5
Foreign Military Sales	0.0	0.0	0.0
Defense Health Program, Defense	0.0	0.0	0.0
Host Nation Support for U.S. Relocation Activities, Defense	0.0	0.0	0.0
Burdensharing Contribution, Defense	1.6	1.7	1.4

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Wildlife Conservation, etc., Military Reservations, Air Force	0.0	0.0	0.0
DoW, Base Closure Account 2005 (Air Force)	0.0	0.0	0.0
Air Force Other (non-interfund approp data not available)	165.3	175.6	143.0
Marine Corps	**22.1**	**98.4**	**64.2**
Operations & Maintenance	23.7	105.2	68.7
Marine Corps	22.9	101.8	66.5
Marine Corps Reserve	0.8	3.4	2.2
Research Development Testing & Evaluation	0.1	0.4	0.2
Research, Development, Test, and Evaluation, Navy	0.1	0.4	0.2
Procurement	-1.7	-7.4	-4.9
Reserve Personnel, MC	0.0	0.0	0.0
Procurement, MC	-1.7	-7.4	-4.9
Military Construction	0.0	0.0	0.0
Military Personnel	0.0	-0.1	0.0
Reserve Personnel, MC	0.0	-0.1	0.0
Family Housing	0.0	0.0	0.0
Other	0.1	0.3	0.2
National Guard & Reserve Equipment, Defense	0.0	0.0	0.0
Marine Corps Other (non-interfund approp data not available)	0.1	0.3	0.2
Lease of Department of War Real Property, Defense	0.0	0.0	0.0
Defense-Wide	**25.7**	**221.8**	**193.2**
Operations & Maintenance	20.0	172.9	150.6
Research Development Testing & Evaluation	2.3	20.3	17.6
Procurement	1.4	12.1	10.5
Military Construction	0.0	0.0	0.0
Defense Health Program	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Other	1.9	16.5	14.4
Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency	0.0	0.0	0.0
Operational Test and Evaluation, Defense	0.0	0.4	0.3
DoW, Acquisition Workforce Development Fund	1.9	16.1	14.1
b. Orders from other Fund Activities	**1,704.7**	**1,773.6**	**1,486.4**
Army Working Capital Funds	6.3	10.7	9.2
Army Industrial Operations	0.0	0.0	0.0
Army Supply Management	0.0	0.0	0.0
Army Working Capital Funds	6.3	10.7	9.2
Navy Working Capital Funds	444.9	482.5	435.2
Navy Depot Maintenance (Fleet Readiness Center)	0.0	0.0	0.0
Navy Supply Managment	0.0	0.0	0.0

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
R&D	0.0	0.0	0.0
Transportation	0.0	0.0	0.0
USMC Depot Maintenance	0.0	0.0	0.0
USMC Supply Management	0.0	0.0	0.0
Navy Working Capital Funds	444.9	482.5	435.2
Air Force Working Capital Funds	1,212.0	1,280.4	1,041.9
Air Force Depot Maintenance (CSAG-M)	0.0	0.0	0.0
AF Supply Wholesale (CSAG-S)	0.0	0.0	0.0
AF Supply Retail (SMAG-R)	0.0	0.0	0.0
USTRANSCOM	0.0	0.0	0.0
Air Force Working Capital Funds	1,212.0	1,280.4	1,041.9
Defense-wide	3.8	0.0	0.0
DLA, Defense Working Capital Fund	3.8	0.0	0.0
Supply Chain	0.0	0.0	0.0
Energy	3.8	0.0	0.0
Document Services	0.0	0.0	0.0
DFAS, Defense Working Capital Fund	0.0	0.0	0.0
DISA, Working Capital Fund	0.0	0.0	0.0
Other Procurement, Defense-Wide	0.0	0.0	0.0
RDT&E, Defense-Wide	0.0	0.0	0.0
Defense Agencies, Defense Working Capital Fund	0.0	0.0	0.0
Other Working Capital Funds	0.1	0.0	0.0
Pentagon Reservation Maintenance Revolving Fund	0.0	0.0	0.0
Building Maintence Fund	0.0	0.0	0.0
Defense Counterintelligence and Security Agency	0.0	0.0	0.0
DECA, Defense Working Capital Fund	0.1	0.0	0.0
Other	37.6	0.0	0.0
Operational Test and Evaluation, Defense	0.0	0.0	0.0
Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency	0.0	0.0	0.0
DoW, Acquisition Workforce Development Fund	0.0	0.0	0.0
Global Health Programs, State	0.0	0.0	0.0
Overseas Humanitarian, Disaster, and Civic Aid, Defense	0.2	0.0	0.0
Dept of Treasury	0.0	0.0	0.0
DLA and other Non-DoW (data not able to partition)	1.0	0.0	0.0
Other DoW (non interfund approp data not available)	34.2	0.0	0.0
Defense Health Program, Defense	2.2	0.0	0.0
Civil Corps of Engineers, Revolving Fund	0.0	0.0	0.0
c. Total DoW	**10,279.8**	**11,713.8**	**9,956.3**
d. Other Orders:	**1,391.8**	**1,529.9**	**1,341.3**
Exchange Activities	0.0	0.0	0.0
Trust Funds	0.0	0.0	0.0
Non-Federal Agencies	888.7	860.2	793.4

Energy Management Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Federal Agencies	499.1	583.3	495.8
Foreign Military Sales	3.9	86.5	52.0
Total for New Orders	**11,671.6**	**13,243.8**	**11,297.5**
2. Carry-In Orders	540.4	0.0	0.0
3. Total Gross Orders	**12,212.1**	**13,243.8**	**11,297.5**
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Gross Sales	**12,212.1**	**13,243.8**	**11,297.5**
6. Credit (-)	-295.1	-924.8	-285.1
7. Net Sales	**11,916.9**	**12,318.9**	**11,012.4**
8. Reimbursable Sales/Other Income	38.0	45.7	46.2
9. Total Revenue	**11,954.9**	**12,364.6**	**11,058.6**

Energy Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**12,212.057**	**13,243.770**	**11,297.542**
Operations	12,211.997	13,208.794	11,259.528
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.060	34.976	38.014
Other Income	38.004	45.672	46.182
Refunds/Discounts (-)	-295.148	-924.840	-285.142
Total Income	**11,954.913**	**12,364.602**	**11,058.582**
Costs			
Cost of Material Sold from Inventory	8,953.668	9,218.275	7,714.764
Inventory Gains/Losses	228.366	110.990	99.170
Salaries and Wages:	258.655	283.540	256.610
Military Personnel Compensation & Benefits	22.917	17.901	17.901
Civilian Personnel Compensation & Benefits	235.738	265.639	238.709
Travel & Transportation of Personnel	7.821	11.002	11.008
Materials & Supplies (For Internal Operations)	9.656	1.533	1.565
Equipment	1.081	3.080	3.145
Other Purchases from Revolving Funds	251.175	265.564	253.632
Transportation of Things	861.549	915.526	938.797
Capital Investment Recovery (CIR)	0.060	34.976	38.014
Printing & Reproduction	0.000	0.493	0.589
Advisory & Assistance Services	16.158	29.238	29.907
Rent, Communication, Utilities, & Misc. Charges	0.755	16.549	16.782
Other Purchased Services	2,075.280	1,439.405	1,911.229
Total Expenses	**12,664.224**	**12,330.171**	**11,275.212**
Operating Result	**-709.311**	**34.431**	**-216.630**
Plus Passthroughs or Other	0.000	0.000	0.000
Other Adjustments Affecting NOR	**2.253**	**1.272**	**0.000**
Transfers	2.253	1.272	0.000
Appropriations	0.000	0.000	0.000
Net Operating Result	**-707.058**	**35.703**	**-216.630**
Prior Year AOR	3,361.847	2,654.789	2,690.493
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	-2,473.865
Deferred AOR	0.000	0.000	0.000
Total Accumulated Operating Results for Budget Purposes	**2,654.789**	**2,690.492**	**-0.002**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2027 Budget Estimates
April 2026

FY 2025 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS	**4.38**	**$180.39**	**$790.12**
OCONUS	4.25	$185.49	$789.19
CONUS	0.13	$7.15	$0.93
Diesel Fuel:	**13,500.80**	**$151.36**	**$2,043,518.26**
Distillates- F76	11,365.41	$153.39	$1,743,340.38
High Sulfur- DF1	0.00	$0.00	$0.00
Generic (High Sulfur)- DF2	879.74	$137.58	$121,035.01
Ultra Low Sulfur- DS1	258.18	$152.87	$39,467.20
Ultra Low Sulfur- DS2	773.42	$139.27	$107,712.92
Burner Grade- FS1	52.09	$168.05	$8,753.79
Burner Grade- FS2	158.35	$133.76	$21,180.59
Biodiesel- BDI	13.61	$149.08	$2,028.36
Jet Fuel:	**50,994.34**	**$152.51**	**$7,776,940.72**
JP8 & JA1	14,992.68	$152.49	$2,286,261.70
JAA	27,107.76	$151.82	$4,115,620.92
JP5	8,824.12	$154.13	$1,360,044.47
JTS	69.79	$215.13	$15,013.64
Kerosene	**7.39**	**$165.21**	**$1,220.88**
KS1	7.39	$165.27	$1,220.88
Motor Gasoline:	**1,169.97**	**$126.53**	**$148,039.91**
Regular, Unleaded - MUR	942.02	$123.24	$116,093.79
Midgrade, Unleaded - MUM	128.46	$149.66	$19,226.02
Premium, Unleaded - MUP	56.65	$133.66	$7,572.45
Gasohol - GUM	0.00	$0.00	$0.00
Ethanol - E85	42.83	$120.18	$5,147.64
Residual:	**67.05**	**$38.93**	**$2,610.08**
Burner Grade - FS4	0.0 0	$0.00	$0.000
Residual (Burner Grade) - FS6	0.00	$0.00	$0.00
FOR	67.05	$38.93	$2,610.08
Other	**10,707.25**	**$166.96**	**$1,787,642.52**
Bunkers - Marine - MGO	1,339.61	$156.51	$209,666.06
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4,386.41	$172.97	$758,726.06
Non-Contract - Jet Fuel - NA1, NAA	1,388.64	$195.12	$270,946.28
Non-Contract - Ground Fuel - NLS, NMU	241.83	$155.69	$37,651.10
Afghanistan - NNJ	0.00	$0.00	$0.00
Afghanistan - NNF	0.00	$0.00	$0.00

FY 2025 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
Rounding Factor & Other Products	3,350.77	$152.40	$510,653.02
TOTAL	**76,451.18**	**$153.83**	**$11,760,762.49**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2027 Budget Estimates
April 2026

FY 2026 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS	**4.56**	**$180.62**	**$823.62**
(CONUS) - 130	4.43	$185.86	$822.66
(OCONUS) - 100(LL)	0.13	$7.16	$0.97
Diesel Fuel:	**14,045.31**	**$151.66**	**$2,130,171.16**
Distillates - F76	11,823.80	$153.70	$1,817,264.60
High Sulfur - DF1	0.00	$0.00	$0.00
Generic (High Sulfur) - DF2	915.22	$137.85	$126,167.36
Ultra Low Sulfur - DS1	268.59	$153.17	$41,140.76
Ultra Low Sulfur - DS2	804.61	$139.55	$112,280.36
Burner Grade - FS1	54.19	$168.38	$9,124.99
Burner Grade - FS2	164.74	$134.02	$22,078.73
Biodiesel - BDI	14.16	$149.37	$2,114.37
Jet Fuel:	**53,051.04**	**$152.81**	**$8,106,712.38**
JP8 & JA1	15,597.36	$152.80	$2,383,207.83
JAA	28,201.06	$152.13	$4,290,138.79
JP5	9,180.01	$154.44	$1,417,715.49
JTS	72.60	$215.56	$15,650.28
Kerosene:	**7.69**	**$165.49**	**$1,272.65**
KS1	7.69	$165.60	$1,272.65
Motor Gasoline:	**1,217.15**	**$126.79**	**$154,317.36**
Regular, Unleaded - MUR	980.01	$123.48	$121,016.60
Midgrade, Unleaded - MUM	133.65	$149.96	$20,041.28
Premium, Unleaded - MUP	58.94	$133.93	$7,893.55
Gasohol - GUM	0.00	$0.00	$0.00
Ethanol - E85	44.56	$120.42	$5,365.92
Residual:	**69.76**	**$39.00**	**$2,720.75**
Burner Grade - FS4	0.00	$0.00	$0.00
Residual (Burner Grade) - FS6	0.00	$0.00	$0.0
FOR	69.76	$39.00	$2,720.75
Other	**11,139.10**	**$167.29**	**$1,863,445.32**
Bunkers - Marine - MGO	1,393.64	$156.82	$218,556.70
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4,563.32	$173.32	$790,898.91
Non-Contract - Jet Fuel - NA1, NAA	1,444.64	$195.51	$282,435.42
Non-Contract - Ground Fuel - NLS, NMU	251.58	$156.00	$39,247.65
Afghanistan - NNJ	0.00	$0.00	$0.0
Afghanistan - NNF	0.00	$0.00	$0.0
Rounding Factor & Other Products	3,485.91	$152.70	$532,306.64
TOTAL	**79,534.61**	**$154.14**	**$12,259,463.24**

Energy Management Activity Group
Fuel Data (Petroleum)
Fiscal Year (FY) 2027 Budget Estimates
April 2026

FY 2027 BUDGET FUEL DATA	PROCURED FROM DLA ENERGY		
PRODUCT	BARRELS (Millions)	COST PER BARREL ($)	EXTENDED PRICE ($ in Millions)
AVGAS:	**4.39**	**$167.62**	**$735.85**
(CONUS) - 130	4.26	$172.69	$734.99
(OCONUS) - 100(LL)	0.13	$6.64	$0.86
Diesel Fuel:	**13,505.23**	**$140.92**	**$1,903,152.03**
Distillates - F76	11,369.14	$142.81	$1,623,592.92
High Sulfur - DF1	0.00 0	$0.00	$0.00
Generic (High Sulfur) - DF2	880.03	$128.09	$112,721.30
Ultra Low Sulfur - DS1	258.26	$142.32	$36,756.26
Ultra Low Sulfur - DS2	773.67	$129.66	$100,314.28
Burner Grade - FS1	52.11	$156.45	$8,152.51
Burner Grade - FS2	158.40	$124.53	$19,725.73
Biodiesel - BDI	13.61	$138.79	$1,889.03
Jet Fuel:	**51,011.08**	**$141.98**	**$7,242,754.21**
JP8 & JA1	14,997.60	$141.97	$2,129,221.78
JAA	27,116.66	$141.35	$3,832,925.03
JP5	8,827.01	$143.49	$1,266,625.03
JTS	69.81	$200.29	$13,982.38
Kerosene:	**7.39**	**$153.86**	**$1,137.02**
KS1	7.39	$153.86	$1,137.02
Motor Gasoline:	**1,170.35**	**$117.80**	**$137,871.26**
Regular, Unleaded - MUR	942.33	$114.74	$108,119.48
Midgrade, Unleaded - MUM	128.51	$139.34	$17,905.42
Premium, Unleaded - MUP	56.67	$124.44	$7,052.31
Gasohol - GUM	0.00	$0.00	$0.00
Ethanol - E85	42.85	$111.89	$4,794.06
Residual:	**67.08**	**$36.24**	**$2,430.79**
Burner Grade - FS4	0.00	$0.00	$0.00
Residual (Burner Grade) - FS6	0.00	$0.00	$0.00
FOR	67.08	$36.24	$2,430.79
Other:	**10,710.77**	**$155.44**	**$1,664,852.01**
Bunkers - Marine - MGO	1,340.05	$145.71	$195,264.41
Bunkers - Intermediate Grade - 180, 380	0.00	$0.00	$0.00
Intoplane - Jet Fuel - IA1, IAA, IAB, IP8	4,387.85	$161.04	$706,610.29
Non-Contract - Jet Fuel - NA1, NAA	1,389.09	$181.66	$252,335.38
Non-Contract - Ground Fuel - NLS, NMU	241.91	$144.95	$35,064.90
Afghanistan - NNJ	0.00	$0.00	$0.00
Afghanistan - NNF	0.00	$0.00	$0.00
Rounding Factor & Other Products	3,351.87	$141.88	$475,577.02
TOTAL	**76,476.29**	**$143.22**	**$10,952,933.17**

Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Millions)

FY 2025

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoW Sales				
Hydrazine Products	**12,680,000**	**$164,752.60**	**0.000**	**$2,089.1**
Non-HPH	0	$0.00	0.000	$0.0
HPH Only	12,680,000	$164,752.60	0.000	$2,089.1
N2O (Tetroxide) Products	**4,994,000**	**$106,420.00**	**0.000**	**$531.5**
Bulk Helium Products	**856,957**	**$976,078.23**	**0.000**	**$836.5**
Nitrogen Products	**129,110**	**$30,369.38**	**0.000**	**$3.9**
Non-Vandenberg	0	$0.00	0.000	$0.0
Vandenberg	129,110	$30,369.38	0.000	$3.9
Helium Products	**21,613,000**	**$74,780.00**	**0.000**	**$1,616.2**
Other Products	**11,643,912,235**	**$7,759.16**	**0.000**	**$26,704.5**
Aviator's Breathing Oxygen	2,914,261,242	$2,833.10	0.000	$8,256.4
Liquid Nitrogen (4769)	1,917,670,775	$3,086.88	0.000	$5,919.6
Other (See Complete Price List)	6,811,980,218	$1,839.18	0.000	$12,528.5
Total DoW Sales	**0**		**0**	**$31,781.6**
Non-DoW Sales				
Hydrazine Products	**52,930,200**	**$266,590.00**	**125,185.069**	**$10,221.8**
Non-HPH	23,924,500	$130,160.00	94,572.812	$5,376.6
HPH Only	29,005,700	$136,430.00	30,612.257	$4,845.2
N2O (Tetroxide) Products	**20,414,000**	**$106,250.00**	**14,076.204**	**$2,456.3**
Bulk Helium Products	**4,062,610**	**$141,110.00**	**896,922.048**	**$4,217.1**
Nitrogen Products	**21,834,260**	**$15,610.00**	**12,648.239**	**$617.0**
Non-Vandenberg	0	$0.00	0.000	$0.0
Vandenberg	21,834,260	$15,610.00	12,648.239	$617.0
Other (See Complete Price List)	**64,263,030**	**$0.00**	**30,207.340**	**$1,941.2**
Total Non-DoW Sales	**0**		**0**	**$19,453.5**
Total	**0**		**0**	**$51,235.1**

Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Millions)

FY 2026

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoW Sales				
Hydrazine Products	**19,257,167**	**$209,276.49**	**0.0**	**$2,137.4**
Non-HPH	2,190,167	$96,412.17		$211.2
HPH Only	17,067,000	$112,864.32		$1,926.3
N2O (Tetroxide) Products	**14,153,500**	**$135,890.82**		**$1,923.3**
Bulk Helium Products	**2,565,720**	**$707,075.45**		**$1,814.2**
Nitrogen Products	**33,615,665**	**$27,188.84**	**0.0**	**$461.7**
Non-Vandenberg	1,577,870	$13,439.06		$21.2
Vandenberg	32,037,795	$13,749.78		$440.5
Helium Products	**26,763,000**	**$69,262.96**		**$1,853.7**
Other Products	**9,239,650,284**	**$6,142.71**	**0.0**	**$18,324.1**
Aviator's Breathing Oxygen	3,118,963,249	$2,266.65		$7,069.6
Liquid Nitrogen (4769)	1,182,421,383	$2,099.80		$2,482.8
Other (See Complete Price List)	4,938,265,652	$1,776.26		$8,771.7
Total DoW Sales	**0**		**0**	**$26,514.4**
Non-DoW Sales				
Hydrazine Products	**25,065,333**	**$246,845.28**	**32,850.0**	**$3,467.8**
Non-HPH	11,101,400	$144,091.99	8,850.0	$1,697.9
HPH Only	13,963,933	$102,753.30	24,000.0	$1,770.0
N2O (Tetroxide) Products	**20,244,467**	**$152,759.78**	**1,630.0**	**$3,125.5**
Bulk Helium Products	**-14,298,905**	**$-406,001.40**	**176,050.0**	**$3,288.1**
Nitrogen Products	**379,935,822**	**$29,980.88**	**11,806.0**	**$8,712.7**
Non-Vandenberg	148,089,762	$7,909.42	3,736.0	$1,724.6
Vandenberg	231,846,060	$22,071.47	8,070.0	$6,988.2
Other Products	**443,484,318**	**$32,376.39**	**0.0**	**$14,358.4**
Other (See Complete Price List)	443,484,318	$32,376.39		$14,358.4
Total Non-DoW Sales	**0**		**0**	**$32,952.5**
Total	**0**		**0**	**$59,466.9**

Energy Management Activity Group
Fuel Data (Aerospace Fuel)
Fiscal Year (FY) 2027 Budget Estimates
March 2026

(Dollars in Millions)

