

***UNITED STATES  
AIR FORCE  
WORKING CAPITAL FUND  
(Appropriation: 4930)***



**U.S. AIR FORCE**

***Fiscal Year (FY) 2018  
Budget Estimates  
May 2017***

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**AIR FORCE WORKING CAPITAL FUND  
FISCAL YEAR (FY) 2018  
BUDGET ESTIMATES  
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***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**

***SUMMARY***

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## **Air Force Working Capital Fund Fiscal Year (FY) 2018 Budget Estimates**

The FY 2018 Air Force Working Capital Funds (AFWCF) President's Budget reflects current execution plans and Air Force initiatives to improve the efficiency and effectiveness of our activities while continuing to meet the needs of the war fighting forces. Successful WCF operations are essential to the Air Force mission. In order to continue as a world class operation, logistics and business processes are continuously improved to ensure war fighters receive the right item at the right place, right time and lowest cost.

### **Activity Group Overview**

The AFWCF conducts business in two primary areas: the Consolidated Sustainment Activity Group (CSAG) and the Supply Management Activity Group-Retail (SMAG-R). The Transportation Working Capital Fund (TWCF), for which the Air Force assumed responsibility of cash oversight in FY 1998, is part of this submission. United States Transportation Command (USTRANSCOM), rather than the Air Force, has management responsibility for TWCF day-to-day operations.

### **Air Force Core Strategic Capabilities**

In support of Air Force core functions, the AFWCF activities provide maintenance services, weapon system parts, base and medical supplies, and transportation services. The working capital funds are integral to readiness and sustainability of our air and space assets and our ability to deploy forces around the globe and across any theater in support of Overseas Contingency Operations and National Military Strategy requirements. Maintenance depots provide the equipment, skills and repair services necessary to keep forces operating worldwide. Supply management activities procure and manage inventories of consumable and reparable spare parts required to keep all elements of the force structure mission ready. USTRANSCOM is the single DOD manager for the Defense Transportation System (DTS) in peace and war. Directly or indirectly, working capital fund activities provide warfighters the key services needed to meet mission capability requirements.

## **Consolidated Sustainment Activity Group**

The mission of the Consolidated Sustainment Activity Group (CSAG) is supply management of reparable and consumable items, as well as maintenance services. The activity operates with two divisions: Supply and Maintenance.

The CSAG Supply Division is responsible primarily for Air Force-managed, depot-level reparable spares and consumable spares unique to Air Force. The Supply Division provides a wide range of logistics support services including requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management, and transportation. The CSAG Supply Division is committed to implementing improvements that meet customer demands and decrease cost by examining new ways of doing business and leveraging new technologies to support war fighter needs.

The CSAG Maintenance Division repairs weapon systems and spare parts to ensure readiness in peacetime and to provide sustainment for current Overseas Contingency Operations (OCO). The Air Force enhances readiness by efficiently and economically repairing, overhauling and modifying aircraft, engines, missiles, components, and software to meet customer demands. The Maintenance Division's depots have unique skills and equipment required to support and overhaul both new, complex components as well as aging weapon systems. In support of Contingency Operations, the depots can surge repairs and realign capacity to support the war fighter's immediate needs.

## **Supply Management Activity Group–Retail**

The Supply Management Activity Group-Retail (SMAG-R) manages over 2.0 million inventory items including weapon system spare parts, medical-dental supplies and equipment, and other supply items used in non-weapon system applications. The Air Force SMAG-R is a critical component in the support of combat readiness by procuring materiel and selling spares to authorized retail customers. The activity operates with three divisions: General Support, Medical Dental, and Academy. The Medical Dental Division inventory includes a War Reserve Materiel (WRM) Stockpile. WRM provides initial war fighting capability until re-supply lines can sustain wartime demands for medical and dental supplies and equipment.

The SMAG-R provides a wide range of logistics support services including requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management, and transportation. Inventories are an integral part of SMAG-R and are maintained by each of the divisions in support of customer requirements. The SMAG-R objective is to replenish inventories and provide supplies to customers in a timely manner within customer funding constraints, while maintaining fund solvency.