FY 2027

Aerospace Energy	Units	Price Per Unit	Unit Product Costs	Extended Price ($Mil)
DoW Sales				
Hydrazine Products	**19,257,167**	**$209,276.5**	**0.000**	**$2,137.4**
Non-HPH	2,190,167	$96,412.2	0	$211.2
HPH Only	17,067,000	$112,864.3	0	$1,926.3
N2O (Tetroxide) Products	**14,153,500**	**$135,890.8**	**0**	**$1,923.3**
Bulk Helium Products	**2,565,720**	**$707,075.5**	**0**	**$1,814.2**
Nitrogen Products	**33,615,665**	**$27,188.8**	**0.000**	**$461.7**
Non-Vandenberg	1,577,870	$13,439.1	0	$21.2
Vandenberg	32,037,795	$13,749.8	0	$440.5
Helium Products	**26,763,000**	**$69,263.0**	**0**	**$1,853.7**
Other Products	**9,239,650,284**	**$6,142.7**	**0.000**	**$18,324.1**
Aviator's Breathing Oxygen	3,118,963,249	$2,266.6		$7,069.6
Liquid Nitrogen (4769)	1,182,421,383	$2,099.8		$2,482.8
Other (See Complete Price List)	4,938,265,652	$1,776.3		$8,771.7
Total DoW Sales	**0**		**0**	**$26,514.4**
Non-DoW Sales				
Hydrazine Products	**25,065,333**	**$246,845.3**	**32,850.000**	**$3,467.8**
Non-HPH	11,101,400	$144,092.0	8,850.000	$1,697.9
HPH Only	13,963,933	$102,753.3	24,000.000	$1,770.0
N2O (Tetroxide) Products	**20,244,467**	**$152,759.8**	**1,630.000**	**$3,125.5**
Bulk Helium Products	**-14,298,905**	**$-406,001.4**	**176,050.000**	**$3,288.1**
Nitrogen Products	**379,935,822**	**$29,980.9**	**11,806.010**	**$8,712.7**
Non-Vandenberg	148,089,762	$7,909.4	3,736.010	$1,724.6
Vandenberg	231,846,060	$22,071.5	8,070.000	$6,988.2
Other Products	**443,484,318**	**$32,376.4**	**0.000**	**$14,358.4**
Other (See Complete Price List)	443,484,318	$32,376.4		$14,358.4
Total Non-DoW Sales	**0**		**0**	**$32,952.5**
Total	**0**		**0**	**$59,466.9**

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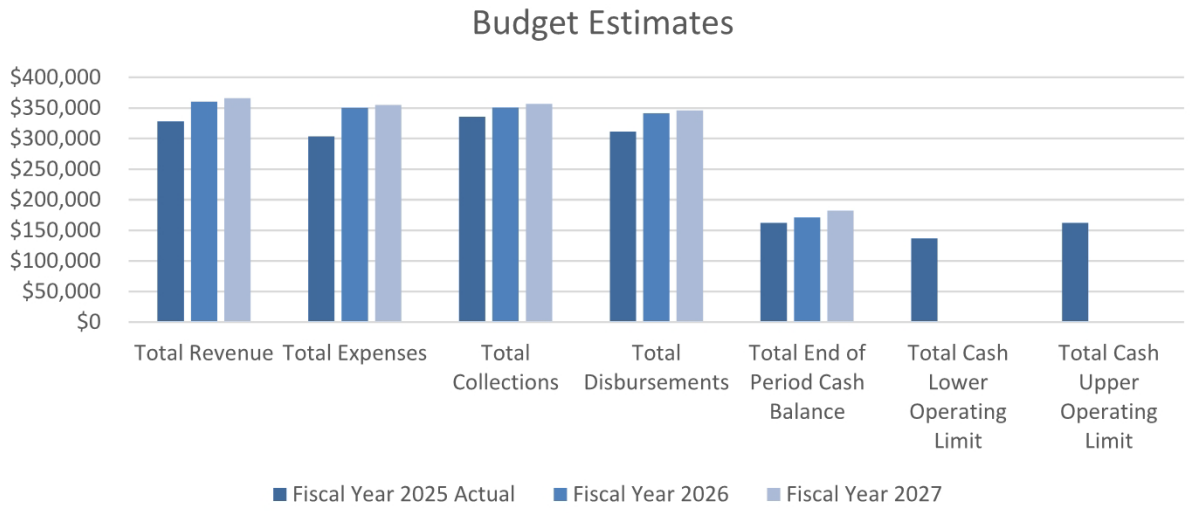
Summary of Budget Authority (Dollars in Thousands)			
Defense Logistics Agency Document Services Working Capital Fund	**Fiscal Year 2025 Actual**	**Fiscal Year 2026**	**Fiscal Year 2027**
Reimbursable Authority - Total	$346,301	$349,554	$353,745
Total Spending Authority from Offsetting Collections	$347,449	$350,430	$355,100
Spending Authority from Offsetting Collections to liquidate Contract Authority	($1,148)	($876)	($876)
Direct Appropriations - Total	$3	$0	$0
Total Budget Authority	$346,304	$349,554	$354,224

Budget Estimates Submission 2027 Summary (Dollars in Thousands)			
Defense Logistics Agency Document Services Working Capital Fund	**Fiscal Year 2025 Actual**	**Fiscal Year 2026**	**Fiscal Year 2027**
Total Revenue	$328,315	$360,021	$365,825
Total Expenses	$303,751	$350,430	$355,100
Total Net Operating Result Adjustments	$24,564	$9,591	$10,725
Total Accumulated Operating Result	$455	$10,046	$10,725
Total Capital Investment Projects	$0	$0	$0
Total Direct Appropriations	$3	$0	$0
Total Collections	$335,451	$350,671	$356,671
Total Disbursements	$311,653	$341,437	$346,070
Total End of Period Cash Balance	$162,150	$171,385	$181,986
Total Cash Lower Operating Limit	$138,415	$147,897	$137,694
Total Cash Upper Operating Limit	$154,566	$156,055	$171,549



FUNCTIONAL DESCRIPTION:

The Defense Logistics Agency (DLA) Document Services is responsible for Department of War (DoW) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include conversion, electronic storage and output, and distribution of hard copy and digital documents. DLA Document Services provides time-sensitive, competitively priced, high-quality products and services that are produced either in-house or procured through the Government Publishing Office.

The DLA Document Services value to the DoW is characterized by two elements. First, DLA Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document management services. Second, DLA Document Services actively functions as a transformation agent moving the DoW toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents into digital formats.

BUDGET HIGHLIGHTS

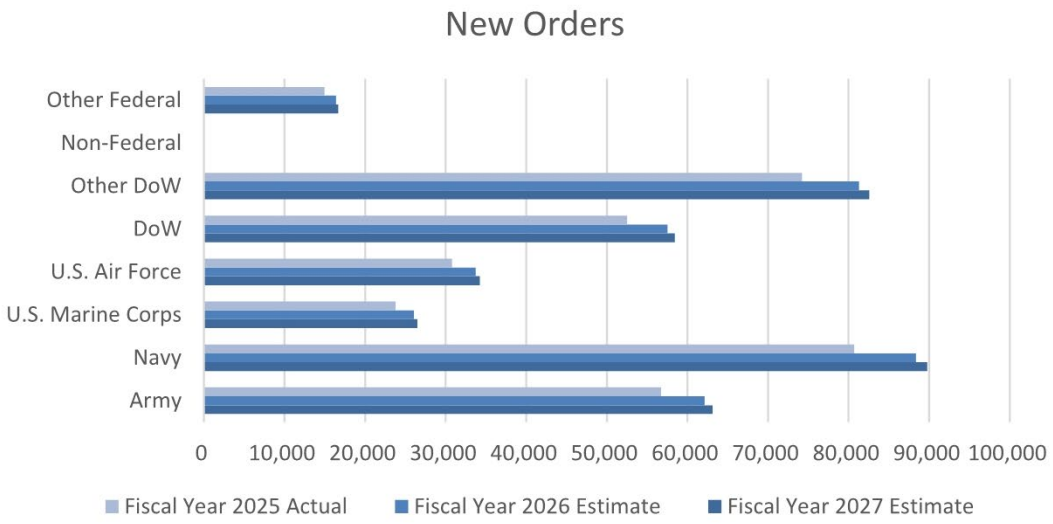
This submission reflects the organization's ongoing evolution to modernizing its structure, facilities, and equipment to become a more cost-effective entity for the Department of War. With few exceptions, Department of War Instructions (DOWI) 5330.03 requires Department of War (DoW) Components to acquire their document services from the Defense Logistics Agency (DLA).

To control our pricing and retain customers, DLA Document Services will be embarking upon two paths. First, we intend to optimize our network through a bottom-up review of our organizational structure and business processes. Second, given that volume buying reduces overall cost, we will be conducting an aggressive marketing campaign to increase the number of new military customers and expand business with current customers. We strongly believe that these initiatives will result in DLA Document Services truly being the single manager for document services as intended by DoW Instructions (DOWI) 5330.03.

CUSTOMERS:

Defense Logistics Agency Document Services' primary customers by order value are Army, Navy, United States (U.S.) Air Force, Defense Agencies, and Non-Department of War customers. Both appropriated and Defense Working Capital Fund funded activities are included in each Service's new orders.

Total New Orders (Dollars in Thousands)	**Fiscal Year 2025 Actual**	**Fiscal Year 2026 Estimate**	**Fiscal Year 2027 Estimate**
U.S. Army	$56,746	$62,137	$63,124
U.S. Navy	$80,685	$88,350	$89,754
U.S. Marine Corps	$23,798	$26,059	$26,473
U.S. Air Force	$30,780	$33,704	$34,239
DoW	$52,522	$57,512	$58,425
Other DoW	$74,228	$81,280	$82,571
Non-Federal	$0	$0	$0
Other Federal	$14,978	$16,401	$16,661
Total	**$333,737**	**$365,444**	**$371,247**


New Orders
Other Federal
Non-Federal
Other DoW
DoW
U.S. Air Force
U.S. Marine Corps
Navy
Army
0
10,000
20,000
30,000
40,000
50,000
60,000
70,000
80,000
90,000
100,000
Fiscal Year 2025 Actual
Fiscal Year 2026 Estimate
Fiscal Year 2027 Estimate

UNIT COST AND PRICING

Unit Cost per In-house Production Unit

Defense Logistics Agency (DLA) measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services Fiscal Year (FY) 2025-unit cost was $0.1409. DLA Document Services FY 2025 in-house workload units were 372,660 thousand. The FY 2026 In-House production rate is projected at $0.1498 due to a slight increase in workload and increased expenses due to planned purchases of equipment for In-House Operations. The FY 2027 In-House production rate is higher, $0.1518 due to fewer units.

Composite Customer Rate Change

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. For the Commercial program, which includes services that do not have a standard rate per item such as Equipment Management Solutions, Government Publishing Office orders, and Electronic Data Content Management, the DLA Document Services charges customers at cost and applies an overhead rate in percentage form. The non-labor inflation rate is used as the price change for the cost-plus fixed fee commercial program. The FY 2025 customer composite rate change represents steady rates with a lower unit total. In FY 2026, the composite rate change is set slightly below the non-labor inflation rate with the goal to cover all operating costs, and to help recover a portion of the negative prior year accumulated operating result. The FY 2027 composite rate change reflects Defense Logistics Agency (DLA) Document Services price increases due to Resource Management Decision (RMD) for FY 2026 to reduce rates and costs, requiring larger adjustments in President’s Budget (PB) 2027 to achieve a zero AOR for Document Services.

Unit Cost and Rate Change	Fiscal Year 2025 Actual	Fiscal Year 2026 Estimate	Fiscal Year 2027 Estimate
In-House Production Units (in Thousands)	372,660	450,114	439,914
In-House Production Rate Per Unit	$0.14	$0.15	$0.15
Customer Rate Per Unit	$0.15	$0.13	$0.15
Composite Customer Rate Change	1.74%	0.80%	3.30%

ANALYSIS OF BUDGET STATEMENTS

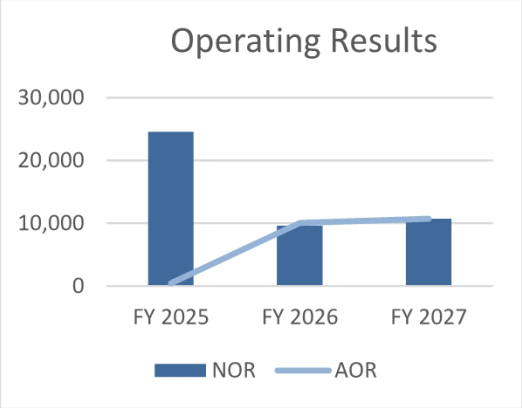
NET OPERATING RESULTS/ACCUMULATED OPERATING RESULTS:

The net operating result measures a single Fiscal Year (FY) impact of revenue and expenses incurred by the business. A positive net operating result demonstrates that revenues exceeded expenses for the business activity.

Recoverable accumulated operating result reflects multiple-years results of the annual net operating results. It measures the accumulated effects of net operating results from the inception of the business unit and demonstrates fiscal strength over a longer time.

NOR/AOR ($ In thousands)	Fiscal Year 2025 Actual	Fiscal Year 2026 Estimate	Fiscal Year 2027 Estimate
Revenue	$328,315	$360,021	$365,825
Cost of Goods Sold	$303,751	$350,430	$355,100
Cash Surcharge	$0	$0	$0
Capital Surcharge	$0	$0	$0
Inventory Surcharge	$0	$0	$0
Other Changes Affecting Net Operating Result	$0	$0	$0
Net Operating Results	$24,564	$9,591	$10,725
Prior Year Adjustments	$0	$0	$0
Prior Year Accumulated Operating Results	($24,108)	$455	$0
Recoverable Accumulated Operating Result	$455	$10,046	$10,725
Non-Recoverable Adjustment Impacting Accumulated Operating Result	$0	$0	$0
Deferred Accumulated Operating Result	$0	($32,000)	($21,953)
Ending Accumulated Operating Result	$455	($21,953)	($11,229)

Fiscal Year 2025: The Defense Logistics Agency (DLA) Document Services ended Fiscal Year 2025 with a $24,564 net operating result.



Fiscal Year 2026: During the President's Budget 2026 budget submission, DLA Document Services budgeted to achieve accumulated operating result of $0 by Fiscal Year 2026; however, this goal was met in Fiscal Year 2025 due to clean up of prior year open customer funding documents. Document Services projects to begin making payments toward the ($32,000) deferred accumulated operating result during Fiscal Year 2026.

Fiscal Year 2027: This submission reflects an increase in rates in Equipment Management Solutions, Government Publishing Office and In-House operations, and projected workload increase in EMS. Document Services is projected to achieve a net operating result of $10,725 in Fiscal Year (FY) 2027, which will be used to continue decrementing the negative balance of the deferred accumulated operating result.

OUTLAYS:

Net outlays measure the difference between collections and disbursements. Positive net outlays reflect disbursements in excess of collections. Negative net outlays reflect collections in excess of disbursements. Disbursements are driven by expense and the change in accounts payable. Collections are driven by revenue and the change in accounts receivable.

(In Thousands)	Fiscal Year 2025 Actual	Fiscal Year 2026 Estimate	Fiscal Year 2027 Estimate
Capital Disbursements	$0	$0	$0
Disbursements	$311,653	$341,437	$346,070
Collections	$335,451	$350,671	$356,671
Net Outlays	($23,798)	($9,235)	($10,601)

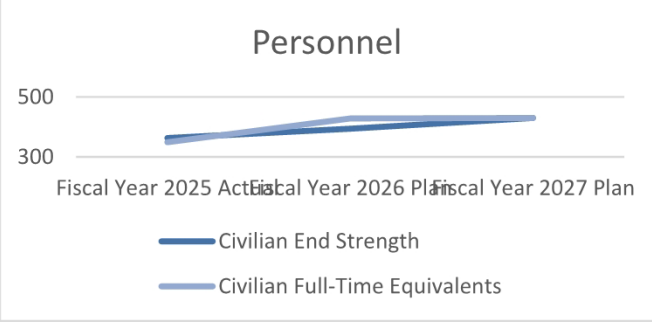
Fiscal Year 2025: DLA Document Services ended FY 2025 with ($23,798) cash outlays. The cash gain is primarily due to the net operating result of $24,564 thousand.

Fiscal Year 2026: The cash gain is due to projected net operating result of $9,591.

Fiscal Year 2027: The estimated cash gain is due to projected net operating result of $10,725. This submission reflects a slight rate increase in In-House Operations and Government Publishing Office programs, and increased workload in Equipment Management Solutions with the goal of achieving positive accumulated operating result and subsequently paying down Document Services' deferred AOR.

PERSONNEL:

This submission reflects full-time equivalents required to produce the projected workload. The DLA Document Services anticipates ending FY 2027 with 430 Civilian End strength and projected full-time equivalents of 430. The reduction in FY 2027 incorporates the loss of 21 positions from the deferred resignation program.



Personnel	Fiscal Year 2025 Actual	Fiscal Year 2026 Plan	Fiscal Year 2027 Plan
Civilian End Strength	363	451	430
Civilian Full-Time Equivalents	349	394	430

CAPITAL BUDGET:

Defense Logistics Agency Document Services asset requirements in Fiscal Year 2025 – Fiscal Year 2027 are anticipated to cost less than the capitalization threshold of $250,000, which will require no additional capital investment funding.

Capital Budget (In Thousands)	Fiscal Year 2025 Actual	Fiscal Year 2026 Plan	Fiscal Year 2027 Plan
Capital Cash Outlays	3,046	0	0

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Document Services Activity Group
Changes in the Cost of Operation
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	Costs
FY 2025 Actual:	**$303.751**
FY 2026 Estimate in President's Budget:	**$350.430**
Estimated Impact in FY 2026 of Actual FY 2025 Experience:	**-30.264**
Civilian Personnel	6.455
Travel of Persons	0.262
Material & Supplies	-6.064
Commercial Equipment Purchases	-6.165
Other Purchased Services from Revolving Fund	-0.393
Transportation of things	-0.401
Printing and Reproduction	-10.038
Advisory and Assistance Services	-5.591
Rent, Communications, Utilities, and Misc	-4.131
Other Purchased Services	-3.183
Capital Investment Recovery	-1.015
Pricing Adjustments:	**9.042**
General Purpose	7.557
FY 25 Pay Raise	1.264
Annualization of FY 24 Pay Raise	0.221
Program Changes:	**37.637**
Civilian Personnel	5.341
Travel of Persons	0.343
Material & Supplies	5.084
Commercial Equipment Purchases	6.281
Other Purchased Services from Revolving Fund	0.469
Transportation of things	0.062
Printing and Reproduction	12.549
Advisory and Assistance Services	-1.075
Rent, Communications, Utilities, and Misc	7.154
Other Purchased Services	0.686
Capital Investment Recovery	0.743
FY 2026 Current Estimate:	**$350.430**
Pricing Adjustments:	**7.150**
General Purpose Inflation	5.948
FY 26 Pay Raise	0.971
Annualization of Prior Year Pay Raises	0.231
Productivity Initiatives and Other Efficiencies:	**0.000**

Document Services Activity Group
Changes in the Cost of Operation
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	Costs
Program Changes:	**-2.480**
Capital Investment Recovery	
Civilian Personnel	-2.544
Travel of Persons	0.000
Material & Supplies	-0.966
Commercial Equipment Purchases	1.981
Other Purchased Services from Revolving Fund	-0.071
Transportation of things	-0.047
Printing and Reproduction	-0.172
Advisory and Assistance Services	0.127
Rent, Communications, Utilities, and Misc	0.684
Other Purchased Services	-1.472
FY 2027 Estimate:	**$355.100**

Document Services Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
1. New Orders			
a. Orders from DoW Components:	**244.530**	**267.762**	**272.014**
Army	**56.746**	**62.137**	**63.124**
Operations & Maintenance	48.983	53.637	54.489
Army Reserve	1.622	1.776	1.804
Army National Guard	4.838	5.298	5.382
Army	42.523	46.563	47.303
Research Development Testing & Evaluation	0.557	0.610	0.620
Procurement	1.124	1.231	1.250
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	6.082	6.659	6.765
Navy	**80.685**	**88.350**	**89.753**
Operations & Maintenance	70.432	77.123	78.348
Navy	68.311	74.801	75.989
Navy Reserve	2.121	2.322	2.359
Research Development Testing & Evaluation	1.510	1.654	1.680
Procurement	0.210	0.230	0.234
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	8.533	9.343	9.491
Shipbuilding & Conversion, Navy	1.014	1.110	1.128
Other Navy Appropriations	0.000	0.000	0.000
Other Procurement Navy	1.211	1.326	1.347
Other Navy & Marine Corps Appropriations; Navy	6.308	6.907	7.016
Air Force	**30.780**	**33.704**	**34.239**
Operations & Maintenance	26.986	29.550	30.018
Air Force	23.548	25.786	26.193
Air Force Reserve	0.033	0.036	0.037
Air National Guard	3.405	3.728	3.788
Research Development Testing & Evaluation	0.287	0.314	0.319
Procurement	0.247	0.270	0.275
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	3.260	3.570	3.627
Marine Corps	**23.798**	**26.059**	**26.473**
Operations & Maintenance	21.981	24.070	24.452
Marine Corps	20.968	22.961	23.325
Marine Corps Reserve	1.013	1.109	1.127
Research Development Testing & Evaluation	0.000	0.000	0.000
Procurement	0.104	0.113	0.115

	FY 2025	FY 2026	FY 2027
Military Construction	0.000	0.000	0.000
Military Personnel	0.000	0.000	0.000
Family Housing	0.000	0.000	0.000
Other	1.713	1.876	1.906
Other Navy & Marine Corps Appropriations; Marine Corps	1.713	1.876	1.906
Other Marine Corps Appropriations	0.000	0.000	0.000
Defense-Wide	**52.521**	**57.512**	**58.425**
Operations & Maintenance	0.000	0.000	0.000
Research Development Testing & Evaluation	0.151	0.166	0.168
Procurement	0.010	0.011	0.012
Military Construction	0.000	0.000	0.000
Defense Health Program	29.265	32.046	32.555
Family Housing	0.000	0.000	0.000
Other	23.095	25.289	25.690
Other DoW	22.979	25.162	25.561
Department of Defense Inspector General	0.116	0.127	0.129
b. Orders from other Fund Activities	**85.076**	**93.156**	**94.637**
Army Working Capital Funds	1.538	1.684	1.711
Navy Working Capital Funds	8.471	9.275	9.423
Air Force Working Capital Funds	2.004	2.194	2.229
Defense-wide	0.000	0.000	0.000
Other Working Capital Funds	62.216	68.127	69.209
Other	10.847	11.876	12.065
Other (non-interfund appropriation data)	10.847	11.876	12.065
c. Total DoW	**329.606**	**360.918**	**366.651**
d. Other Orders:	**4.132**	**4.525**	**4.596**
Exchange Activities	0.000	0.000	0.000
Trust Funds	0.000	0.000	0.000
Non-Federal Agencies	0.000	0.000	0.000
Federal Agencies	3.147	3.446	3.500
Foreign Military Sales	0.985	1.079	1.096
Total for New Orders	**333.738**	**365.443**	**371.247**
2. Carry-In Orders	12.001	12.001	12.001
3. Total Gross Orders	**345.739**	**377.444**	**383.248**
4. Carry-Over (-)	-22.106	-17.423	-17.423
5. Gross Sales	**323.633**	**360.021**	**365.825**
6. Credit (-)	4.682	0.000	0.000

Document Services Activity Group
Source of New Orders & Revenue
Fiscal Year (FY) 2027 Budget Estimates
April 2026

	FY 2025	FY 2026	FY 2027
7. Net Sales	**328.315**	**360.021**	**365.825**
8. Reimbursable Sales/Other Income	0.000	0.000	0.000
9. Total Revenue	**328.315**	**360.021**	**365.825**

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Document Services Activity Group
Revenue and Expenses
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

	FY 2025	FY 2026	FY 2027
Revenue			
Gross Sales	**328.315**	**360.021**	**365.825**
Operations	328.315	360.021	365.825
Capital Surcharge	0.000	0.000	0.000
Capital Investment Recovery	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income	**328.315**	**360.021**	**365.825**
Costs			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:	43.015	49.841	48.500
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	43.015	49.841	48.500
Travel & Transportation of Personnel	0.418	0.773	0.790
Materials & Supplies (For Internal Operations)	11.088	16.494	15.528
Equipment	8.750	15.285	17.587
Other Purchases from Revolving Funds	4.017	4.602	4.627
Transportation of Things	1.049	1.142	1.119
Capital Investment Recovery (CIR)	0.133	0.876	0.876
Printing & Reproduction	60.246	74.540	75.933
Advisory & Assistance Services	4.057	3.100	3.293
Rent, Communication, Utilities, & Misc. Charges	90.035	99.801	102.580
Other Purchased Services	80.943	83.976	84.267
Total Expenses	**303.751**	**350.430**	**355.100**
Operating Result	**24.564**	**9.591**	**10.725**
Other Adjustments Affecting NOR	**0.000**	**0.000**	**0.000**
Net Operating Result	**24.564**	**9.591**	**10.725**
Prior Year AOR	-24.108	0.455	0.000
Other Changes Affecting AOR	0.000	0.000	0.000
Non-Recoverable AOR	0.000	0.000	0.000
Deferred AOR	0.000	-32.000	-21.953
Total Accumulated Operating Results for Budget Purposes	**0.456**	**-21.954**	**-11.228**

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Defense Working Capital Fund

Defense Finance and Accounting Service

Capital Budget

Fiscal Year (FY) 2027 Budget Estimates

April 2026

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Defense Finance and Accounting Services
Capital Investment Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Line Item	Item Description	FY 2025 Quantity	FY 2025 Total Cost	FY 2026 Quantity	FY 2026 Total Cost	FY 2027 Quantity	FY 2027 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
2.	**ADPE & Telecom Equip**	**0**	**$1.7**	**0**	**$2.0**	**0**	**$0.0**
2a.	Computer Hardware (Production)	0		0		0	$0.0
2b.	Computer Hardware (Network)	0	$0.0	0	$0.0	0	$0.0
2c.	Computer Software (Operating System)	0		0		0	$0.0
2d.	Telecommunications	0	$1.7	0	$2.0	0	$0.0
2e.	Other Support Equipment	0		0		0	$0.0
3.	**Software Development**	**0**	**$27.2**	**0**	**$32.2**	**0**	**$0.0**
3a.	Internally Developed	0	$6.1	0	$2.8	0	$0.0
3b.	Externally Developed	0	$21.2	0	$29.4	0	$0.0
4.	**Minor Construction Capabilities**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
4a.	Replacement	0		0		0	$0.0
4b.	New Construction	0	$0.0	0	$0.0	0	$0.0
4c.	Environmental	0		0		0	$0.0
	TOTAL OBLIGATIONS	**0**	**$28.9**	**0**	**$34.2**	**0**	**$0.0**
	Total Capital Outlays	**0**	**$14.6**	**0**	**$32.9**	**0**	**$24.2**
	Total Depreciation Expense	**0**	**$10.7**	**0**	**$10.2**	**0**	**$11.8**

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Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
Defense Finance and Accounting Service / December 2025	2 - ADPE and Telecom Equipment 2d - Telecommunications				A. Unified Communications (UNCOMM)				
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Unified Communications (UNCOMM)	1	$1,744.449	$1,744.449	1	$2,016.000	$2,016.000	0	$0.000	$0.000

Narrative Justification

A. Funding to be used for the installation and configuration of teleconferencing equipment in three phases. Phase one is for 166 meeting rooms across DFAS (these were evaluated as highest priority). Phase two will be for priority 2 rooms in FY 2025 (this will be for 38 rooms). Phase three will be for priority 3 rooms in FY 2026 (this will be for 55 rooms). The return to work initiative will have employees in the building and teleworking from home. DFAS leadership wants to ensure meeting rooms are outfitted with the ability to meet as a group on Microsoft Teams as is available on individual computers.

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
Defense Finance and Accounting Service / December 2025	3 - Software Development 3b - Externally Developed				C. DRAS-M				
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Defense Retired & Annuitant Pay System Modernization (DRAS-M)	1	$17,551.828	$17,551.828			$0.000			$0.000

Narrative Justification

C. With the Department's decision to defund DRAS2, DRAS requires modernization to ensure continued sustainability in the future. DRAS is currently made up of 6 subsystems, consisting of mainframe and mid-tier application software solutions. The 6 subsystems will be re-written into a single, unifying code base that will maximize sustainability while maintaining existing functionality. DRAS-M will create a replacement normalized database structure that will incorporate existing data from mainframe and mid-tier databases. FY 2025 funding was used for the FY 2022 requirement (using an FY 2022 LOA) to upgrade the architecture of DRAS. This effort will include implementation of standard line of accounting (SLOA) and Treasury Direct Disbursing (TDD), adding the Space Force as a new branch of service in DRAS, implementing remaining Blended Retirement System (BRS) functionality, improving workflow and self-service capabilities, and modernizing the DRAS user interface.

Activity Group Capital Investment Justification	A. Budget Submission

($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Finance and Accounting Service / December 2025	3b - Externally Developed				F. myPay				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
F. myPay			$0.000	1	$1,343.785	$1,343.785			$0.000

Narrative Justification

This myPay mobile app and document upload project will deliver a more secure and engaging experience through native device integration and real-time communication, proactively combating fraud. The new document upload feature will allow customers to securely submit documents directly through myPay and the mobile app, streamlining the process, verifying authenticity, and eliminating the need for faxing. This enhancement reduces complexity and provides a single, secure platform for our customers. $1.343 million internally reprogrammed from CY DDMS under-execution.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Finance and Accounting Service / December 2025	3b - Externally Developed				B. ADS				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
B. Automated Disbursing System (ADS)	1	$123.127	$123.127			$0.000			$0.000

Narrative Justification

B. Funding to be used for a project for the development of daily reporting capabilities from the ADS system to Treasury. At a high level, this system change request (SCR) will enable ADS to feed data in the Standard Reporting Format (SRF) to the Payment Information Repository (PIR) with business from Disbursing Station Symbol Number (DSSN) 8522 for a new Agency Location Code (ALC). Treasury Accounting Symbol (TAS) – Business Event Type Code (BETC) data is sent by ADS to Treasury. The following five interfaces are planned to be coded: PIR Automated Clearing House (ACH) (Sent to PIR and DCAS via Global Exchange (GEX)), PIR DATA (Sent to PIR and Defense Cash Accountability System (DCAS) via GEX), SRF Data (DCAS via GEX), CTA Bulk (Manual Upload to CARS), SAM (Treasury Accounting Symbol (TAS) / Business Event Type Code (BETC) File into ADS). FY 2025 funding was used for this FY 2024 requirement (using an FY 2024 LOA) to work on this project.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**

Defense Finance and Accounting Service / December 2025	3a - Internally Developed					F. myPay			
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
F. myPay			$0.000	1	$517.469	$517.469			$0.000

Narrative Justification

This myPay mobile app and document upload project will deliver a more secure and engaging experience through native device integration and real-time communication, proactively combating fraud. The new document upload feature will allow customers to securely submit documents directly through myPay and the mobile app, streamlining the process, verifying authenticity, and eliminating the need for faxing. This enhancement reduces complexity and provides a single, secure platform for our customers. $.517 million has been internally reprogrammed from the cancelled FY 2026 DDMS project.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**					**D. Activity Identification**			
Defense Finance and Accounting Service / December 2025	3a - Internally Developed					D. ADS			
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
D. Automated Disbursing System (ADS)	1	$716.501	$716.501			$0.000			$0.000

Narrative Justification

D. Funding to be used for a project for the development of daily reporting capabilities from the ADS system to Treasury. At a high level, this system change request (SCR) will enable ADS to feed data in the Standard Reporting Format (SRF) to the Payment Information Repository (PIR) with business from Disbursing Station Symbol Number (DSSN) 8522 for a new Agency Location Code (ALC). Treasury Accounting Symbol (TAS) – Business Event Type Code (BETC) data is sent by ADS to Treasury. The following five interfaces are planned to be coded: PIR Automated Clearing House (ACH) (Sent to PIR and DCAS via Global Exchange (GEX)), PIR DATA (Sent to PIR and Defense Cash Accountability System (DCAS) via GEX), SRF Data (DCAS via GEX), CTA Bulk (Manual Upload to CARS), SAM (Treasury Accounting Symbol (TAS) / Business Event Type Code (BETC) File into ADS). FY 2025 funding was used for this FY 2024 requirement (using an FY 2024 LOA) to work on this project.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3a - Internally Developed	C. DRAS-M

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
C. Defense Retired & Annuitant Pay System Modernization (DRAS-M)	1	$4,463.923	$4,463.923			$0.000			$0.000

Narrative Justification

C. With the Department's decision to defund DRAS2, DRAS requires modernization to ensure continued sustainability in the future. DRAS is currently made up of 6 subsystems, consisting of mainframe and mid-tier application software solutions. The 6 subsystems will be re-written into a single, unifying code base that will maximize sustainability while maintaining existing functionality. DRAS-M will create a replacement normalized database structure that will incorporate existing data from mainframe and mid-tier databases. FY 2025 funding was used for the FY 2022 requirement (using an FY22 LOA) to upgrade the architecture of DRAS. This effort includes implementation of standard line of accounting (SLOA) and Treasury Direct Disbursing (TDD), adding the Space Force as a new branch of service in DRAS, implementing remaining Blended Retirement System (BRS) functionality, improving workflow and self-service capabilities, and modernizing the DRAS user interface.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3a - Internally Developed	E. EFD

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
E. Enterprise Funds Distribution (EFD)			$0.000	1	$2,262.348	$2,262.348			$0.000

Narrative Justification

E. FY 2026 funding will be used as a current EFD software update is needed to support the main Momentum Software package which is Commercial Off The Shelf (COTS) software. Underlying third-party product software versions must be kept current to ensure they work together with the Momentum Software. This is an integrated one-step project that will also simultaneously move EFD to the Cloud. Current EFD software runs in non-Cloud mode at DISA and moving to Cloud will meet the DoW's intent to move systems to the Cloud by 2027 to implement zero trust and pr million vide a better user experience. This update and movement to the Cloud will be performed together. EFD has to be updated prior to moving to the Cloud. PB26 requested $9.212 million of externally developed software funding, the ROM was insufficient and an additional $2.262 milliion of internally developed software has been internally reprogrammed from the cancelled FY 2026 DDMS project.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3b - Externally Developed	C. EFD

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
C. Enterprise Funds Distribution (EFD)	0	$0.000	$0.000	1	$10,544.000	$10,544.000			$0.000

Narrative Justification

C. FY 2026 funding will be used as a current EFD software update is needed to support the main Momentum Software package which is Commercial Off The Shelf (COTS) software. Underlying third-party product software versions must be kept current to ensure they work together with the Momentum Software. This is an integrated one-step project that will also simultaneously move EFD to the Cloud. Current EFD software runs in non-Cloud mode at DISA and moving to Cloud will meet the DoW's intent to move systems to the Cloud by 2027 to implement zero trust and provide a better user experience. This update and movement to the Cloud will be performed together. EFD has to be updated prior to moving to the Cloud. PB 2026 requested $9.212 million, the ROM was insufficient and an additional $1.332 million has been internally reprogrammed from the cancelled FY 2026 DDMS project.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3a - Internally Developed	A. DCAS

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
A. Defense Cash Accountability System (DCAS)	1	$703.000	$703.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

DCAS has a DFAS Reduce Legacy Systems related requirement to assume the functionality currently performed by three modules in the Defense Cash Management System (DCMS): DCMS Cash Accountability (DCA), Merged Accountability and Fund Reporting (MAFR), and Interfund Billing System (IBS). The scope of this project will include DCAS subsuming this functionality from DCMS. The FY 2025 requirement is for additional funding (using FY 2024 LOA) to complete this DCAS project.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3 - Software Development 3a - Internally Developed	B. DFAS Now

	FY 2025	FY 2026	FY 2027

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. DFAS Now	1	$175.105	$175.105			$0.000			$0.000

Narrative Justification

B. Configuration Management Information System (CMIS) was decommissioned and DFAS Now is the new system for the DevSecOps project. DFAS Now provides configuration management, project management, and capture of metrics data. It provides system change management, configuration status accounting, and problem reporting management. Remedy will no longer be provided with functional or security updates needed to maintain the ticket/tracking system for Civilian Pay. Upon completion, the Remedy system will be decommissioned. FY 2025 funding was used for the FY 2023 requirement (using an FY 2023 LOA) to complete this project as original funding estimates were not sufficient (additional will be civilian labor for UAT testing).

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3 - Software Development 3b - Externally Developed	A. DFAS Now

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
A. DFAS Now	1	$3,479.008	$3,479.008			$0.000			$0.000

Narrative Justification

A. Configuration Management Information System (CMIS) was decommissioned and DFAS Now is the new system for the DevSecOps project. DFAS Now provides configuration management, project management, and capture of metrics data. It provides system change management, configuration status accounting, and problem reporting management. FY 2023 funds were used to replace Remedy ticketing for civilian pay that reaches end of life in February 2025. Remedy will no longer be provided with functional or security updates needed to maintain the ticket/tracking system for Civilian Pay. This includes user subscriptions, training, and professional services to configure the current system. Upon completion, the Remedy system will be decommissioned. The FY 2023 project will procure vendor development, training for developers, user acceptance testing and DISA hosting cost during development. FY 2025 obligation was used for the FY 2023 requirement (using an FY 2023 LOA) as original funding estimates were not sufficient.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Finance and Accounting Service / December 2025	3 - Software Development 3b - Externally Developed	B. DDMS

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
B. Defense Debt Management System (DDMS)			$0.000	1	$17,553.398	$17,553.398			$0.000

Narrative Justification

B. FY 2026 funds will be used as the current COBOL codebase and mainframe hosting will be replaced. Since DDMS was considered a Reduce Legacy System (RLS), few resources were dedicated to the system and major system upgrades were not done as it was thought the application would be retiring. Since customers did not include Debt Functionality in their Personnel / Pay or Accounting systems, DDMS will be the enduring system of record (SOR) and requires an update to the underlying codebase and technical infrastructure. In a current / separate project DDMS is executing capital to become SFIS compliant. When the DoW CIO approved that SFIS capital project, they made their approval contingent upon DFAS performing an update of the system to a more modern codebase and platform. The change is converting the current system code from COBOL programming language to a modern code base and from a mainframe platform to a Cloud platform. This requirement was $23.009 million in PB 2026 and the project has been cancelled, internal reprogrammings have been made to fund emerging requirements for the EFD - Software & Cloud Modernization additional funding ($3.59 million) and myPay Mobile App & Document Upload ($1.86 million).

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Defense Finance and Accounting Services
Capital Budget Execution
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2025					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	1.7	1.7	0.0	Actual obligation was slightly less than funded amount.
	Software Development	5.1	27.2	22.1	Actual obligations were higher than submitted in the PB26 budget exhibits primarily driven by approved carryover funding obligations. Specifically, DRAS-M obligated $22.016M, and ADS obligated $840K. This was offset by under-obligations of current FY25 for DFAS Now - subsume civpay remedy ticketing of $754K.
	Minor Construction	2.5	0.0	-2.5	Actual obligations were less than projected due to GSA placing a hold on new facility projects and the FY25 DFAS Indianapolis projected facility project obligations were approved as carryover obligations to FY26.
	Total FY 2025	**9.3**	**29.0**	**19.7**	
FY 2026					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	2.0	2.0	0.0	No Changes
	Software Development	32.2	32.2	0.0	No Changes
	Minor Construction	0.0	0.0	0.0	
	Total FY 2026	**34.2**	**34.2**	**0.0**	
FY 2027					
	Equipment except ADPE and Telecommunications	0.0	0.0	0.0	
	Equipment - ADPE and Telecommunications	0.0	0.0	0.0	
	Software Development	0.0	0.0	0.0	
	Minor Construction	0.0	0.0	0.0	
	Total FY 2027	**0.0**	**0.0**	**0.0**	

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Defense Working Capital Fund

Defense Information Systems Agency

Capital Budget



Fiscal Year (FY) 2027 Budget Estimates

April 2026

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Defense Information Systems Agency
Activity Capital Investment Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Line Item	Item Description	FY 2025 Quantity	FY 2025 Total Cost	FY 2026 Quantity	FY 2026 Total Cost	FY 2027 Quantity	FY 2027 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
2.	**ADPE & Telecom Equip**	**64**	**$123.2**	**140**	**$171.0**	**100**	**$181.5**
2a.	Computer Hardware (Production)	0	$0.0	0	$0.0	0	$0.0
2b.	Computer Hardware (Network)	1	$1.1	0		0	$0.0
2c.	Computer Software (Operating System)	0	$0.0	0		0	$0.0
2d.	Telecommunications	0	$0.000	2	$27.3	2	$27.3
2e.	Other Support Equipment	63	$122.1	138	$143.8	98	$154.3
3.	**Software Development**	**21**	**$26.4**	**75**	**$18.5**	**15**	**$7.9**
3a.	Internally Developed	0		0		0	$0.0
3b.	Externally Developed	21	$26.4	75	$18.5	15	$7.9
4.	**Minor Construction Capabilities**	**1**	**$0.2**	**1**	**$0.3**	**1**	**$0.3**
4a.	Replacement	0	$0.000	1	$0.3	1	$0.3
4b.	New Construction	1	$0.2	0	$0.000	0	$0.0
4c.	Environmental	0		0		0	$0.0
	TOTAL OBLIGATIONS	**86**	**$149.8**	**216**	**$189.8**	**116**	**$189.7**
	Total Capital Outlays	**0**	**$171.7**	**0**	**$212.0**	**0**	**$195.8**
	Total Depreciation Expense	**0**	**$110.6**	**0**	**$102.8**	**0**	**$103.7**

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Fund-9B Activity Capital Purchase Justification

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment			Cyber Security Tool					
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
HW - Various	0	$0.000	$0.000	32	$80.750	$2,584.000	81	$190.420	$15,424.020

Narrative Justification:
Various technology refreshes and lifecycle system replacements of hardware are needed in FY26 and FY27 to maintain Cyber Security compliancy and software support. Projects include, but are not limited to FLM Red Hat Lab Servers, DDoS Logging Server with Red Hat OS/Firewall TR with CISCO, Domain Name Service (DNS) User Experience Monitor (UEM) Servers, Cross Domain Enterprise Services (CDES) Raise the Bar (RTB) Hardware Based Separation with Hardware Based Filtering, TGS CDES CDS Hardware, OSP OCONUS and CONUS tech-refresh and expansion + JCIP cost, ZND FireEye, DNS.MIL Proxy Servers, and SIPR REL F5 and HSM, and TGS tech refresh.