### **Transportation Working Capital Funds**

USTRANSCOM's mission is to provide air, land, and sea transportation for the Department of Defense (DOD) in time of peace and war, with a primary focus on wartime readiness. The \$7 billion TWCF budget provides synchronized transportation and sustainment, making it possible to project and maintain national power where needed, with the greatest speed and agility, the highest efficiency, and the most reliable level of trust and accuracy. The USTRANSCOM accomplishes its joint mission through four Component Commands: Air Mobility Command (AMC), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (SDDC) and the Joint Enabling Capabilities Command (JECC). This joint team of transportation components provides mobility forces and assets for a seamless transition from peace to war. USTRANSCOM is always ready to meet the strategic mobility needs of our nation. A brief description of the role of each component follows:

- Air Mobility Command (AMC) provides airlift, air refueling, special air mission, and aeromedical evacuation for U.S. forces. AMC also supplies forces to theater commands to support wartime tasking. They are the single manager for air mobility
- Military Sealift Command supports our nation by delivering supplies and conducting specialized missions across the world's oceans
- Surface Deployment and Distribution Command provides global surface deployment and distribution services to meet the nation's objectives
- Joint Enabling Capabilities Command meets joint task for commanders' requirements for a rapidly deployable, tailored team of experts in plans, operations, knowledge management, intelligence support, logistics, public affairs, and communications. The Joint Enabling Capabilities Command is not part of the Working Capital Fund.

USTRANSCOM components provide the critical link to the Services' core competencies in organizing, training, and equipping forces. They provide lines of communication to the Services, ensuring assets are available when needed for the transition from peace to war. The surge from peacetime sustainment to a massive deployment of people and material in support of OCO is the most recent example of USTRANSCOM's ability to execute its mission. Their successes result from the synergy of military and commercial lift (air, land, and sea), air refueling, port operations, and afloat prepositioning-all requiring the team efforts of the Commander's Staff and their components.

### **Air Force Initiatives**

The Air Force Sustainment Center (AFSC), headquartered at Tinker AFB OK, consists of three Depots, two Supply Chain Wings, and three Air Base Wings. The AFSC manages, plans, and executes sustainment-related activities, supply chain functions, and depot maintenance activities across the Air Force. The AFSC partners with the Air Force Life Cycle Management Center in weapon system support planning for weapon systems across the life cycle -- to include early in the acquisition cycle.

#### ➤ *The AFSC Way*

The AFSC continues its efforts to transform operations from effective to cost-effective. The Sustainment Center has leveraged best practices from industry, while keeping focused on warfighter support to create "The AFSC Way." The AFSC Way is based on a leadership model that emphasizes speed (productivity), safety, quality, and cost effectiveness in every process and every work center across the enterprise to achieve "art of the possible" results despite declining budgets and fiscal uncertainty. The AFSC Way uses scientific methods based on the theory of constraints, critical path, and lean principles to drive continual process improvement to increase speed (productivity), eliminate waste, and remove constraints in critical processes.

➤ *Enterprise Logistics Strategy*

The Enterprise Logistics Strategy (ELS) represents the collective thinking and commitment of a coalition of senior logistics leaders across the Air Force. This coalition recognized the need and opportunity to establish shared ownership of the Logistics enterprise to accelerate the pace of change and drive key initiatives to generate cost-effective readiness. The ELS outlines the mission, vision, and strategic priorities for navigating the way ahead.

- Mission: USAF logistics fields, generates, and sustains power in air, space, and cyberspace
- Vision: Leading ready, affordable logistics in a Joint world

ELS accomplishments for FY 2016 related to AFWCF include:

- Published AFMAN 20-118, Repair Network Integration Operations; first-ever publication of RNI operational processes
- Achieved Initial Operational Capability (IOC) for the Hydraulics Product Repair Group (PRG) and established five CONUS Centralized Repair Facilities (CRFs)
- Began initial development, collection, and analysis of network performance metrics to assess weapon system support and identify negative performance trends within the Hydraulics network
- Finalized the Depot Level Repairable (DLR) Variance Dashboard capability in conjunction with MAJCOM feedback
  - Allows users to filter, select and compare logistics information across bases and view consumption trend information
  - Provides the capability to view the price of parts and consumption change information
- Created and delivered the requirements document to integrate the dashboard into the Logistics, Installations, and Mission Support - Enterprise View (LIMS-EV) on the Air Force Portal
- Continued to develop the Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) system that will enable full integration of supply chain planning processes across the Air Force Materiel Command

- Finalized Request for Proposal package and commenced Source Selection, with a goal of Initial Operational Capability in FY 2017

ELS goals for FY 2017 related to AFWCF include:

- Stand up the Avionics and Electrical/Environmental repair networks
- Achieve Full Operational Capability for the hydraulic repair network and associated Centralized Repair Facilities
- Continue efforts to incorporate the DLR dashboard into LIMS-EV

➤ *Other Initiatives*

Initiatives beyond ELS continue to impact AFWCF activities. The Air Force formally builds functional and financial performance plans to assess business operations at Air Force Materiel Command and Air Logistics Complexes. Quarterly reviews with the Major Command Commanders continue -- focusing attention on cost, performance, and delivery of quality parts and maintenance on time.