DISA DNS EUM provides real-time health and status information for trouble-shooting and maintaining the DNS servers/network. It is critical for the DNS Hardening program maintain the DNS servers to ensure the conversion and distribution of URL and domain names to IP addresses for safety, security, and efficiency reasons. Additionally, hardware, software, and appliance procurement in support of maintenance of Forcepoint Data Diode for the Production and Lab environments (in order to make the project operational) for the purpose of remaining compliant with the National Cross Domain Strategy Management Office's (NCDSMO) requirements. Current ZND hardware (FireEye EX 8500s) located at the five main ZND operational sites (EUR, PAC, COLS, SATX, OGDN) and the lab at Ft Meade needs to be replaced. The existing DNS Server devices are approaching End-of-Life and End-of-Technical Support for the DISA DNS.MIL Proxy Project and are major component of the overall NIPRNet..
Description and Purpose:
Acquire three Dell PowerEdge R350 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for FLM Tier III lab testing due to End-of-Life. Acquire four Dell PowerEdge R360 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for DDoS Tier III lab testing and production Arbor alerting aggregation to the Defense Cyber Operations (DCO) splunk. Acquire 13 Cisco firepower 3105 firewall or equivalent for DDoS Tier III lab testing which will secure production DDoS traffic between the arbors devices and DISA boundary routers.
Open Sensor Platform (OSP) is a network security monitoring requirement to provide alerts and logs for network traffic at deployed vantage points. This includes file carving, malware and intrusion detection, and traffic logs for all traffic. The technology refresh project will acquire a commercial off the shelf solution (appliances with embedded software) to deploy to the NIPRNET Internet Access Points (IAPs) to replace aging appliances. FY 2026 funding is required to upgrade sensors' current monitoring capability to 25 GBp at four OCONUS IAPs. FY 2027 funding is required to upgrade the sensors' current monitoring capability to 100GBps at six CONUS IAPs.
The DNS EUM project will tech refresh the existing DNS Server devices as they approach End-of-Life and End-of-Technical-Support. This project is a major component of the overall NIPRNet Hardening Program which provides the health and status of DNS servers/network. If the Government were unable to obtain the HPE ProLiant DL560 Gen 10+ and DL260 Gen9+ severs, the DNS infrastructure could not be upgraded to remain compliant with current DoW requirements and best practices, nor could they deliver the most effective protection of the DNS infrastructure to DoW customers.
Cross Domain Enterprise Solutions (CDES) has required deployment of NIPR isolation devices in front of deployed Cross Domain solutions to meet National Security Agency

(NSA) National Cross Domain Strategy and Management Office (NCDSMO) Raise the Bar (RTB) requirements and needs lab systems to maintain a replication of the production environment. Forcepoint Data Diode meets the requirement from NCDSMO and provides the capability to work with CDES's currently deployed cross domain solutions. CDES is also procuring Forcepoint Control Center (FC2) to perform lab development work in preparation for implementing remote management requirements for production systems. Additionally, CDES CDS hardware technology refresh is needed to as it approaches End-of-Life and to maintain growing requirements.
Replace current ZND hardware (FireEye EX 8500s) located at the five main ZND operational sites (EUR, PAC, COLS, SATX, OGDN) and the lab at Ft. Meade before the devices reach End-of-Life and End-of-Technical-Support by March 2028. The ZND-E system provides dynamic and behavior-based analysis and detection of malicious email content not normally caught by static signature-based capabilities. This program provides email security for the entire DoW prior to mail being delivered to the end user via O365.
.MIL Proxy provides a single ingress point for all DNS traffic to the NIPRNet and provides filtering and monitoring capabilities for the .mil namespace. It is critical for the DNS Hardening program to maintain the DNS serves as they approach End-of-Life and End-of-Technical-Support.
Routine technical refresh of existing web proxy devices and Hardware Security Module (HSM) devices for SIPR REL DMZ with newer model chassis that will be supported by the vendor for asset life-cycle.
Current Deficiency and/or Problem:
FLM lab Red Hat servers will go End-of-Life on 30 Sep 2026. The proposed replacement servers will allow FLM filter testing to continue with full vendor hardware and software support. DDoS Logging Server will go End-of-Life 30 Sep 2026 and DDoS firewall will go End-of-Life on 31 Dec 2026. Replacements will allow for continued DDoS alerting and uninterrupted connectivity between all DISA boundary locations. OSP was initially deployed in 2020 when the throughput at the IAPs was 10GBps CONUS and 2 GBps OCONUS. Since then, the traffic has increased to 45 GBps CONUS and 10 GBps OCONUS and the warranties on the hardware expire in 2027 Current UEM network infrastructure equipment will soon be End-of-Life and End-of-Technical-Support and replacement is required to ensure effective protection with integrated full-stack security.
CDES' current production architecture does not meet the NCDSMO RTB architecture requirements for NIPR High Threat Network Hardware-Bases Separation. CDES needs to procure and deploy at two DISA Data Centers to meet this compliance. CDES CDS Hardware is reaching End-of-Life and needs to be replaced. FireEye EX8500 hardware/systems will reach End-of-Life March 2028 and will be replaced with the EX8600 model to maintain effectiveness of mitigations for the DoW Enterprise Email System.
The current .MIL Proxy infrastructure will soon be End-of-Life and End-of-Technical-Support and refresh is required to ensure effective protection with integrated full-stack security. Existing SIRP REL web proxy hardware and Hardware Security Module equipment are approaching End-of-Life.
Impact:
If new Red Hat servers are not acquired, functional and performance FLM filter testing prior to firewall filters being pushed to the production boundary routers will be at significant risk as this testing is reliant on these servers and underlying application and database platform. DDoS arbor alerting will be at a significant risk as engineers and global network analysts rely completely on the servers as the connection mechanism for DDoS alerts to feed into DCO splunks. Without the new firewalls, the secured communication between the arbor devices and boundary and DDoS alerting will be at risk. DISA provides NIPRNET capability to DoW and is required to monitor and protect it from malicious cyber activity and without the OSP CONUS upgrades, the capability to monitor the traffic traversing the IAPs will be degraded. If the DNS UEM and .MIL proxy projects are not undertaken, the Government would be unable to deliver the most effective protection of the DNS infrastructure supporting DoW agencies, combatant commands, armed forces, and coalition partners. As hardware reaches End-of-Life and End-of-Technical-Support, required software updates will not be available and prevent adherence to the Security Technical Implementation Guides (STIGs). Without proper equipment refreshes, CDES operations would be at risk of being decertified as an Enterprise Cross Domain Service Provider and required to migrate existing mission partners to other service providers. Not having the lab equipment would increase the time to deploy software patches, implement Raise the Bar requirements, implement new mission partners, provide trouble resolution to operational issues, and perform continuous throughput testing. CDES CDS hardware refresh delays could lead to hardware failures and unacceptable down times for current and future mission partners as well as increased time to onboard other mission partners. SIPR REL existing infrastructure will exceed vendor End-of-Life dates and no longer receive software patches for vulnerabilities, putting classified systems and data at risk for attach from adversaries.

Activity Group Capital Investment Justification	**A. Budget Submission**
($ in Thousands)	Fiscal Year 2027 Budget Estimates

B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Cyber Security Tool					
	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SW - Various	0	$0.000	$0.000	11	$19.136	$210.500	7	$207.143	$1,450.000

Narrative Justification

Narrative Justification:
This funding is to support various technology refreshes and lifecycle system replacements of hardware in FY 2026 and FY 2027 to maintain Cyber Security compliance and software support and are likely to have related SW requirements. Projects include, but are not limited to FLM Red Hat Lab Servers, DDoS Logging Server with Red Hat OS/Firewall TR with CISCO, Domain Name Service (DNS) User Experience Monitor (UEM) Servers, Cross Domain Enterprise Services (CDES) Raise the Bar (RTB) Hardware Based Separation with Hardware Based Filtering, CDES CDS Hardware, OSP OCONUS and CONUS tech-refresh and expansion + JCIP cost, ZND FireEye, DNS.MIL Proxy Servers, and SIPR REL F5 and HSM, and TGS tech refresh.
Description and Purpose:
Software support for Cyber Security HW projects including: Acquire three Dell PowerEdge R350 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for FLM Tier III lab testing due to End-of-Life. Acquire four Dell PowerEdge R360 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for DDoS Tier III lab testing and production Arbor alerting aggregation to the Defense Cyber Operations (DCO) splunk. Acquire 13 Cisco firepower 3105 firewall or equivalent for DDoS Tier III lab testing which will secure production DDoS traffic between the arbors devices and DISA boundary routers.
Open Sensor Platform (OSP) is a network security monitoring requirement to provide alerts and logs for network traffic at deployed vantage points. This includes file carving, malware and intrusion detection, and traffic logs for all traffic. The technology refresh project will acquire a commercial off the shelf solution (appliances with embedded software) to deploy to the NIPRNET Internet Access Points (IAPs) to replace aging appliances. FY26 funding is required to upgrade sensors' current monitoring capability to 25 GBp at four OCONUS IAPs. FY27 funding is required to upgrade the sensors' current monitoring capability to 100GBps at six CONUS
IAPs.
The DNS EUM project will tech refresh the existing DNS Server devices as they approach End-of-Life and End-of-Technical-Support. This project is a major component of the overall NIPRNet Hardening Program which provides the health and status of DNS servers/network. If the Government were unable to obtain the HPE ProLiant DL560 Gen 10+ and DL260 Gen9+ severs, the DNS infrastructure could not be upgraded to remain compliant with current DoW requirements and best practices nor could they deliver the most effective protection of the DNS infrastructure to DoW customers.
CDES has required deployment of NIPR isolation devices in front of deployed Cross Domain solutions to meet National Security Agency (NSA) National Cross Domain Strategy and Management Office (NCDSMO) Raise the Bar (RTB) requirements and needs lab systems to maintain a replication of the production environment. Forcepoint Data Diode meets the requirement from NCDSMO and provides the capability to work with CDES's currently deployed cross domain solutions. CDES is also procuring Forcepoint Control Center (FC2) to perform lab development work in preparation for implementing remote management requirements for production systems. Additionally, CDES CDS hardware technology refresh is needed to as it approaches End-of-Life and to maintain growing requirements.
"Replace current ZND hardware (FireEye EX 8500s) located at the five main ZND operational sites (EUR, PAC, COLS, SATX, OGDN) and the lab at Ft. Meade before the devices reach End-of-Life and End-of-Technical-Support by March 2028. The ZND-E system provides dynamic and behavior-based analysis and detection of malicious email content not normally caught by static signature-based capabilities. This program provides email security for the entire DoW prior to mail being delivered to the end user via O365.

.MIL Proxy provides a single ingress point for all DNS traffic to the NIPRNet and provides filtering and monitoring capabilities for the .mil namespace. It is critical for the DNS

Hardening program to maintain the DNS serves as they approach End-of-Life and End-of-Technical-Support."
Routine technical refresh of existing web proxy devices and Hardware Security Module (HSM) devices for SIPR REL DMZ with newer model chassis that will be supported by the vendor for asset life-cycle.
Current Deficiency and/or Problem:
FLM lab Red Hat servers will go End-of-Life on 30 Sep 2026. The proposed replacement servers will allow FLM filter testing to continue with full vendor hardware and software support. DDoS Logging Server will go End-of-Life 30 Sep 2026 and DDoS firewall will go End-of-Life on 31 Dec 2026. Replacements will allow for continued DDoS alerting and uninterrupted connectivity between all DISA boundary locations. OSP was initially deployed in 2020 when the throughput at the IAPs was 10GBps CONUS and 2 GBps OCONUS. Since then, the traffic has increased to 45 GBps CONUS and 10 GBps OCONUS and the warranties on the hardware expire in 2027 Current UEM network infrastructure equipment will soon be End-of-Life and End-of-Technical-Support and replacement is required to ensure effective protection with integrated full-stack security. CDES' current production architecture does not meet the NCDSMO RTB architecture requirements for NIPR High Threat Network Hardware-Bases Separation. CDES needs to procure and deploy at two DISA Data Centers to meet this compliancy. CDES CDS Hardware is reaching End-of-Life and needs to be replaced. FireEye EX8500 hardware/systems will reach End-of-Life March 2028 and will be replaced with the EX8600 model to maintain effectiveness of mitigations for the DoW Enterprise Email System. The current .MIL Proxy infrastructure will soon be End-of-Life and End-of-Technical-Support and refresh is required to ensure effective protection with integrated full-stack security. Existing SIRP REL web proxy hardware and Hardware Security Module equipment are approaching End-of-
Life.
Impact:
If new Red Hat servers are not acquired, functional and performance FLM filter testing prior to firewall filters being pushed to the production boundary routers will be at significant risk as this testing is reliant on these servers and underlying application and database platform. DDoS arbor alerting will be at a significant risk as engineers and global network analysts rely completely on the servers as the connection mechanism for DDoS alerts to feed into DCO splunks. Without the new firewalls, the secured communication between the arbor devices and boundary and DDoS alerting will be at risk. DISA provides NIPRNET capability to DoW and is required to monitor and protect it from malicious cyber activity and without the OSP CONUS upgrades, the capability to monitor the traffic traversing the IAPs will be degraded. If the DNS UEM and .MIL proxy projects are not undertaken, the Government would be unable to deliver the most effective protection of the DNS infrastructure supporting DoW agencies, combatant commands, armed forces, and coalition partners. As hardware reaches End-of-Life and End-of-Technical-Support, required software updates will not be available and prevent adherence to the Security Technical Implementation Guides (STIGs). Without proper equipment refreshes, CDES operations would be at risk of being decertified as an Enterprise Cross Domain Service Provider and required to migrate existing mission partners to other service providers. Not having the lab equipment would increase the time to deploy software patches, implement Raise the Bar requirements, implement new mission partners, provide trouble resolution to operational issues, and perform continuous throughput testing. CDES CDS hardware refresh delays could lead to hardware failures and unacceptable down times for current and future mission partners as well as increased time to onboard other mission partners. SIPR REL existing infrastructure will exceed vendor End-of-Life dates and no longer receive software patches for vulnerabilities, putting classified systems and data at risk for attach from adversaries.

Activity Group Capital Investment Justification	**A. Budget Submission**		
($ in Thousands)	Fiscal Year 2027 Budget Estimates		
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**	
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment	Global Video Services (GVS)	
	FY 2025	**FY 2026**	**FY 2027**

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Global Video Services (GVS)	0	$0.000	$0.000	52	$31.346	$1,630.008	0	$0.000	$0.000

Narrative Justification

Narrative Justification: The DISA Global Video Services (GVS) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoW community. GVS services support DISA and DoW mission objectives by providing logistical and C2 communications support to the warfighter. The GVS Program Management Office (PMO) supports classified VTC services on SIPRNet (GVS-C). The GVS-C service is 24/7 services rated at a 12-Hour COOP/DR recovery timeline.
Description and Purpose: Capital investments required to technical refresh equipment in the GVS environment. Current and future Cybersecurity vulnerabilities present challenges to mitigate and present a high risk to the Authority to Operate (ATO) the GVS. Since the GVS Hardware has reached End-of-life, the security fixes, patches, and firmware updates for the product are only available upon request. Although the vendor continues to support replacement hardware, the lapses in support create significant enterprise security risks and leave the DISA network open to malicious cyber-attacks. Implementation will bring the GVS network into full Cybersecurity compliance and enhance feature for users and mission partners. There is nothing involved in these services that are also provided by DEOS.
Current Deficiency and/or Problem: Current Deficiency and/or Problem: GVS Hardware was purchased over 15 years ago and reached End-of-Life on 31 Dec, 2023. Under the condition of having a tech refresh path in place, the current vendor has agreed to support hardware replacements until new equipment is purchased and deployed to production; if the tech refresh action either stalls or cancels, GVS-C risks no further support to the vendor. In addition to risk of no further support for the legacy hardware, GVS-C is currently executing a contract which will replace its legacy software with current day software; the new software will *not* run on the legacy hardware. The current vendor has agreed to support hardware replacements until new equipment is purchased and deployed to preproduction.
Impact: Multiple Enghouse hardware failures in the GVS infrastructure which interrupt video and audio communications. The DISA Global Video Services Classified (GVS-C) program provides enterprise-class desktop and endpoint video teleconferencing (VTC) services to the DoW community. GVS-C service supports DISA and DoW mission objectives by providing logistical and C2 communications support to the warfighter. A key benefit that GVS-C offers is interoperability with voice and video enterprise services outside of the DoDIN including FVEY mission partners and other Federal Agencies. Failure to complete this tech refresh will result in significant DoW and mission partner impact.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	C. Line No and Item Description	D. Activity Identification
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment	Fourth Estate Network Optimization

	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
4ENO Hardware	0	$0.000	$0.000	1	$27,000.000	$27,000.000	1	$27,000.000	$27,000.000

Narrative Justification

Narrative Justification: The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.
Description and Purpose: Capital investment program authority is required to purchase and install End-of-Life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating the need for a one-to-one technology refreshment of all components but rather technology refreshment at

service and capability layers. These projects will enable Internet Protocol (IP) optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. Key efforts include: Providing 100G optical capability with associated encryption that is not currently at sites plus add additional variety as required to support customer missions. Transformative capacity in the INDOPACOM AOR and enable mission growth on the DISN, as well as address resiliency and operational security concerns. Providing survivability by implementing dual connections and eliminating single points of failure in the network, for an “Always-On” network access; survivability entails providing infrastructure to include additional fiber paths and optical equipment for DISN Service Delivery Nodes enabling the warfighter, Commanders, and Mission Partners to conduct Joint Operations and missions through a varied, redundant, and resilient network. Critical Infrastructure is executed by Service Delivery Node Resiliency efforts providing essential next generation optical platforms at DISN critical locations to increase survivability, variety, redundancy and resiliency in support of Mission Critical Operations, Computing Ecosystems and security boundaries: IAPs and JRSS.
Survivable Networking is broadly defined as specific actions and efforts that need to occur or be present on the network to ensure information transfer remains even after an attack or event occurs. Investments made to increase the survivability of the network will continue in the future as listed below (but not limited to): Physical variety at DISN Core and Service Edge locations, Self-healing technologies to ensure Optical backbone resiliency, Deploy hardening capabilities such as Ethernet, TRANSEC and Communication Security on SBU and classified networks. This project entails all activities from equipment purchase installation, transition, decommission, lab related activities, PMO support and associated network configuration activities.

DISN IP Optimization ensures DISN enhancements are realized through replacing End-of-Life and legacy technologies across the Controlled Unclassified Information (CUI) and Secret network. IP Optimization entails utilizing IP-based solutions that optimize network efficiencies and service delivery; and incorporate network enhancements to enable the infrastructure to support an “everything over IP” architecture for all DISN services at Service and Edge layers of the DISN. Core Router Refresh focuses elimination of legacy routers and other integrated End-of-Life and End-of-Technical-Support equipment (as of 31 August 2022) and upgrade the network to leverage current Optical infrastructure. SIPRNet Router Refresh/High Bandwidth Secret (HBS) focuses on upgrading SIPRNet maximum bandwidth from 10G to 100G, reducing latency, increasing cyber protection, introducing upgraded end-to-end encryption and transmission security and improving availability over the network. The enhanced network will increase customer capabilities for high bandwidth classified users such as Data Center Interconnect (DCI) and extreme latency sensitive users. These upgrades are critical to the success of the DISA deployment of the Joint Warfare Cloud Capability (JWCC) Impact Level 6 (IL6) Cloud environments. This effort will also upgrade lab equipment in support of standard JITC/DISA testing in support of 100G SIPR. Timing & Synchronization refreshes legacy time and frequency (T&F) resources, including existing clock mechanisms, with a modern Timing and Synchronization System Capability (TSSC) across the DISN. Network Management-TR focuses on the tech refreshment of routers that were end-of-support as of May 2021, terminal servers that started being end-of-support in 2016, and other crucial hardware and software that were end-of-support in 2017. Upon completion, over 1900 devices will be refreshed or removed from the network. Internet Access Point (IAP) refresh will upgrade end of life (announced June 2020) hardware components. Current hardware and software has been end of support since December 2024. Cloud Fabric Gateway (CFG) transforms cloud routers for enterprise-scale commercial service providers (CSP) into a modern platform by prioritizing high speed and low latency. This project will integrate CSP routing natively into the NIPR network fabric, creating cloud gateways capable of utilizing CSP Points of Presence (PoP) to allow for alternate transport paths for OCONUS users to reach CONUS-based cloud services; implement passive and stateless traffic security and monitoring in path between NIPR and CSPs; and implement automation of onboarding and connecting customer cloud environments to DoW NIPR. DISN Agnostic Peering Gateway (APG) enables DISN peering to agnostic transport providers (i.e., Proliferated Low Earth Orbit (PLEO), 5G, Internet, etc.). The APG supports the deployment of Software Defined Area Network (SD-WAN) capabilities such as WITS to enable DISN peering connections with non-government service providers such as Starline. Funds are required for efforts to conduct risk reduction and modification of National Security Systems, to include requirements on the customer side of the DISN demarcation.
Current Deficiency and/or Problem: The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoW Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoW's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoW users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA’s challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.

DISA will converge to an IP-based architecture where fault isolation and dynamic routing of network traffic will enable enhanced service delivery and prevent service interruption to the end user. Provision programmability and software-based control of network infrastructure via open standard protocols and migrating from dedicated network appliances to a shared virtual software defined Wide Area Network (WAN) infrastructure will provide significant agility in meeting dynamically changing IT and mission requirements while increasing operational and network efficiencies. Applying a common, IP-based architecture to deliver end-to-end voice, video, collaboration, and productivity services will minimize cost and complexity while delivering a consistent user experience with higher performance, availability, and reliability.
Impact: : If these capabilities are not funded, DISA will be unable to meet the technological refreshment and equipment upgrades required to ensure a secure robust global network is available to the DoW and its mission partners. DISN customers will not benefit from network enhancements if the network is not resilient enough to endure attacks and restore failures. In today's environment of modern warfare silent attacks on the network can result in devastating and debilitating influences, therefore amplifying the need to increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable operational risks worldwide. Without replacement, service disruptions, increased vulnerabilities, and security breaches are inevitable. DISA would not be able to reduce the vulnerability prone, industry-retired TDM technologies, therefore exposing the backbone to unfriendly advances. Other modernization efforts are dependent on these projects for full capability such as Software Defined Network and JRSS. Not upgrading the backbone will affect DISA's ability to support the DoDIN's need of fast, secure, and effective information transfer, advanced technologies, and bandwidth agnostic applications. Additionally, the network would remain stagnant and not be adaptable to the demanding needs of the end user.

Narrative Justification: As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.
Description and Purpose: Capital investment program authority is required to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Equipment may include, but is not limited to, routers, switches, intrusion detection systems, firewalls, and encoders necessary to modernize the network in preparation for DoDNet migration and sustainment. Funds are required for efforts to conduct risk reduction and modification of National Security Systems.
Current Deficiency and/or Problem: Equipment must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.
Impact: If these purchases are not completed, we risk being out of compliance with the Dep Sec War mandate, and infrastructure will remain vulnerable and unreliable for the site. Funds are required for efforts to conduct risk reduction and modification of National Security Systems.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Fourth Estate Network Optimization					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
4ENO Software	0	$0.000	$0.000	1	$500.000	$500.000	1	$500.000	$500.000

Narrative Justification

Narrative Justification: As a result of an IT reform review, DISA has been identified as the single service provider for all Fourth Estate Agencies' commodity IT functions. DISA will be responsible for all operations, maintenance, and investment in commodity IT systems and the technology personnel functions associated with the support of those systems as mission partners migrate in a phased approach. This includes network services, operations, asset management, enterprise services, and cybersecurity functions.
Description and Purpose: Capital investment program authority is required for SW that may be needed for the related HW projects to deploy DoDNet capabilities across the initial build-out of the 4th Estate environment. Equipment may include, but is not limited to, routers, switches, intrusion detection systems, firewalls, and encoders necessary to modernize the network in preparation for DoDNet migration and sustainment. Funds are required for efforts to conduct risk reduction and modification of National Security Systems.
Current Deficiency and/or Problem: HW and SW equipment must be modernized to establish a standard baseline of DoDNet infrastructure and operations; The upgraded equipment described is critical to the overall plan of hardware consolidation and network operations. Without a refresh of infrastructure, the site will remain vulnerable to network reliability issues.
Impact: If these purchases are not completed, we risk being out of compliance with the Dep Sec War mandate, and infrastructure will remain vulnerable and unreliable for the site.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment			Defense Information Systems Network (DISN) Infrastructure					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
HW - Various	23	$933.261	$21,465.000	7	$15,333.571	$107,335.000	7	$15,333.571	$107,335.000

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Survivable Networking is broadly defined as specific actions and efforts that need to occur or be present on the network to ensure information transfer remains even after an attack or event occurs. Investments made to increase the survivability of the network will continue in the future as listed below (but not limited to): Physical variety at DISN Core and Service Edge locations, Self-healing technologies to ensure Optical backbone resiliency, Deploy hardening capabilities such as Ethernet, TRANSEC and Communication Security on SBU and classified networks. This project entails all activities from equipment purchase installation, transition, decommission, lab related activities, PMO support and associated network configuration activities.

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Current Deficiency and/or Problem: The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoW Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoW's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoW users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA’s challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.

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increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable operational risks worldwide. Without replacement, service disruptions, increased vulnerabilities, and security breaches are inevitable. DISA would not be able to reduce the vulnerability prone, industry-retired TDM technologies, therefore exposing the backbone to unfriendly advances. Other modernization efforts are dependent on these projects for full capability such as Software Defined Network and JRSS. Not upgrading the backbone will affect DISA's ability to support the DoDIN's need of fast, secure, and effective information transfer, advanced technologies, and bandwidth agnostic applications. Additionally, the network would remain stagnant and not be adaptable to the demanding needs of the end user.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Defense Information Systems Network (DISN) Infrastructure					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SW - Various	0	$0.000	$0.000	2	$250.000	$500.000	2	$250.000	$500.000

Narrative Justification

Narrative Justification: The DISA operates the Defense Information Systems Network (DISN) within the Telecommunications Services business area. This includes the network infrastructure required to transmit voice, video, data, and message traffic globally to mission partners and the cybersecurity capabilities required to protect the network.
Description and Purpose: Capital investment program authority is required to purchase and install End-of-Life replacement and upgrades throughout the DISN infrastructure. Convergence activities will be completed at multiple layers, eliminating the need for a one-to-one technology refreshment of all components but rather technology refreshment at service and capability layers. These projects will enable Internet Protocol optimization, legacy technology elimination, and enhancements to ensure a survivable infrastructure. Key efforts include: Providing 100G optical capability with associated encryption that is not currently at sites plus add additional variety as required to support customer missions. Transformative capacity in the INDOPACOM AOR and enable mission growth on the DISN, as well as address resiliency and operational security concerns. Providing survivability by implementing dual connections and eliminating single points of failure in the network, for an “Always-On” network access; survivability entails providing infrastructure to include additional fiber paths and optical equipment for DISN Service Delivery Nodes enabling the warfighter, Commanders, and Mission Partners to conduct Joint Operations and missions through a varied, redundant, and resilient network. Critical Infrastructure is executed by Service Delivery Node Resiliency efforts providing essential next generation optical platforms at DISN critical locations to increase survivability, variety, redundancy and resiliency in support of Mission Critical Operations, Computing Ecosystems and security boundaries: IAPs and JRSS.
Survivable Networking is broadly defined as specific actions and efforts that need to occur or be present on the network to ensure information transfer remains even after an attack or event occurs. Investments made to increase the survivability of the network will continue in the future as listed below (but not limited to): Physical variety at DISN Core and Service Edge locations, Self-healing technologies to ensure Optical backbone resiliency, Deploy hardening capabilities such as Ethernet, TRANSEC and Communication Security on SBU and classified networks. This project entails all activities from equipment purchase installation, transition, decommission, lab related activities, PMO support and associated network configuration activities.

DISN IP Optimization ensures DISN enhancements are realized through replacing end of life and legacy technologies across the Controlled Unclassified Information (CUI) and

Secret network. IP Optimization entails utilizing IP-based solutions that optimize network efficiencies and service delivery; and incorporate network enhancements to enable the infrastructure to support an “everything over IP” architecture for all DISN services at Service and Edge layers of the DISN. Core Router Refresh focuses elimination of legacy routers and other integrated End-of-Life and End of Support equipment (as of 31 August 2022) and upgrade the network to leverage current Optical infrastructure. SIPRNet Router Refresh/High Bandwidth Secret (HBS) focuses on upgrading SIPRNet maximum bandwidth from 10G to 100G, reducing latency, increasing cyber protection, introducing upgraded end-to-end encryption and transmission security and improving availability over the network. The enhanced network will increase customer capabilities for high bandwidth classified users such as Data Center interconnect (DCI) and extreme latency sensitive users. These upgrades are critical to the success of the DISA deployment of the Joint Warfare Cloud Capability (JWCC) Impact Level 6 (IL6) Cloud environments. This effort will also upgrade lab equipment in support of standard JITC/DISA testing in support of 100G SIPR. Timing & Synchronization refreshes legacy time and frequency (T&F) resources, including existing clock mechanisms, with a modern Timing and Synchronization System Capability (TSSC) across the DISN. Network Management-TR focuses on the tech refreshment of routers that were end-of-support as of May 2021, terminal servers that started being end-of-support in 2016, and other crucial hardware and software that were end of support in 2017. Upon completion, over 1900 devices will be refreshed or removed from the network. Internet Access Point (IAP) refresh will upgrade end of life (announced June 2020) hardware components. Current hardware and software has been end of support since December 2024. Cloud Fabric Gateway (CFG) transforms cloud routers for enterprise-scale commercial service providers (CSP) into a modern platform by prioritizing high speed and low latency. This project will integrate CSP routing natively into the NIPR network fabric, creating cloud gateways capable of utilizing CSP Points of Presence (PoP) to allow for alternate transport paths for OCONUS users to reach CONUS-based cloud services; implement passive and stateless traffic security and monitoring in path between NIPR and CSPs; and implement automation of onboarding and connecting customer cloud environments to DoW NIPR. DISN Agnostic Peering Gateway (APG) enables DISN peering to agnostic transport providers (i.e., Proliferated Low Earth Orbit (pLEO), 5G, Internet, etc.). The APG supports the deployment of Software Defined Area Network (SD-WAN) capabilities such as WITS to enable DISN peering connections with non-government service providers such as Starline. Funds are required for efforts to conduct risk reduction and modification of National Security Systems, to include requirements on the customer side of the DISN demarcation.
Current Deficiency and/or Problem: The DISN must remain technologically up-to-date and capable by achieving the best possible balance between network performance and network cost through a process known as network optimization. In addition, DISA must continue to procure the necessary hardware for reducing the attack surface of the DoW Network, preventing the exploitation by hackers and adversaries to disrupt missions, and improve the warfighter's ability to safely share information across DoW's classified and unclassified networks by reducing potential vulnerabilities and costly point-to-point networks. DoW users require medium agnostic networking that allows the secure transfer of information and increased bandwidth to support the use of new and upcoming technologies such as Artificial Intelligence, 5G, Cloud-based services, Internet of Things and Quantum Computing. As military and civilian leaders heighten the demand for responsive, rapid, secure, and high-quality IT service, DISA’s challenges for meeting the needs of the warfighter across the DISN and all operational environments also continue to expand.

DISA will converge to an IP-based architecture where fault isolation and dynamic routing of network traffic will enable enhanced service delivery and prevent service interruption to the end user. Provision programmability and software-based control of network infrastructure via open standard protocols and migrating from dedicated network appliances to a shared virtual software defined Wide Area Network (WAN) infrastructure will provide significant agility in meeting dynamically changing IT and mission requirements while increasing operational and network efficiencies. Applying a common, IP-based architecture to deliver end-to-end voice, video, collaboration, and productivity services will minimize cost and complexity while delivering consistent user experience with higher performance, availability, and reliability.
Impact: If these capabilities are not funded, DISA will be unable to meet the technology refreshment and equipment upgrades required to ensure a secure a robust global network is available to the DoW and its mission partners. DISN customers will not benefit from network enhancements if the network is not resilient enough to endure attacks and restore failures. In today’s environment of modern warfare silent attacks on the network can result in devastating and debilitating influences, therefore amplifying the need to increase physical diversity and automatic restoration is a necessity. All impacts present security vulnerability updates for end-of-service-life equipment resulting in unacceptable operational risks worldwide. Without replacement, service disruptions, increased vulnerabilities, and security breaches are inevitable. DISA would not be able to reduce the vulnerability prone, industry-retired TDM technologies, therefore exposing the backbone to unfriendly advances. Other modernization efforts are dependent on these projects for full capability such as Software Defined Network and JRSS. Not upgrading the backbone will affect DISA's ability to support the DoDIN's need of fast, secure, and effective information transfer, advanced technologies, and bandwidth agnostic applications. Additionally, the network would remain stagnant and not be adaptable to the demanding needs of the end user.

Defense Information Systems Agency
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Financial Accounting Management Information System (FAMIS)					
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Financial Accounting Management Information System (FAMIS)	0	$0.000	$0.000	4	$1,498.750	$5,995.000	0	$0.000	$0.000

Narrative Justification

Narrative Justification: DISA implemented a new enterprise financial system in FY 2020 by modernizing the legacy Financial Accounting Management Information System (FAMIS). The new financial system provides a single, compliant system that will reduce manual, off-line efforts and establish standardized cost structures across the Information Services Activity Group. BEA,WAWF, requisite additional licenses for FY 2025 (licenses could be covered by capital carry-over); FY 2026 investments include: $1.43 million for Implement Acq to Retire for Property Accountability & Leases within FAMIS, to retire FedLease, $1.515 million for BEA, additional Oracle licenses, $0.5 million for Oracle Tech Refresh, $2.550 for G-Invoicing PDC In-Flight Order Conversion (note, this may be at risk depending on G-Invoicing developments, as DISA is leading the pack, so may slip). FY 2027 investments include Business Enterprise Applications (BEA) modernizations, and G-invoicing implementation services to include PDC in-flight order conversions, along with sustainment and cloud assessment ($500 thousand).
Description and Purpose: Capital investment program authority for software development is required to ensure the new financial system will remain compatible with other legacy and future systems and so that any change requests required to implement policy, procedural, or security changes can be met. The DISA must be able to rapidly address compatibility issues to ensure the financial operations of the Agency are not negatively impacted. DISA implemented One-Fund on the Defense Working Capital Fund (DWCF) side, which will require additional systems changes to complete. Requirements have also been mandated for ICAM, and potential cloud migration.
Current Deficiency and/or Problem: This authority is being requested to ensure DISA complies with Department of War and Department of Treasury guidelines, policies and standards (such as G-Invoicing and Compliant Telecom Contracting).
Impact: If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed. Failure to meet imposed guidelines from Treasury are impacted. Efficiencies within automation and consolidation of reporting would not be achieved.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	C. Line No and Item Description	D. Activity Identification
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development	Integrated Defense Enterprise Acquisition System (IDEAS)

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Integrated Defense Enterprise Acquisition System (IDEAS)	12	$115.417	$1,385.000	1	$4,100.000	$4,100.000	1	$4,100.000	$4,100.000

Narrative Justification

Narrative Justification: The Integrated Defense Enterprise Acquisition System (IDEAS) is the Procurement Services Directorate (PSD) and Defense Information Technology Contracting Organization's (DITCO's) modernized contract writing system to support its unique telecommunications contracting mission. It provides a single integrated acquisition solution that is uniformly implemented and readily accessible worldwide. However, it lacks the capability to support the introduction of the mandated Procurement Data Standard (PDS) and Purchase Request Data Standard (PRDS) as well as critical workflows supporting traditional contracting (i.e not telecom). Increase is due to schedule delays and the enhanced focus to complete BEA Phase III and following phases.
Description and Purpose: This capital project will provide a mechanism to fulfill expected change requests to IDEAS.Changes to policy, procedures, security, infrastructure, and interfaces can drive urgent enhancements and the organization must be agile enough to satisfy those enhancements promptly. This effort will continue the process to identify and collect user requirements for the multiple types of contract managed by the customer, establish a logical sequence to design, code and implement compliant contracting workflows, and migrate contracts from existing systems into IDEAS. We expect implementation will take a few years due to the complexity of individual contract vehicles and the data migration strategies.
Current Deficiency and/or Problem: DISA does not have a centralized, mature system to manage contracts in an end-to-end data compliant format. The IDEAS solution for managing telecommunication contracts is a proven framework to use as a starting point to implement business enterprise architecture compliancy standards.
Impact: If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed. DISA will continue to process telecommunication contracts using non-compliant tools which hinder the effective communication with ordering and financial systems. Furthermore, contracting specialists will not have a single, centralized tool in which to process contracts, forcing implementation of unique business rules depending on contract type and how the current tools work. Without funding for Compliant Telecom, DISA will be unable to fully utilize DISA Marketplace, nor will DISA be able to sunset COPS, FABS, and TIBI.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development	Global Video Services (GVS)

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Global Video Services (GVS)	0	$0.000	$0.000	52	$7.726	$401.752			$0.000

Narrative Justification

Narrative Justification:The Integrated Defense Enterprise Acquisition System (IDEAS) is the Procurement Services Directorate (PSD) and Defense Information Technology Contracting Organization's (DITCO's) modernized contract writing system to support its unique telecommunications contracting mission. It provides a single integrated acquisition solution that is uniformly implemented and readily accessible worldwide. However, it lacks the capability to support the introduction of the mandated Procurement Data Standard

(PDS) and Purchase Request Data Standard (PRDS) as well as critical workflows supporting traditional contracting (i.e not telecom). Increase is due to schedule delays and the enhanced focus to complete BEA Phase III and following phases.
Description and Purpose: This capital project will provide a mechanism to fulfill expected change requests to IDEAS. Changes to policy, procedures, security, infrastructure, and interfaces can drive urgent enhancements and the organization must be agile enough to satisfy those enhancements promptly. This effort will continue the process to identify and collect user requirements for the multiple types of contract managed by the customer, establish a logical sequence to design, code and implement compliant contracting workflows, and migrate contracts from existing systems into IDEAS. We expect implementation will take a few years due to the complexity of individual contract vehicles and the data migration strategies.
Current Deficiency and/or Problem: DISA does not have a centralized, mature system to manage contracts in an end-to-end data compliant format. The IDEAS solution for managing telecommunication contracts is a proven framework to use as a starting point to implement business enterprise architecture compliancy standards.
Impact: If unfunded, required changes to implement policy, procedural, security, infrastructure, or interface changes will be delayed. DISA will continue to process telecommunication contracts using non-compliant tools which hinder the effective communication with ordering and financial systems. Furthermore, contracting specialists will not have a single, centralized tool in which to process contracts, forcing implementation of unique business rules depending on contract type and how the current tools work. Without funding for Compliant Telecom, DISA will be unable to fully utilize DISA Marketplace, nor will DISA be able to sunset COPS, FABS, and TIBI.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Chambersburg Building 1 Improvements					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Chambersburg Building 1 Improvements	0	$0.000	$0.000	1	$100.000	$100.000	1	$100.000	$100.000

Narrative Justification

Narrative Justification: The capital investment authority requested consists of various projects required to maintain Chambersburg Building 1 and any other DISA location. Building 1 is the focal point for DISA operations in this area. The facility is an open storage secret building and has an active Sensitive Compartmentalized Information Facility (SCIF). In addition, this location is used for COOP activities. The conference rooms are used frequently, and rooms lack the proper technologies to execute professional conference calls, forums, and training activities make this difficult to complete mission requirements.
Description and Purpose: Building 1 improvements projects will require updated software technology to successfully execute mission requirements. This includes improvements in technology for public areas, along with individual-use software, to include software purchases, licenses, and development.
Current Deficiency and/or Problem: The current open space cubicle areas are very dated and are starting to deteriorate. Additionally, new LAN cables need to be installed to increase network efficiency. The Current SCIF space is not sufficient for the secure/classified work that is being performed. There are not enough secure spaces for all employees to perform their duties at one time. All the conference rooms lack the software technology for Building 1 employees to reliably join or host conferences. This requires the purchase and/or lease of new software technology throughout Building 1.
Impact: Without upgraded capabilities, Mission and operational awareness could be severely impacted. Local employees will not be able to meet the increasingly secure

requirements to perform their duties. Local groups cannot meet with their remote counterparts. SES and GS-15 Leadership will not be able to Host or Join official conferences at either classification. Adequate conference services will not be available for mission needs, to include All Hands conferences, Mission Briefings, COOP Event Meetings, and special events at any classification.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment			Enterprise Voice Services Evolution					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Enterprise Voice Services - HW	0	$0.000	$0.000	3	$1,876.338	$5,629.014	0	$0.000	$0.000

Narrative Justification

Narrative Justification:
This funding is to support various technology refreshes and lifecycle system replacements of hardware in FY 2026 and FY 2027 to maintain Cyber Security compliance and software support and are likely to have related SW requirements. Projects include, but are not limited to FLM Red Hat Lab Servers, DDoS Logging Server with Red Hat OS/Firewall TR with CISCO, Domain Name Service (DNS) User Experience Monitor (UEM) Servers, Cross Domain Enterprise Services (CDES) Raise the Bar (RTB) Hardware Based Separation with Hardware Based Filtering, CDES CDS Hardware, OSP OCONUS and CONUS tech-refresh and expansion + JCIP cost, ZND FireEye, DNS.MIL Proxy Servers, and SIPR REL F5 and HSM, and TGS tech refresh.
Description and Purpose:
Software support for Cyber Security HW projects including: Acquire three Dell PowerEdge R350 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for FLM Tier III lab testing due to End-of-Life. Acquire four Dell PowerEdge R360 servers or equivalent with Red Hat 9 OS or current version at time of acquisition for DDoS Tier III lab testing and production Arbor alerting aggregation to the Defense Cyber Operations (DCO) splunk. Acquire 13 Cisco firepower 3105 firewall or equivalent for DDoS Tier III lab testing which will secure production DDoS traffic between the arbors devices and DISA boundary routers.
Open Sensor Platform (OSP) is a network security monitoring requirement to provide alerts and logs for network traffic at deployed vantage points. This includes file carving, malware and intrusion detection, and traffic logs for all traffic. The technology refresh project will acquire a commercial off the shelf solution (appliances with embedded software) to deploy to the NIPRNET Internet Access Points (IAPs) to replace aging appliances. FY 2026 funding is required to upgrade sensors' current monitoring capability to 25 GBp at four OCONUS IAPs. FY 2027 funding is required to upgrade the sensors' current monitoring capability to 100GBps at six CONUS
IAPs.
The DNS EUM project will tech refresh the existing DNS Server devices as they approach End-of-Life and End-of-Technical-Support. This project is a major component of the overall NIPRNet Hardening Program which provides the health and status of DNS servers/network. If the Government were unable to obtain the HPE ProLiant DL560 Gen 10+ and DL260 Gen9+ severs, the DNS infrastructure could not be upgraded to remain compliant with current DoW requirements and best practices nor could they deliver the most effective protection of the DNS infrastructure to DoW customers.
CDES has required deployment of NIPR isolation devices in front of deployed Cross Domain solutions to meet National Security Agency (NSA) National Cross Domain Strategy and Management Office (NCDSMO) Raise the Bar (RTB) requirements and needs lab systems to maintain a replication of the production environment. Forcepoint Data Diode

meets the requirement from NCDSMO and provides the capability to work with CDES's currently deployed cross domain solutions. CDES is also procuring Forcepoint Control Center (FC2) to perform lab development work in preparation for implementing remote management requirements for production systems. Additionally, CDES CDS hardware technology refresh is needed to as it approaches End-of-Life and to maintain growing requirements.
"Replace current ZND hardware (FireEye EX 8500s) located at the five main ZND operational sites (EUR, PAC, COLS, SATX, OGDN) and the lab at Ft. Meade before the devices reach End-of-Life and End-of-Technical-Support by March 2028. The ZND-E system provides dynamic and behavior-based analysis and detection of malicious email content not normally caught by static signature-based capabilities. This program provides email security for the entire DoW prior to mail being delivered to the end user via O365.