Additionally, the Air Force is working to achieve Department of Defense Financial Improvement and Audit Readiness (FIAR) goals relative to the AFWCF. The Air Force continues to make improvements in financial and reporting structures through close cooperation with the Office of the Secretary of Defense and the Defense Finance and Accounting Service in efforts to achieve and sustain audit readiness. Financial reporting improvements achieved will help AFWCF attain unqualified assurance on the effectiveness of internal controls.

To effectively comply with FIAR, the Air Force must have comprehensive, accurate, reliable, timely, and auditable financial data to provide dynamic decision support that improves warfighter readiness. Legacy AFWCF financial systems are unable to provide robust financial data, which increases systemic risk through deficiencies in internal control over financial reporting, non-standard/manual processes, and antiquated information technology. Currently in its early stages, the AFWCF Future Financial System Capabilities Initiative (AFWCFi) is defining the capabilities and requirements of the AFWCF financial processes to provide seamless financial information and successful financial management across the AF Enterprise.

Further, in the FY 2008 National Defense Authorization Act (NDAA) the Army was authorized to use its Working Capital Funds to conduct a pilot program for product improvement. In the FY 2013 NDAA, this authorization was expanded to all Services. As defined in the NDAA, “[a] product improvement covered by the pilot program is the procurement and installation of a retrofit, modernization, upgrade, or rebuild of a component or subsystem of a weapon system platform or major end item that would improve the reliability, availability, and maintainability, extend the useful life, enhance safety, lower maintenance costs, or provide performance enhancement of the weapon system platform or major end item.”

In lieu of conducting a new pilot program, the AFWCF has demonstrated an ongoing commitment to product improvement that exceeds goals of the pilot program described in the NDAA through its long-standing CSAG Supply Division and General Support Division (GSD) Sustaining Engineering program. This program funds the investigation and resolution of deficiencies in both reparable (CSAG Supply) and consumable (GSD) parts. These deficiencies include Safety of Flight issues; Obsolescence and Diminishing Manufacturing Sources and Material Shortages (DMSMS) issues; and Reliability, Availability, Maintainability (RAM) issues. In compliance with Section 323 of the FY 2016 National Defense Authorization Act, the AFWCF obligated considerably more than the minimum \$5.0 million for product improvements to components or subsystems in FY 2016 through this program, and will do so again in FY 2017.

### **Direct Appropriations**

In FY 2016, AFWCF received \$62.9 million in direct appropriation for Medical Dental WRM requirements. In FY 2017 Air Force requested \$64.0 million in direct appropriation for Medical Dental. In FY 2018 Air Force requests a total of \$66.5 million in direct appropriations.

In FY 2016, TWCF received \$2.5 million in direct appropriation for Fallen Heroes. This amount is reduced to \$0.0 million for FY 2017 and FY 2018.