.MIL Proxy provides a single ingress point for all DNS traffic to the NIPRNet and provides filtering and monitoring capabilities for the .mil namespace. It is critical for the DNS Hardening program to maintain the DNS serves as they approach End-of-Life and End-of-Technical-Support."
Routine technical refresh of existing web proxy devices and Hardware Security Module (HSM) devices for SIPR REL DMZ with newer model chassis that will be supported by the vendor for asset life-cycle.
Current Deficiency and/or Problem:
FLM lab Red Hat servers will go End-of-Life on 30 Sep 2026. The proposed replacement servers will allow FLM filter testing to continue with full vendor hardware and software support. DDoS Logging Server will go End-of-Life 30 Sep 2026 and DDoS firewall will go End-of-Life on 31 Dec 2026. Replacements will allow for continued DDoS alerting and uninterrupted connectivity between all DISA boundary locations. OSP was initially deployed in 2020 when the throughput at the IAPs was 10GBps CONUS and 2 GBps OCONUS. Since then, the traffic has increased to 45 GBps CONUS and 10 GBps OCONUS and the warranties on the hardware expire in 2027 Current UEM network infrastructure equipment will soon be End-of-Life and End-of-Technical-Support and replacement is required to ensure effective protection with integrated full-stack security. CDES' current production architecture does not meet the NCDSMO RTB architecture requirements for NIPR High Threat Network Hardware-Bases Separation. CDES needs to procure and deploy at two DISA Data Centers to meet this compliancy. CDES CDS Hardware is reaching End-of-Life and needs to be replaced. FireEye EX8500 hardware/systems will reach End-of-Life March 2028 and will be replaced with the EX8600 model to maintain effectiveness of mitigations for the DoW Enterprise Email System. The current .MIL Proxy infrastructure will soon be End-of-Life and End-of-Technical-Support and refresh is required to ensure effective protection with integrated full-stack security. Existing SIRP REL web proxy hardware and Hardware Security Module equipment are approaching End-of-
Life.
Impact:
If new Red Hat servers are not acquired, functional and performance FLM filter testing prior to firewall filters being pushed to the production boundary routers will be at significant risk as this testing is reliant on these servers and underlying application and database platform. DDoS arbor alerting will be at a significant risk as engineers and global network analysts rely completely on the servers as the connection mechanism for DDoS alerts to feed into DCO splunks. Without the new firewalls, the secured communication between the arbor devices and boundary and DDoS alerting will be at risk. DISA provides NIPRNET capability to DoW and is required to monitor and protect it from malicious cyber activity and without the OSP CONUS upgrades, the capability to monitor the traffic traversing the IAPs will be degraded. If the DNS UEM and .MIL proxy projects are not undertaken, the Government would be unable to deliver the most effective protection of the DNS infrastructure supporting DoW agencies, combatant commands, armed forces, and coalition partners. As hardware reaches End-of-Life and End-of-Technical-Support, required software updates will not be available and prevent adherence to the Security Technical Implementation Guides (STIGs). Without proper equipment refreshes, CDES operations would be at risk of being decertified as an Enterprise Cross Domain Service Provider and required to migrate existing mission partners to other service providers. Not having the lab equipment would increase the time to deploy software patches, implement Raise the Bar requirements, implement new mission partners, provide trouble resolution to operational issues, and perform continuous throughput testing. CDES CDS hardware refresh delays could lead to hardware failures and unacceptable down times for current and future mission partners as well as increased time to onboard other mission partners. SIPR REL existing infrastructure will exceed vendor End-of-Life dates and no longer receive software patches for vulnerabilities, putting classified systems and data at risk for attach from adversaries. Narrative Justification: DISA's Enterprise Voice Services (EVS) provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The EVS portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).
Description and Purpose: Much of DISA’s EVS Hardware has reached End-of-Life with non-compliant Software IOS versions and hardware (Flash/DRAM) upgrade restrictions. Current and future Cybersecurity vulnerabilities cannot be mitigated and present a high risk to the Authority to Operate (ATO) the EVS. Since the EVS Hardware has reached

End-of-Life, the security fixes, patches, and firmware updates for the product are no longer available. These lapses in support create significant enterprise security risks and leave the DISA network open to malicious cyber-attacks. Updates include Cisco 4431, ADIMISS Replacement, and Oracle 6350.
Current Deficiency and/or Problem: Much of DISA's EVS hardware has reached End-of-Life with non-compliant Software IOS versions and hardware (Flash/DRAM) upgrade restriction. End-of-Life equipment is causing information assurance vulnerabilities and CAT 1 severity level findings in the environment, placing mission partners and DISA-provided services at risk (to include multiple failures in the EVOIP / ECVOIP network to include the DOW IP voice and commercial voice environments).
Impact: The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the immediate potential of failure in the field due to end of life of equipment. This equipment will be necessary for a testing capabilities and future enhancement supporting the Voice Services. Not funding puts the service offering at risk both from an operational and a cyber security perspective.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development				Enterprise Voice Services Evolution				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Enterprise Voice Services - SW	0	$0.000	$0.000	3	$1,742.520	$5,227.560	0	$0.000	$0.000

Narrative Justification

Narrative Justification: DISA's Enterprise Voice Services (EVS) provide our mission partners with reliable, classified and unclassified, high-quality voice and voice messaging services. The EVS portfolio includes managed and basic Enterprise Voice over Internet Protocol (EVOIP), Enterprise Classified Voice over Internet Protocol (ECVOIP), Voice over Secure Internet Protocol (VOSIP), and Enterprise Audio Conferencing (EAC).
Description and Purpose: The purpose of the EVS Evolution project is to facilitate continuous tech refresh activities to resolve open End-of-Life and support issues, improve quality of service, and ensure infrastructure is scalable to meet customer demand. Examples of tech refresh activities include expanding sensor coverage and tech refreshing session border controllers, media gateways, network switches, and backup devices. This project will purchase Software supporting those tech refresh activities, including Cisco 4431, ADIMISS Replacement, and Oracle 6350.
Current Deficiency and/or Problem: Much of DISA's EVS hardware has reached End-of-Life with non-compliant Software IOS versions and hardware (Flash/DRAM) upgrade restriction. End-of-Life equipment is causing information assurance vulnerabilities and CAT 1 severity level findings in the environment, placing mission partners and DISA-provided services at risk (to include multiple failures in the EVOIP / ECVOIP network to include the DOW IP voice and commercial voice environments).
Impact: The EVOIP/ECVOIP Tech Refresh (HW/SW) alleviates the immediate potential of failure in the field due to end of life of equipment. This equipment will be necessary for a testing capabilities and future enhancement supporting the Voice Services. Not funding puts the service offering at risk both from an operational and a cyber security perspective.

Activity Group Capital Investment Justification	**A. Budget Submission**

Defense Information Systems Agency
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment				ADPE Facilities				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
ADPE Facilities - Various	0	$0.000	$0.000	4	$5,716.250	$22,865.000	7	$4,392.860	$30,750.020

Narrative Justification

Narrative Justification: The DISA Computing Services business area operates the DoW's Core Data Centers (CDC), which provides mainframe, server, storage, and enterprise services like email and portal services processing operations.
Description and Purpose: The capital investment authority requested consists of various projects required to maintain DoW CDC facilities or any other DISA location.

FY 2026 projects include but are not limited to upgrading mechanical and electrical equipment to support high density computer processing loads at Columbus and Ogden; upgrading the electrical and mechanical capacity support the CDC requirements in Yokota; installation of identical dedicated chillers, cooling towers, and evaporator medium sections to couple with AHU-1and AHU-2 to provide direct and indirect cooling to the administrative areas in Oklahoma City. FY 2027 projects include but are not limited to upgrading mechanical and electrical equipment to support high density computer processing loads at Montgomery and Oklahoma City; refurbishment of existing chillers and cooling towers at End-of-Life, including replacing all supporting infrastructure (pumps, valves, VFDs, and piping at End-of-Life) in Columbus; upgrade of Building Automation System (BAS) software, architecture, and OT cyber to support data center operations across the Enterprise; providing an additional Sensitive Compartmentalized Information Facility (SCIF) by upgrading an existing room at Ford Island; purchasing, delivering, and installing new furniture and chairs for office administration areas and management offices, including providing electrical power and communication/data cabling capabilities as required to support the proposed office layout and Data Center mission in Montgomery and Oklahoma City.
Current Deficiency and/or Problem: Datacenters provide routine and mission-critical computer processing resources and support to numerous Government agencies 24 hours per day, 7 days a week. As more powerful computer and processing resources are installed, existing mechanical and electrical equipment struggle to provide adequate power and cooling for the new high density computer processing loads and other new IT and electrical equipment. Many of DISA’s facilities are in need of cyclical upgrades to their infrastructures and equipment. These upgrades are necessary to ensure adequate reliability, security and redundancy to support customer workload, including mission requirements necessitating increased SCIF space. With these upgrades, additional capacity for growth and increased reliability is built in.
Impact: If these system and infrastructure investments requirements are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies can result in unplanned data center downtime. DISA’s ability to provide redundancy to enable 24x7 operations for customers will be jeopardized.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**

Defense Information Systems Agency
Activity Capital Purchase Justification
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Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment			Organizational Messaging Service National Gateway Center Infrastructure Modernization					
	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
OMS NGC Life Cycle Replacement and Modernization	0	$0.000	$0.000	37	$80.541	$2,979.999	0	$0.000	$0.000

Narrative Justification

Description and Purpose: Capital investment program authority is required for this project to ensure that the existing OMS CDSs do not exceed the hardware platform End-of-Life, CDS operating system and application's supportability and meet NCSDMO requirements to be RTB version compliant. The life cycle upgrade to a newer CDS will not only ensure compliance, but is expected to provide modernization benefits such as improved security, processing performance, meet anti-tamper and tempest requirements, improve user interface and better capabilities to detect unauthorized messages attempting to transfer between network security domains. In addition to the LCR of the OMS CDS, the latest RTB versions require that High Threat Networks (HTN) have One-Way Transfer (OWT) devices as part of its CDS architecture as well as OWT devices added to support system log data transfers to a Defensive Cyberspace Operations (DCO) high-side network for ingestion, storage, monitoring, and analytics. This project will cover CDS (equipment, installation and implementation) as well as CDS and DCO data diodes and network switches (equipment, installation, and implementation) to meet the RTB requirements to protect HTNs and allow log data transfer to the OMS DCO network.

Current Deficiency and/or Problem: The requested funding authority ensures OMS CDS does not exceed End-of-Life and will meet at least the NCDSMO RTB version 4 requirements document. The current OMS CDSs will become End-of-Life on it's supported RTB version 1. 1 and will enter the retiring and sunset RTB timeline window starting in FY 2025. The procurement and approval process for a CDS project can take a substantial amount of time, and there are additional integration complexities with the addition of the data diodes and DCO capability to the CDS solution to meet RTB version 4 requirements. The funding authority approval is needed to ensure that the project can be completed prior to the CDS's End-of-Life and RTB sunset window. The OMS CDS LCR will ensure that the OMS's Top Secret-Collateral, Secret and Secret Releasable network security domains operating at the three NGCs will have appropriate network isolation and can exchange authorized organizational messages between connecting messaging communities. The capability to exchange military C2 organizational messages between the military services, DoW agencies, Combatant Commands, U.S. Intelligence Community, other U.S. Government agencies, and allied nations is a critical capability of the OMS. The OMS P2P CDSs being life cycle replaced, support this critical exchange of messages between the DoW and military messaging systems operating at different network classifications.
Impact: The OMS provides a range of assured services to a customer community, including the military services, DoW agencies, Combatant Commands, U.S. Intelligence Community, Nuclear Command, Control and Communications (NC3) community, and other U.S. Government agencies and allied nations. This essential service provides the ability to exchange official time-critical information in the form of organizational messages including NC3 Emergency Command Precedence (ECP) and Flash message precedence between these interconnected customer communities. Failure to fund this requirement will increase risk to OMS operations should the CDS capability in the NGCs become unavailable when the product is no longer supported. Message exchange between DoW and NC3, U.S. Intelligence Communities, DoW agencies and U.S. Allies would be severely disrupted and result in the inability to deliver messages between end-user messaging communities. The use of an unaccredited CDS would negatively impact the NGCs accreditation, the DISA Authorizing Official's risk acceptance and greatly increase overall cyber risks to the DISA OMS.

Activity Group Capital Investment Justification	**A. Budget Submission**
($ in Thousands)	Fiscal Year 2027 Budget Estimates

B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development			Organizational Messaging Service National Gateway Center Infrastructure Modernization					
	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
OMS NGC Modernization	0	$0.000	$0.000	1	$250.000	$250.000	0	$0.000	$0.000

Narrative Justification

Narrative Justification: The National Gateway Centers (NGC) facilities located at Fort Detrick, Pentagon and Raven Rock Mountain Complex support the DISA Organizational Messaging Service (OMS). All NGCs have multiple network security enclaves protecting different classification levels that are required to be supported by a National Cross Domain Strategy and Management Office (NCDSMO) compliant Point-to-Point (P2P) Cross Domain Solution. In 2021, OMS executed a project implementation to replace its noncompliant controlled interface based on a routed switched serial circuit architecture that was protecting its network security enclaves with a compliant CDS. In 2018, the NCDSMO issued a Raise the Bar (RTB) guidance that defines the architecture and implementation requirements for the National Security Agency (NSA)/U.S. Cyber Command (USCYBERCOM) RTB Strategy that was approved by the DoW Information Security Risk Management Committee in 2017. The NCDSMO RTB project strategy is based on a strict timeline with a sliding three year window for a version's CDS assessment, a three year window for Deployment and a three year window for Retiring/Sunsetting. Currently, the latest version issued in 2024 is RTB 5.0, which is entering the assessment phase. The current OMS CDS is a RTB version 1.1 compliant CDS, and it will enter the retiring and sunsetting phase at the start of FY 2025. This project is a OMS CDS Life Cycle Replacement (LCR) project that will satisfy the NCDSMO and Department of War Information Security Risk Management Committee (DoW ISRMC) requirements for RTB compliance, provide a CDS that has a supportable version and ensure the OMS CDS will maintain its Cross Domain Solution Authorization to Operate (ATO). The OMS CDS LCR project ensures the OMS program's security posture to protect data (i.e., organizational messages) transiting between network security domains are authorized and guarded.

Description and Purpose: Capital investment program authority is required for this project to ensure that the existing OMS CDSs do not exceed the hardware platform End-of-Life, CDS operating system and application's supportability and meet NCSDMO requirements to be RTB version compliant. The life cycle upgrade to a newer CDS will not only ensure compliance, but is expected to provide modernization benefits such as improved security, processing performance, meet anti-tamper and tempest requirements, improve user interface and better capabilities to detect unauthorized messages attempting to transfer between network security domains. In addition to the LCR of the OMS CDS, the latest RTB versions require that High Threat Networks (HTN) have One-Way Transfer (OWT) devices as part of its CDS architecture as well as OWT devices added to support system log data transfers to a Defensive Cyberspace Operations (DCO) high-side network for ingestion, storage, monitoring, and analytics. This project will use data diodes to meet the RTB requirements to protect HTNs and allow log data transfer to the OMS DCO network. This project is for software in support of the various OMS NGC Modernization efforts.

Current Deficiency and/or Problem: The requested funding authority ensures OMS CDS does not exceed End-of-Life and will meet at least the NCDSMO RTB version 4 requirements document. The current OMS CDSs will become End-of-Life on it's supported RTB version 1. 1 and will enter the retiring and sunset RTB timeline window starting in FY 2025. The procurement and approval process for a CDS project can take a substantial amount of time, and there are additional integration complexities with the addition of the data diodes and DCO capability to the CDS solution to meet RTB version 4 requirements. The funding authority approval is needed to ensure that the project can be completed prior to the CDS's EOL and RTB sunset window. The OMS CDS LCR will ensure that the OMS's Top Secret-Collateral, Secret and Secret Releasable network security domains operating at the three NGCs will have appropriate network isolation and can exchange authorized organizational messages between connecting messaging communities. The capability to exchange military C2 organizational messages between the military services, DoW agencies, Combatant Commands, U.S. Intelligence Community, other U.S. Government agencies, and allied nations is a critical capability of the OMS. The OMS P2P CDSs being life cycle replaced, support this critical exchange of messages between the DoW and military messaging systems operating at different network classifications.

Impact: The OMS provides a range of assured services to a customer community, including the military services, DoW agencies, Combatant Commands, U.S. Intelligence

Community, Nuclear Command, Control and Communications (NC3) community, and other U.S. government agencies and allied nations. This essential service provides the ability to exchange official time-critical information in the form of organizational messages including NC3 Emergency Command Precedence (ECP) and Flash message precedence between these interconnected customer communities. Failure to fund this requirement will increase risk to OMS operations should the CDS capability in the NGCs become unavailable when the product is no longer supported. Message exchange between DoW and NC3, U.S. Intelligence Communities, DoW agencies and U.S. Allies would be severely disrupted and result in the inability to deliver messages between end-user messaging communities. The use of an unaccredited CDS would negatively impact the NGCs accreditation, the DISA Authorizing Official's risk acceptance and greatly increase overall cyber risks to the DISA OMS.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Information Systems Agency/Information Services Activity Group/March 2026	Minor Construction				Chambersburg Building 1 Improvements				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Chambersburg Building 1 Improvements	1	$1,266.000	$1,266.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:
The capital investment authority requested consists of various projects required to maintain Chambersburg Building 1 and any other DISA location. Building 1 is the focal point for DISA operations in this area. The facility is an open storage secret building and has an active Sensitive Compartmentalized Information Facility (SCIF). In addition, this location is used for COOP activities. The conference rooms are used frequently, and rooms lack the proper technologies to execute professional conference calls, forums, and training activities makes this difficult to complete mission requirements.
Description and Purpose: Building 1 improvements projects will require the renovation of cubicle areas, the SCIF, and all the conference rooms and other public areas so better, and more secure technology can be utilized to support the DISA mission.
Current Deficiency and/or Problem: There are current open space cubicle areas are very dated and starting to deteriorate. Additionally, new LAN cables need to be installed to increase network efficiencies. The Current SCIF space is not sufficient for the secure/classified work that is being performed. There are not enough secure spaces for all employees to perform their duties at one time.
Impact:
Without upgraded capabilities, Mission and operational awareness could be severely impacted. Local employees will not be able to meet the increasingly secure requirements to perform their duties. Local groups cannot meet with their remote counterparts. SES and GS-15 Leadership will not be able to Host or Join official conferences at either classification.

Activity Group Capital Investment Justification	**A. Budget Submission**

Defense Information Systems Agency
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment			Chambersburg Building 1 Improvements					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Chambersburg Building 1 Improvements	0	$0.000	$0.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:
The capital investment authority requested consists of various projects required to maintain Chambersburg Building 1 and any other DISA location. Building 1 is the focal point for DISA operations in this area. The facility is an open storage secret building and has an active Sensitive Compartmentalized Information Facility (SCIF). In addition, this location is used for COOP activities. The conference rooms are used frequently, and rooms lack the proper technologies to execute professional conference calls, forums, and training activities makes this difficult to complete mission requirements.
Description and Purpose: Building 1 improvements projects will require the renovation of cubicle areas, the SCIF, and all the conference rooms and other public areas so better, and more secure technology can be utilized to support the DISA mission.
Current Deficiency and/or Problem: Current open space cubicle areas are very dated and are starting to deteriorate. Additionally, new LAN cables need to be installed to increase network efficiency. The Current SCIF space is not sufficient for the secure/classified work that is being performed. There are not enough secure spaces for all employees to perform their duties at one time. All the conference rooms lack the technology for Building 1 employees to reliably join or host conferences. This requires the purchase and installation of larger televisions to hang on the wall, and other technology to support these types of conferences. Currently, mobile equipment is used and is not always reliable to connect, reducing capabilities for short-notice conference calls.
Impact:
Without upgraded capabilities, Mission and operational awareness could be severely impacted. Local employees will not be able to meet the increasingly secure requirements to perform their duties. Local groups cannot meet with their remote counterparts. SES and GS-15 Leadership will not be able to Host or Join official conferences at either classification. Adequate conference services will not be available for mission needs, including All Hands conferences, Mission Briefings, COOP Event Meetings, and special events at any classification.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Information Systems Agency/Information Services Activity Group/March 2026	ADPE and Telecom - Equipment	Service Development

Defense Information Systems Agency
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
New Service Development	0	$0.000	$0.000	1	$250.000	$250.000	1	$250.000	$250.000

Narrative Justification

Narrative Justification:

DISA provides DoDIN operations for the joint warfighter to enable lethality across all warfighting domains in defense of our Nation. The current environment of great power competition requires us to evolve our operating processes to align with next generation capabilities, defend against new cyberspace threats and increase lethality for our warfighters while ensuring best value.
Description and Purpose:
The purpose of the Service Development project is to provide DISA with increased flexibility to execute capital investments more quickly as emerging requirements are identified internally or by our mission partners. Examples of investments include new services development, where a new service may be required to address a latency, failure or cybersecurity issue, growth of existing services where year of execution mission partner growth has forced us above the capital threshold, requiring the use of investment funds for requirements that previously fell below threshold, and rapid evolution of data center services resulting from adoption of cloud computing. The flexibility provided would allow us to meet customer demand and develop new services more quickly than we might otherwise could. Additionally, funds are required for efforts to conduct risk reduction and modification of National Security Systems, including requirements that are part of the DoW Core Data Centers.
Current Deficiency and/or Problem:
DISA's service offerings are rapidly evolving to support our mission partners' requirements and defend against new cyberspace threats. Currently, there is not a way to address immediate needs for new service development or growth of existing services that require capital investments. The current timeline to include capital investments in our budget can occasionally present issues when we need to quickly address new service development in support of cybersecurity and next generation capabilities, or year of execution customer growth.
Impact:
The Service Development investment will alleviate the delay in investments by providing greater flexibility when new service requirements or growth of existing services arise. This investment is necessary to immediately respond to our rapidly evolving requirements in support of our mission partners. Not funding puts mission partners with emerging requirements at operational and/or cyber risk due to the delay in our ability to make an investment.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**
Defense Information Systems Agency/Information Services Activity Group/March 2026	Software Development	Service Development

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**

New Service Development	0	$0.000	$0.000	1	$1,750.000	$1,750.000	1	$1,250.000	$1,250.000

Narrative Justification

Narrative Justification:
DISA provides DoDIN operations for the joint warfighter to enable lethality across all warfighting domains in defense of our Nation. The current environment of great power competition requires us to evolve our operating processes to align with next generation capabilities, defend against new cyberspace threats and increase lethality for our warfighters while ensuring best value.
Description and Purpose:
The purpose of the Service Development project is to provide DISA with increased flexibility to execute capital investments more quickly as emerging requirements are identified internally or by our mission partners. Examples of investments include new services development, where a new service may be required to address a latency, failure or cybersecurity issue, growth of existing services where year of execution mission partner growth has forced us above the capital threshold, requiring the use of investment funds for requirements that previously fell below threshold, and rapid evolution of data center services resulting from adoption of cloud computing. The flexibility provided would allow us to meet customer demand and develop new services more quickly than we might otherwise have the ability to. Additionally, Software funds are required for efforts to conduct risk reduction and modification of National Security Systems, including requirements at the DoW Core Data Centers.
Current Deficiency and/or Problem:
DISA's service offerings are rapidly evolving to support our mission partners' requirements and defend against new cyberspace threats. Currently, there is not a way to address immediate needs for new service development or growth of existing services that require capital investments. The current timeline to include capital investments in our budget can occasionally present issues when we need to quickly address new service development in support of cybersecurity and next generation capabilities, or year of execution customer growth.
Impact:
The Service Development investment will alleviate the delay in investments by providing greater flexibility when new service requirements or growth of existing services arise. This investment is necessary to immediately respond to our rapidly evolving requirements in support of our mission partners. Not funding puts mission partners with emerging requirements at operational and/or cyber risk due to the delay in our ability to make an investment.

Defense Information Systems Agency
Capital Budget Execution
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2025					
	Equipment except ADPE and Telecommunications	0.000	0.024	0.024	
	Equipment - ADPE and Telecommunications	186.384	123.158	-63.226	Reduction in DISN, EVoIP, GVS, Chambersburg Building 1 Improvements, Cyber Security Hardware, Hardware General, EMSS, & Facilities Support requirements
	Software Development	24.311	26.360	2.049	Increase due to 4ENO requirements
	Minor Construction	3.500	0.242	-3.258	Reduction in Minor Construction & Chambersburg Building 1 Improvements
	Total FY 2025	**214.195**	**149.784**	**-64.412**	
FY 2026					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	195.194	171.023	-24.171	Reduction in DISN, EVoIP, Cyber Security Hardware, & Facilities Support requirements
	Software Development	21.609	18.535	-3.074	Reduction of EVoIP & Cyber Security Tools
	Minor Construction	2.000	0.250	-1.750	Reduction in Minor Construction Projects
	Total FY 2026	**218.803**	**189.808**	**-28.995**	
FY 2027					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	181.509	181.509	0.000	
	Software Development	7.900	7.900	0.000	
	Minor Construction	0.250	0.250	0.000	
	Total FY 2027	**189.659**	**189.659**	**0.000**	

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Defense Logistics Agency

Supply Chain Management Activity Group



CAPITAL BUDGET

Fiscal Year (FY) 2027 Budget Estimates

April 2026

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Supply Chain Management Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

		FY 2025		FY 2026		FY 2027	
Line Item	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1.	**Non-ADPE Equipment**	**20**	**$36.5**	**28**	**$41.2**	**37**	**$55.4**
IS 200-01	Installation Security - Material Supply Chain	1	$1.0	0	$0.0	0	$0.0
MAD 200-01	Material Disposal - Disposition	0	$0.0	8	$4.8	10	$5.8
MAT 200-02	Material Handling - Material Supply Chain	3	$2.2	3	$1.0	2	$1.0
MAT 200-01	Material Handling - Distribution	16	$33.3	17	$35.4	25	$48.6
2.	**ADPE & Telecom Equip**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
NET 200	Computer Hardware (Network) -Material Supply Chain	0	$0.0	0	$0.0	0	$0.0
3.	**Software Development**	**0**	**$54.0**	**0**	**$29.1**	**0**	**$22.6**
SWD 300-01	Net-Centric Hubs - Enterprise Software	0	$0.0	0	$0.0	0	$0.0
SWD 200-06	Distribution - Distribution Standard System (DSS)		$27.0	0	$10.5	0	$5.0
SWD 200-05	Supply Chain Management - Logistics Cataloging and Data Solution s(LCDS)		$4.4	0	$1.5	0	$1.3
SWD 200-04	Supply Chain Management - Functional Executive Agent Medical Support (FEAMS)		$2.5	0	$2.7	0	$2.7
SWD 200-03	Supply Chain Management - DoW EMALL/FedMALL		$11.9	0	$7.7	0	$6.8
SWD 200-02	Supply Chain Management - Defense Medical Logistics Standard System (DMLSS)		$2.6	0	$2.7	0	$2.8
SWD 200-01	Supply Chain Management - Enterprise Business System (EBS)		$5.6	0	$4.0	0	$4.0
4.	**Minor Construction Capabilities**	**0**	**$43.0**	**0**	**$41.3**	**0**	**$40.0**
REP 200-01	Minor Construction $250,000 - $4,000,000 (Materiel Supply Chain)	0	$8.2	0	$14.0	0	$13.4
REP 200-02	Minor Construction $250,000 - $4,000,000 (Distribution)	0	$27.7	0	$20.1	0	$19.4
REP 200-03	Minor Construction $250,000 - $4,000,000 (Disposition)	0	$7.1	0	$7.3	0	$7.1
	TOTAL OBLIGATIONS	**20**	**$133.5**	**28**	**$111.6**	**37**	**$118.0**
	Total Capital Outlays	**0**	**$120.0**	**0**	**$120.6**	**0**	**$123.4**
	Total Depreciation Expense	**0**	**$76.1**	**0**	**$90.5**	**0**	**$82.4**

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Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description					D. Activity Identification			
Defense Logistics Agency Supply Chain Management May 2025	MAT 200-01 Non-ADP Equipment					DLA Distribution			
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
MAT 200-01 Material Handling	16	$2,079.188	$33,267.000	17	$2,084.824	$35,442.000	25	$1,944.000	$48,600.000

Narrative Justification

The investments are for material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Distribution depots. Replacement equipment is for items that have reached or exceeded the useful life established for this category. Based on guidance from various Department of War (DoW) governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoW acquisition and replacement criteria relative to unusual categories of equipment.

Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment. All productivity-related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Expected projects for FY 2026 and FY 2027 include material handling vehicles (trucks and cranes); storage, conveyor, and rack systems; and automation systems at various locations.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	C. Line No and Item Description	D. Activity Identification

Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

Defense Logistics Agency Supply Chain Management May 2025	IS 200-01 Non-ADP Equipment			DLA Material Supply Chain					
	FY 2026			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IS 200-01 Installation Security	1	$957.000	$957.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

These investments projects include installation security related items. Security items such as portals, turnstiles, entrance card reader, intrusion, detection devices, and fire emergency trucks used for supporting DLA facilities. Equipment of this type will provide security for items stored in the DLA occupied buildings, as well as safety and security for the DLA employees. This equipment follows security guidance provided by DoW to rectify identified security deficiencies. Based on guidance from various DoW governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment
.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Logistics Agency Supply Chain Management May 2025	MAD 200-01 Non-ADP Equipment			DLA Disposition					
	FY 2026			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
MAD 200-01 Material Disposal	0	$0.000	$0.000	8	$596.875	$4,775.000	10	$575.500	$5,755.000

Narrative Justification

These investment projects are for front end loader, rough terrain forklift, reach stacker, scrap handler, and shredder equipment used to aid in material disposal which have reached or exceeded the useful life established for this category of equipment within Disposition Services. Based on guidance contained in various DoW governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. Life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization, and repair standards based on industry information and experience in the absence of DoW acquisition and replacement criteria relative to various categories of equipment.

Equipment supports new missions or productivity-related projects or replaces equipment that has reached its service life or utilization service life. DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment. Equipment supports new environmental guidelines established in the material handling equipment industry with environmentally friendly fleet sustainment practices. All productivity-related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Logistics Agency Supply Chain Management May 2025	NET 200 Network Hardware			DLA Material Supply Chain					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
NET 200 Network Hardware	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

This investment was for Local Area Network (LAN) and Wide Area Network (WAN) upgrades to DLA Major Subordinate Commands (MSC). This requirement is to install planned improvements and upgrades of Core/Mission Critical LAN hardware, cable, and middleware infrastructure to provide a robust LAN to support the DLA mission. By reducing procurement lead times, and through the design and implementation of a best value enterprise information technology (IT) environment, we continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements, and improve customer response time for services and materiel.

The investment was modernizing network infrastructure is a major step forward as older network architectures and operational models are inefficient and will not scale. As requirements evolved, the determination of these costs do not meet the capitalized criteria based on accounting and budget standards.

DLA has no planned capital investments for Network Hardware equipment in FY 2025-2027.

Supply Chain Management Activity Group
Activity Capital Purchase Justification
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	C. Line No and Item Description				D. Activity Identification				
Defense Logistics Agency Supply Chain Management May 2025	SWD 200-01 Software Development $1.0 and Over				DLA Material Supply Chain				
	FY 2025			FY 2026			FY 2027		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Enterprise Business System (EBS)	1	$5,586.000	$5,586.000	1	$4,000.000	$4,000.000	1	$4,000.000	$4,000.000

Narrative Justification

The EBS program continues to be modernized and refined to maximize benefits, improve processes and analysis, implement process area business reengineering opportunities and offer greater agility in monitoring and tracking operational and fiscal performance. Since EBS provides the Agency with the tools to respond to new challenges and trends in supporting the warfighter, the continuous refinement through process and technical improvements is critical to the Agency's supply chain management capability.
In FY 2024, the EBS investment supported Government-wide Invoicing (G-Invoicing) design, development, test, and deployment of Procure to Pay (P2P) and Order to Cash (O2C) for accretions, reconciliations, and reporting to achieve compliance with Treasury mandates. It supports DLA's effort to standardize current customizations of intra-government payment and collection (IPAC), revenue/expense postings, and accruals in EBS. EBS performed 3 Order to Cash (O2C) material and services software releases accounting for $6B in transactions annually. The benefits of the G-Invoicing standardization effort include streamlined business processes, better performance, lower costs, improved auditability, visibility, traceability, enhanced cybersecurity posture, improved customer experience, and enablement of rapid delivery of new capabilities. The return on investment (ROI) allows DLA to process more than $15B in annual IPAC transactions and correct/prevent audit findings for both DLA and trading partners by addressing process and system deficiencies. The funds for FY24 and out are from EDW requirement that did not meet the capital criteria based on current developments.
In FY 2025 there were multiple deployments that included 7600B O2C for Materials and Services completing functionality as originally required. Deployments also included 7600B P2P for the standard process and the Organic Manufacturing process. The 7600B P2P deliveries will account for approximately 99% of the P2P business for transactions that end in IPAC.
In FY 2026-2027 major deployments will include 7600B P2P Seller Facilitated Orders and 7600EZ functionality for O2C and P2P. Additional critical enhancements are required for the 7600B process. The initial requirement from Treasury was transactions ending in IPAC were required to go through G-Invoicing. Treasury is now requiring transactions ending in Interfund to be deployed in G-Invoicing. Cutoff date is currently unknown; however, early indication is it would need to be deployed in FY 2027 for use by FY 2028. Interfund will account for approximately $26 billion in annual transactions.

Activity Group Capital Investment Justification	A. Budget Submission
($ in Thousands)	Fiscal Year 2027 Budget Estimates

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B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Logistics Agency Supply Chain Management May 2025	SWD 200-02 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-02 Defense Medical Logistics Standard System (DMLSS)	1	$2,617.000	$2,617.000	1	$2,705.000	$2,705.000	1	$2,786.000	$2,786.000

Narrative Justification

The Defense Medical Logistics Standard Support-Wholesale (DMLSS-W) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. The program directly funds the business process reengineering and subsequent IT capability at DLA Troop Support with benefits and savings cascading throughout the entire DoW medical logistics supply chain. The investment supports capability executed in DMLSS-W applications to support Defense Medical Logistics Enterprise System (DML-ES) Authoritative Source Initiative and associated business processes.
In FY 2026-2027, to support improved management visibility of medical data and product sourcing opportunities, DMLSS-W will implement a new multi-initiative search feature in ECAT that will allow customers to place orders utilizing the Medical Master Catalog (MMC) as the virtual catalog. The implementation of new ordering capabilities will support PPV-G PVWO in ECAT. Additional development will include adding Medical/Surgical PV Support DAPA processes to MediPrice and New Pricing Management functionality will be built out within BI Reporting, providing reports in the three main areas of Order Transactions, Real-Time Price Verification (RTPV), and Price Adjudication. The design and implementation of product, sourcing, and pricing capabilities will consolidate and optimize management of multiple sources of back-end product and pricing, as well as associated contracts and pricing agreements. This capability will also enhance the opportunities for DMLSS to enforce enterprise-centric business rules for product data management and will improve product and pricing alignment across all Medical data.

DMLSS-W Investments support services that enable the $8.5 billion per year Medical Prime Vendor Program, with an annual realization of $217 million in cost avoidance (90:1 ROI) for customers in the Medical Supply Chain.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**

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Defense Logistics Agency Supply Chain Management May 2025	SWD 200-03 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-03 DoW EMALL/FedMALL	1	$11,853.000	$11,853.000	1	$7,728.000	$7,728.000	1	$6,773.000	$6,773.000

Narrative Justification

DOW EMALL/FedMall is a web-based government procurement application designed to allow users to search or browse for commercial and government off-the-shelf products and services through a single interface and purchase those products or services online. This investment includes the Subsistence Total Order and Receipt Electronic System (STORES) modernization to fulfill Section 332 of the Fiscal Year 1999 DoW Authorization Act, Public Law 105-261, Title III, Subtitle D, October 17, 1998, which called for a single point of access for DoW ordering on the internet as part of its overall Electronic Commerce (e-commerce) implementation.
FedMall's mission is to provide world class, enterprise wide, customer centric e-Commerce purchasing capability that supports and equips ALL government agencies in meeting their mission. This investment directly supports this goal by providing additional capabilities in FedMall to increase key functionality system performance, flexibility, and scalability. In addition, development of capabilities to support new stakeholder business processes, address Cybersecurity findings, improve data quality, and enhance existing data ingest workflow and architecture are critical. Essential development efforts include an Order Management System (OMS) and a business intelligence (BI) tool. The OMS provides enhanced order tracking, reverse auction, request for quote, order management, vendor/inventory hosting, catalog management and other features common in commercial purchasing platforms. A BI tool significantly increases data analysis and reporting capabilities and improves data integrity. In FY23, the new FedMall Commerce initial implementation was completed providing a new platform to manage vendor and DLA catalog items. In FY24 additional capabilities were completed, these included enhanced search, product display, shopper cart and checkout capabilities as well as the rebuild of Custom Utilities providing bulk ordering capabilities to the military services. In FY25/26 FedMall will deliver enhanced capabilities to support the following key capabilities: Commerce mass communication tools (email/online notifications); Corridor Control Module; Supportability Availability/Stock Out Report (SASOR); Weapon System Support Program (WSSP); DLA Order tracking; and Manual Receipt Acknowledgement (MRA). These efforts support DLA's Digital Business Critical Capabilities of Enhanced IT Capabilities/Improved Cybersecurity and Advanced Analytics and Automation/Improved Technology Governance.

STORES is a web-based, license-free/government-owned procurement application designed to allow the Military Services to purchase Class I supply, Invoice and Reconcile Receipts for food orders, and for vendors to load food catalogs with Local Stock Numbers (LSNs) for search or browse, based on geographical location. STORES is a financial feeder system into DLA's Enterprise Business System (EBS) and is subject to yearly audit. The STORES application accounts for $2.4B in transactions, annually.
In this modernization, STORES will implement capability related to Federal/DoW compliance and audit of financial transactions. In addition, the STORES modernization will add joint supply chain visibility functionality, including demand planning and demand management, as requested by the Military Services. This project will rationalize STORES onto FedMall, which is the enterprise e-commerce solution. These technological enhancements of the e-commerce platform will significantly increase functionality and system performance and will be wholly owned by the Government. This rationalization meets the OSD mandate, delivers supply chain visibility, interfaces with STORES and the Military Services and vendors, provides new functionality for audit readiness, and will save the government in annual sustainment costs for two separate applications. Upon completion, the STORES Modernization will save DLA $6M in sustainment costs for STORES.

Activity Group Capital Investment Justification	**A. Budget Submission**
($ in Thousands)	Fiscal Year 2027 Budget Estimates

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(Dollars in Thousands)

B. Component/Business Area/Date	C. Line No and Item Description			D. Activity Identification					
Defense Logistics Agency Supply Chain Management May 2025	SWD 200-04 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-04 Functional Executive Agent Medical Support (FEAMS)	1	$2,514.000	$2,514.000	1	$2,680.000	$2,680.000	0	$2,733.000	$0.000

Narrative Justification

The FEAMS program is chartered to support DLA's mission as the Executive Agent for Medical Materiel and work with the Services to support the Defense Medical Logistics (DML) Enterprise by developing materiel solutions that enable enterprise transformation and optimize supply chain operations. In accordance with the FEAMS Increment IV Capability Requirements Document (CRD), the Defense Medical Logistics (DML) Readiness community will be able to reduce Medical Contingency File (MCF) shortfall by 2 percent. The FEAMS program estimates an $18,953,795 maximum potential saving in 2025, when the FEAMS MCRW Increment IV capability will be fully deployed for use by the Service functional customer community. This is a 9.28:1 ROI from the date of deployment with 10 years of operation.

In FY 2026, Task Time Treater File (TTTF) Lifecycle Management (LCM) will be enabled for Theater Medical Logistics Support (TMLS) 18. TTT data will be systematically managed to ensure that the medical materiel references leverage the output of the current standardized readiness logistics business processes. In addition, TTT data will be updated with the current clinical standards of care and International Classification of Diseases (ICD) patient conditions required by the Services' missions described in their Patient Condition Occurrence Frequency (PCOF) files.

In FY 2027, Veteran's Affair (VA) Medical Materiel Forecasting will provide the Department of Veterans Affairs the ability to forecast requirements for role of care 3 facilities. During a contingency, the VA will be able to provide care for soldiers and their families through the ability to forecast medical materiels based on patient conditions. Additionally, in FY 2026, a Standardization CENTCOM Formulary capability will be developed to provide Theater - CENTCOM formulary administrators the ability to view, edit, adjust, & delete the list of authorized pharm items on a daily basis. Users will be able to collaborate with peers for adjudication and approval and have an audit trail or pedigree on the baseline and the line items of the JDF. This capability will ensure that the CENTCOM formulary is centrally available to all customers, commercially available, and standardized.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**

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(Dollars in Thousands)

Defense Logistics Agency Supply Chain Management May 2025	SWD 200-05 Software Development $1.0 and Over			DLA Material Supply Chain					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-05 Logistics Cataloging and Data Solutions (LCDS)	1	$4,377.000	$4,377.000	1	$1,505.000	$1,505.000	1	$1,262.000	$1,262.000

Narrative Justification

Joint Additive Manufacturing Model Exchange (JAMMEX) is a pool of 3D models from diverse sources that can be leveraged by the full DoW community. The data can be quickly accessed in real time to fulfill the immediate needs of the Warfighter, thus reducing procurement lead time and reducing costs by filling the gap posed by obsolete or hard to procure parts. In FY 2025, the team deployed Cold Spray Module enhancements, performed software upgrades, and completed tasks to posture JAMMEX to work with allied partners. For FY 2026-2027, the team will develop system-to-system connections with data repositories for Marine Corps, Navy, and Air Force. Modernization efforts for JAMMEX will be also completed to enhance the user interface and support audit needs.

Technical Data Management Transformation (TDMT) will provide an end-to-end capability that manages all types of technical data with the objective to provide the most recent technical data in real time. The technology will ensure protection and security of technical data at all stages of use, particularly during on-demand manufacturing where the integrity of data exchange is critical. The conclusion of FY 2025 will include the configuration and testing of TDMT Phase 1 in working with system partners. FY 2026 will mark the deployment of Phase 1 and Phase 2, which will focus on establishing the engineering support request process with Military Services as well as expansion of application programming interfaces (APIs) with external customers. In FY 2027 Phase 3 will deploy which will entail continuing with establishing APIs with the Military Services, along with remote inspection and metrics.

Laboratory Information Management System (LIMS) will be used by DLA Product Testing Centers to transition away from separated Microsoft Access Databases, local databases, and other various systems. The transition will provide DLA with the ability to integrate and enhance capabilities in sample management, testing, equipment management and data integrity. Initial system configuration targeted for completion in FY 2025, and initial deployment of LIMS at DLA Land & Maritime's Electronics and Mechanical labs and Troop Support's Analytical labs in FY 2026.

Hazard Material Management System (HMMS): To reduce operational IT infrastructure costs and lower program life-cycle costs while improving policies, process, and compliance, HMMS is transforming to provide mission critical capabilities and enablers to DoW. This investment re-engineered the Distribution Standard System (DSS) by partnering with WMS Modernization to meet Environmental Protection Agency (EPA) and Occupational Safety and Health Administration (OSHA) regulations for Emergency Planning and Community Right-to-Know Act (EPCRA), which provides State, local officials, and the public with specific information on potential hazards and arms the Emergency Planning and Responding Teams with instructions on how to proceed in the event of a chemical release, spill or fire reducing the loss of life and limb. The information includes the locations and amount of hazardous chemicals present at a facility during the previous calendar year (security and sourcing). OSHA allows flexibility for manufacturers to place ranges on their product ingredients rather than exact quantities as a percentage of the product. The modification now allows our systems to be able to capture the inventory daily and merge this data containing the percentage of hazardous products and mixtures for EPCRA Tier II reporting. In FY 2025, this investment automated mandatory Federal, International and Military occupational, safety, health, storage, and transportation population of data in WMS, as well as modernized the reporting capabilities from the WMS and DLA Distribution Sites to EPA. No additional capital funds are expected for HMMS in FY 2026 and out.

Activity Group Capital Investment Justification	**A. Budget Submission**	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**

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Defense Logistics Agency Supply Chain Management May 2025	SWD 200-06 Software Development $1.0 and Over			DLA Distribution					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-06 Distribution Standard System (DSS)	1	$27,028.000	$27,028.000	1	$10,450.000	$10,450.000	1	$5,000.000	$5,000.000

Narrative Justification

The Legacy Distribution Standard System (DSS) Program supports distribution processing of material using DLA's Warehouse Management System (WMS) as part of the Distribution Network Transformation (DNT) (formally Distribution Modernization Program (DMP)). The DNT also includes modernizing DLA's Legacy GOTS Warehouse Control System (WCS) for distribution processing of material is the Equipment Control System (ECS). This requirement is to modernize DSS to better align DLA warehouse and distribution processes with industry standards and simplify storage and distribution requirements to meet today's audit compliance mandates. This includes looking to leverage brand name SAP support services to assist with platform configuration development on the Government's existing SAP software for various modules/apps within DSS. This includes better alignment to DLA warehouses and distribution processes with industry standards and simplify storage and distribution requirements.

The DNT's primary objective is to enable processing effectiveness by creating flexible, scalable, sustainable, and adaptable information technology, warehouse automation and/or robotics capabilities that will supplement and enhance current processes and provide an acceptable Return on Investments. State-of-the-art IT, warehouse automation and robotics will greatly increase throughput volumes, storage capacities, and decrease FTE requirements for repetitive tasking. The goal is to purchase as COTS material handling sub-systems, orchestrated by a robust Warehouse Execution System (WES) and integrate everything with the new WMS platform, test and validate for functionality, and then roll out to warehouses as requirements and funding are developed.

This DNT investment is critical to DLA distribution's ability to deliver an unmodified audit opinion no later than 2026. Also, upon fill implementation it will achieve distribution's goal of 350 FTE reduction reform commitment. To date, DLA Distribution has accepted a 474-FTE reduction commitment in support of current and future DNT efforts. The value of this manpower reduction savings across this FYDP is $201 million.

Activity Group Capital Investment Justification	**A. Budget Submission**		
($ in Thousands)	Fiscal Year 2027 Budget Estimates		
B. Component/Business Area/Date	**C. Line No and Item Description**	**D. Activity Identification**	
Defense Logistics Agency Supply Chain Management May 2025	SWD 300-01 Software Development	DLA Material Supply Chain	
	FY 2025	**FY 2026**	**FY 2027**

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(Dollars in Thousands)

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-01 Enterprise Software - Enterprise Data Solutions	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

The Enterprise Software requirement includes the DLA Enterprise Data Solution (DAAS) program, which provides transaction processing services through Automated Information Systems (AISs), known collectivity as the Defense Automated Addressing System (DAAS). DAAS provides the capabilities needed for data exchange between the DLA Enterprise Data Solutions profile environments and a diverse external customer base. This allows DLA to provide requested logistics data for DoW, other Federal Agencies, the North Atlantic Treaty Organization (NATO), and foreign military sales (FMS) countries as well as data to support DoW requisition tracking. Enterprise Software includes capitalized Commercial Off-The-Shelf (COTS) application and perpetual licenses.

Since FY 2024, EDS no longer requires capital; therefore, funding in those years will shift to the Enterprise Business System in support of the G-Invoicing effort under that program.

Activity Group Capital Investment Justification	A. Budget Submission	
($ in Thousands)	Fiscal Year 2027 Budget Estimates	
B. Component/Business Area/Date	C. Line No and Item Description	D. Activity Identification
Defense Logistics Agency Supply Chain Management May 2025	REP 2 00-01 Minor Construction	DLA Material Supply Chain

	FY 2025			FY 2026			FY 2027		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP 200-01 Minor Construction - Material Supply Chain	1	$8,200.000	$8,200.000	1	$13,952.000	$13,952.000	1	$13,443.000	$13,443.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, for the acquisition of new construction, addition, expansion, extension, replacement, or installation of permanent facilities in which the project cost does not exceed 10 U.S.C. §2805 limits to enhance mission operation and increase the level of protection of the workforce. These projects include:

1. Acquisition of new footprint, expansion, extension, replacement of facilities.
2. Upgrades to utility systems to comply with environmental and fire protection standards.
3. Additional paving for road networks and personnel parking to comply with the new Anti-Terrorism/Force Protection standoff distances.
4. Incidental improvements associated with facilities repair projects.
5. Security enhancements.
6. Americans with Disabilities Act enhancements (Site wide).
7. Vehicle washing station.
8. Water storage for irrigation.

All projects meet requirements to allow maintenance of DLA mission in safe, modern, compliant, secure and efficient facilities.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Defense Logistics Agency Supply Chain Management May 2025	REP 200-02 Minor Construction			DLA Distribution					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP 200-02 Minor Construction - Distribution	1	$27,700.000	$27,700.000	1	$20,118.000	$20,118.000	1	$19,420.000	$19,420.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:

1. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards.
2. Adding new and improving areas for open storage, road networks and operational areas.
3. Altering and expanding facilities to accommodate mission changes, consolidation, and stock repositioning.
4. Improvements to utilities to enhance reliability and resiliency.
5. Incidental improvements associated with facilities repair projects and capital equipment projects.

These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Distribution.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Logistics Agency Supply Chain Management May 2025	REP 200-03 Minor Construction				DLA Disposition				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP 200-03 Minor Construction - Disposition	1	$7,117.000	$7,117.000	1	$7,265.000	$7,265.000	1	$7,131.000	$7,131.000

Narrative Justification

The minor construction investments represent projects cost based on the current capitalized thresholds, construct new, replace existing, or modify current facilities to enhance mission operation and increase the level of protection of the workforce. These projects include:

1. Adding paving or concrete extensions to existing storage, road networks and operational areas
2. Paving existing unpaved and un-graveled lots to be used for storage and scrap
3. Upgrading utilities systems to accommodate mission changes, consolidation, and relocation
4. Adding extensions to existing buildings which increases total footprint area of the building
5. Replace entire facility that cannot be repaired economically is past its usage life expectancy
6. Add new facilities to store equipment and material

These investments will result in the recapitalization of the facilities necessary for the cost-effective performance of the DLA Disposition Services mission.

Activity Group Capital Investment Justification	**A. Budget Submission**

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($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**					**D. Activity Identification**			
Defense Logistics Agency Supply Chain Management May 2025	MAT 200-02 Non-ADP Equipment					DLA Material Supply Chain			
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
MAT 200-02 Material Handling	3	$747.000	$2,241.000	3	$333.333	$1,000.000	2	$500.000	$1,000.000

Narrative Justification

The investments are in material handling equipment, mobile material handling equipment, miscellaneous warehouse equipment, or systems within DLA Inventory Control Points facilities. Replacement equipment is needed for items that have reached or exceeded the useful life established for this category. Based on guidance from various DoW governing polices, the Defense Logistics Agency (DLA) completed a pre-investment analysis and/or cost analysis for these requirements and established replacement and life expectancy standards for all categories of investment equipment. The life expectancy standards are based on the given condition, usage hours, and/or repair costs to the equipment. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoW acquisition and replacement criteria relative to unusual categories of equipment.

Equipment supports new/expanding missions or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission-oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment. All productivity-related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

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Supply Chain Management Activity Group
Capital Budget Execution
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(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2025					
	Equipment except ADPE and Telecommunications	45.257	36.465	-8.792	Reprogram some funds to MC Budget line, Also 2 projects in the amount of $6.4M were approved for carryover
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	54.498	53.975	-0.523	
	Minor Construction	41.629	43.017	1.388	Reprogram funds from excess Non-ADPE budget
	Total FY 2025	**141.384**	**133.457**	**-7.927**	
FY 2026					
	Equipment except ADPE and Telecommunications	41.217	41.217	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	27.644	29.068	1.424	Funding from Minor construction budget for a SWD requirement
	Minor Construction	42.759	41.335	-1.424	Adjust funding for SWD requirement
	Total FY 2026	**111.620**	**111.620**	**0.000**	
FY 2027					
	Equipment except ADPE and Telecommunications	0.000	55.355	55.355	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	22.554	22.554	
	Minor Construction	0.000	39.994	39.994	
	Total FY 2027	**0.000**	**117.903**	**117.903**	

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Defense Logistics Agency

Energy Management Activity Group



CAPITAL BUDGET

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Energy Management Activity Group
Activity Capital Investment Summary
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(Dollars in Millions)

			FY 2025		FY 2026		FY 2027	
	Line Item	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1.		**Non-ADPE Equipment**	**1**	**$2.0**	**4**	**$25.1**	**5**	**$25.2**
	1b. REP 200-02	Inventory Accuracy	0	$0.0	0	$0.0	0	$0.0
	1a. NEW 200-01	Fuel Terminal Automation	1	$2.0	4	$25.1	5	$25.2
2.		**ADPE & Telecom Equip**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
3.		**Software Development**	**0**	**$0.0**	**0**	**$1.0**	**0**	**$0.0**
	3a. SWD 200-01	Fuel Depot System (FDS) Software		$0.0		$1.0	0	$0.0
4.		**Minor Construction Capabilities**	**0**	**$64.0**	**0**	**$55.3**	**0**	**$58.0**
	4a. REP/ENV200	Replacement	0	$64.0	0	$55.3	0	$58.0
		TOTAL OBLIGATIONS	**1**	**$66.0**	**4**	**$81.4**	**5**	**$83.2**
		Total Capital Outlays	**0**	**$42.7**	**0**	**$71.5**	**0**	**$75.5**
		Total Depreciation Expense	**0**	**$2.5**	**0**	**$35.0**	**0**	**$25.3**

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Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Energy Management Activity Group August 2025	NEW 200 Non-ADP Equipment – New Mission				DLA Energy				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
NEW 200-01 Fuel Terminal Automation – New Mission	1	$2,041.000	$2,041.000	4	$6,275.000	$25,100.000	5	$5,040.000	$25,200.000
Narrative Justification									
The Automated Fuel Handling Equipment (AFHE) allows large bulk fuel locations to monitor and control fuel operations from a central location on site, via installed computer application that establishes dedicated network communications. Fuel terminal automation projects include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. The Supervisory Control and Data Acquisition (SCADA) systems are an integral component of the AFHE system and are installed at the Operations Control Center (OCC) located on the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring, and data exchange. All operations of the terminal, including receiving and issuing fuel, are being controlled from the OCC. Also included is the communication infrastructure that allows the transfer of alarm, inventory data, and control signals from the field equipment to the OCC. The primary cost benefit of these automation projects is the prevention of oil spills, avoiding costly cleanup expenses and minimizing environmental risks.									

Activity Group Capital Investment Justification	A. Budget Submission								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Energy Management Activity Group August 2025	Minor Construction Capability - Replacement/Environmental				DLA Energy				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP & ENV 200 Minor Construction Replacement/Environmental	1	$63,976.000	$63,976.000	1	$55,300.000	$55,300.000	1	$58,000.000	$58,000.000
Narrative Justification									
Minor construction capital investments are necessary for aging petroleum infrastructure projects. The project cost is based on the current capitalized thresholds. Other contributing factors include inflation in construction material, labor, and transportation costs, dollar devaluation against foreign currencies (mainly for OCONUS projects), and older facilities exceeding the 70% plant replacement value to repair.									

Projects fall within the following categories: the construction of new facilities, replacement of existing ones, of the modification of current facilities to enhance mission operations and increase the level of protection of the workforce and mission stock.

Project examples include:

1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.
2. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards.
3. Incidental improvements associated with facilities repair projects.

The primary benefits of these projects are to ensure safe, compliant, and efficient facility operations.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**			**D. Activity Identification**					
Energy Management Activity Group August 2025	SWD 200-01 Software Development $1.0 and Over			DLA Energy					
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
SWD 200-01 Fuel Depot System (FDS) -Asset Visibility (FDS-AV) and Inventory Monitoring (FDS-IM)	1	$0.000	$0.000	1	$1,000.000	$1,000.000	0	$0.000	$0.000

Narrative Justification

The Fuel Depot System (FDS) program comprises two critical systems: Asset Visibility (AV) and Inventory Monitoring (IM).

Asset Visibility (AV): The AV system builds on the robust functionalities of the FuelsManager Defense (FMD) system, a cornerstone of DLA Energy's fuel management process since the late 1990s. Initially deployed under the "Fuels Automated System" (FAS) acquisition program, it was later rebranded as Business Systems Modernization - Energy (BSM-E) to reflect its expanded role in managing DLA's extensive fuel operations. With FMD nearing the end of its 25-year lifespan, it will be replaced by the FDS-AV program.

The FDS-AV initiative aims to leverage state-of-the-art technology to enhance the visibility and management of fuel depot assets across the DLA. The program will implement advanced commercial support services to configure and develop the platform, ensuring alignment with DLA's fuel depot operations and industry standards. This effort will simplify asset tracking, receiving, storage, and distribution, providing a streamlined approach to fuel management. The primary objective of FDS-AV is to enhance processing effectiveness by creating a flexible, sustainable, and adaptable IT infrastructure. This new platform will improve legacy capabilities, increase the timeliness and accuracy of fuel transactions, and reduce Full-Time Equivalent (FTE) requirements for repetitive tasks. The goal is to procure Commercial Off-The-Shelf (COTS) solutions, orchestrated by a robust and integrated system. This integration will be tested and validated before being rolled out to over 650+ Defense Fuel Support Points (DFSPs) as requirements and funding are developed.

Inventory Monitoring (IM): The IM system represents a significant modernization effort by the Defense Logistics Agency (DLA) to upgrade and replace the outdated Automated Tank Gauging (ATG) interface software technology previously part of the FMD platform. The FDS-IM initiative focuses on improving inventory management processes within DLA's DFSP operations. By leveraging advanced technology, the program aims to enhance inventory accuracy, reduce discrepancies, and improve overall control. The integration of cutting-edge IT solutions will support near real-time tracking of DLA's global inventory and automated reconciliation processes, ensuring an efficient and reliable inventory management system.

Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Energy Management Activity Group August 2025	NEW 200 Non-ADP Equipment-New Mission/Replacement				DLA Energy				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
NEW & REP 200-02 Inventory Accuracy New Mission and Replacement	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000

Narrative Justification

DLA is the DoW Executive Agent for more than 400 fuel terminals worldwide. There are various types of fuel tanks at these terminals, each with Automated Tank Gauges (ATG). ATG systems measure and monitor fuel levels and are permanently installed in storage tanks. The devices efficiently provide information regarding the amount of product, temperature, and water in fuel tanks. These gauges have connectivity to the Enterprise Business System (EBS) Energy system, FuelsManager Defense (FMD), which will capture all the data for recordkeeping purposes. The various Service Stations in DoW facilities have equipment to capture the quantity of fuel stored and have connectivity FMD. The budgeted amount includes design and review costs in conjunction with implementation. The primary cost benefit of this investment is accurate inventory records and procedures in fuel loss control.

Projects under this budget line are not meeting the capital criteria, will delete this line in the next budget cycle.

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Energy Management Activity Group
Capital Budget Execution
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
	FY 2025				
	Equipment except ADPE and Telecommunications	16.500	2.041	-14.459	Non-ADPE projects were not required for this FY, Funds were reprogrammed to support essential MC projects
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	1.000	0.000	-1.000	SWD did not meet the capital criteria. Reprogrammed funds to MC capital budget
	Minor Construction	49.300	63.976	14.676	Funds from Non-ADPE and SWD
	Total FY 2025	**66.800**	**66.017**	**-0.783**	
	FY 2026				
	Equipment except ADPE and Telecommunications	25.100	25.100	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	1.000	1.000	0.000	
	Minor Construction	55.300	55.300	0.000	
	Total FY 2026	**81.400**	**81.400**	**0.000**	
	FY 2027				
	Equipment except ADPE and Telecommunications	0.000	25.200	25.200	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	58.000	58.000	
	Total FY 2027	**0.000**	**83.200**	**83.200**	

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Defense Logistics Agency

Document Services Activity Group



CAPITAL BUDGET
Fiscal Year (FY) 2027 Budget Estimates

April 2026

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Document Services Activity Group
Activity Capital Investment Summary
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Millions)

Line Item	Item Description	FY 2025 Quantity	FY 2025 Total Cost	FY 2026 Quantity	FY 2026 Total Cost	FY 2027 Quantity	FY 2027 Total Cost
1.	**Non-ADPE Equipment**	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
1a. REP 100	Digitization Duplication Equipment	0	$0.0	0	$0.0	0	$0.0
2.	**ADPE & Telecom Equip**	**0**		**0**		**0**	**$0.0**
3.	**Software Development**	**0**		**0**		**0**	**$0.0**
4.	**Minor Construction Capabilities**	**0**		**0**		**0**	**$0.0**
	TOTAL OBLIGATIONS	**0**	**$0.0**	**0**	**$0.0**	**0**	**$0.0**
	Total Capital Outlays	**0**	**$3.0**	**0**	**$0.0**	**0**	**$0.0**
	Total Depreciation Expense	**0**	**$0.1**	**0**	**$0.9**	**0**	**$0.9**

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Activity Group Capital Investment Justification	**A. Budget Submission**								
($ in Thousands)	Fiscal Year 2027 Budget Estimates								
B. Component/Business Area/Date	**C. Line No and Item Description**				**D. Activity Identification**				
Defense Logistics Agency Document Services	REP 100 Replacement Non-ADP Equipment				DLA Document Services				
	FY 2025			**FY 2026**			**FY 2027**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
REP 100 Digitization Duplication Equipment	0	$0.000	$0.000	0	$0.000	$0.000	0	$0.000	$0.000
Narrative Justification									
DLA has no planned capital investments for digitization duplication equipment in FY 2026-2027.									

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Document Services Activity Group
Capital Budget Execution
Fiscal Year (FY) 2027 Budget Estimates
April 2026

(Dollars in Thousands)

Fiscal Year	Major Category	Initial Request	Current Proj. Cost	Approved Change	Explanation
FY 2025					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2025	**0.000**	**0.000**	**0.000**	
FY 2026					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2026	**0.000**	**0.000**	**0.000**	
FY 2027					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	
	Total FY 2027	**0.000**	**0.000**	**0.000**	