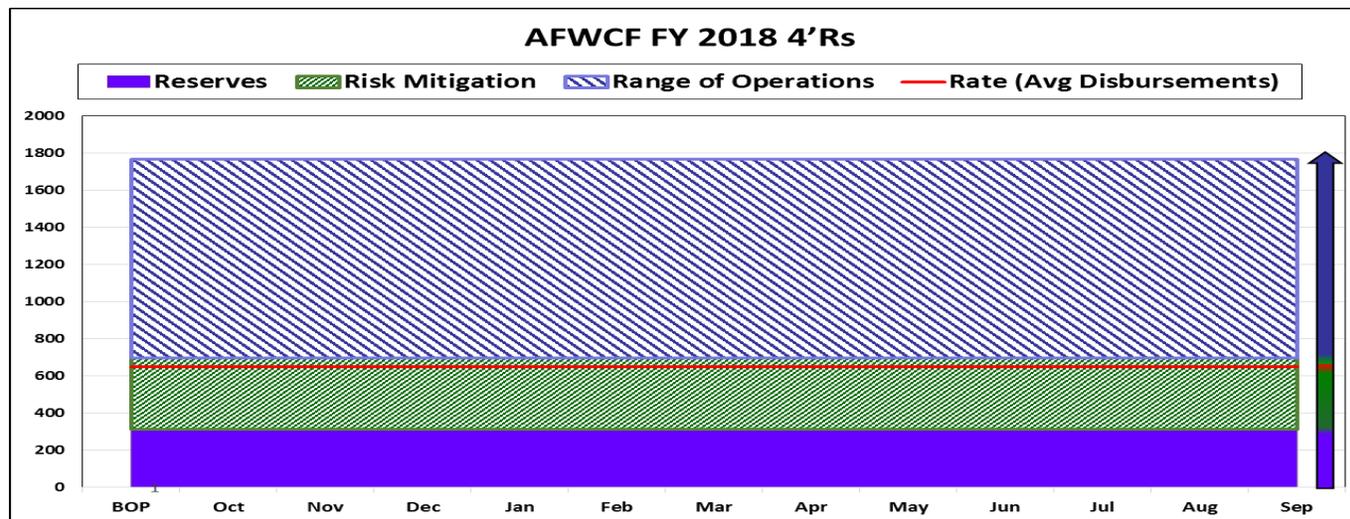
## AFWCF Financial Summary

(Dollars in Millions)	FY 2016	FY 2017	FY 2018
Total Revenue	23,357.9	23,592.3	23,126.2
Cost of Goods Sold	22,397.4	23,458.7	23,940.2
Net Operating Result Adjustments	(24.7)	6.8	8.5
Net Operating Result (NOR)	935.9	140.4	(805.6)
Accumulated Operating Result (AOR)	1,509.1	1,649.5	222.7
Civilian End Strength	29,323	29,302	28,562
Military End Strength	12,239	12,301	12,354
Civilian Workyears	30,364	31,005	31,945
Military Workyears	11,067	11,027	11,083
Capital Budget	211.0	271.5	311.1
Direct Appropriation	65.4	64.0	66.5

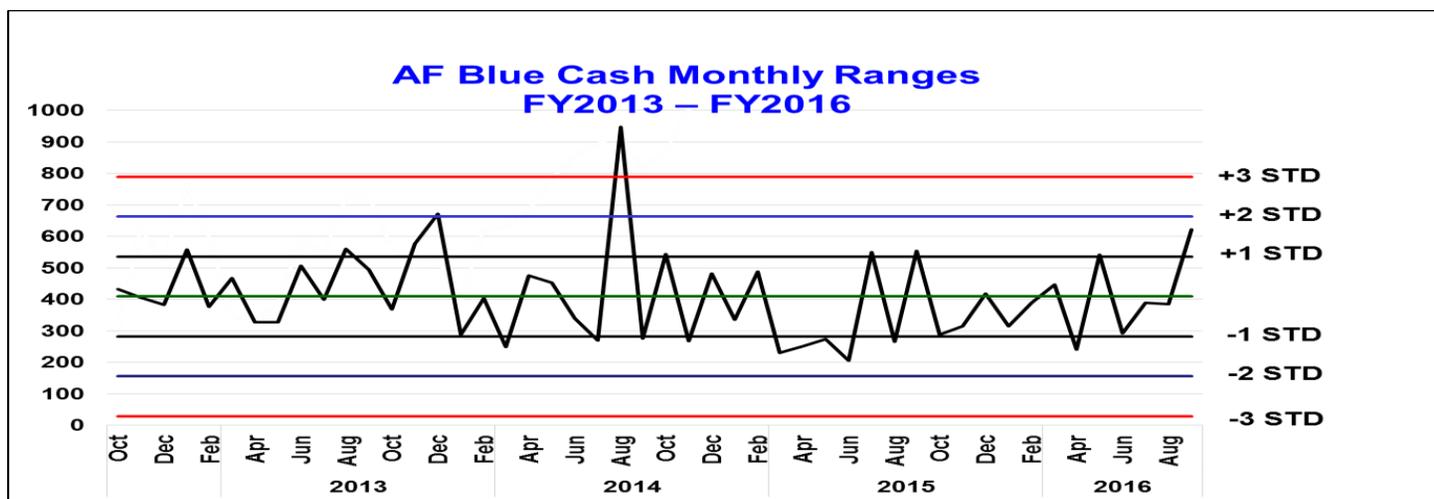
## Cash Management

As the Department of Defense modernizes its financial systems and moves toward a more transparent and auditable fiscal environment, a more rigorous approach to cash management is required. In recent years, the Department of Defense studied detailed cash data and evolved its cash management policy to support the future fiscal environment. This future environment includes more frequent visibility of cash balances in the U.S. Department of Treasury's system of record for financial data.

Thus, the Office of Under Secretary of Defense (Comptroller) devised a new policy requiring WCF activities maintain positive cash balances throughout the year and an adequate ending balance to support continuing operations into the subsequent year. In determining required cash levels, Services/Agencies document average disbursements and the expected range of cash volatility, adjusted to accommodate seasonality, known changes in the business environment, and the inherent risk associated with estimation error and unplanned events outside management's control. The AFWCF FY 2018 budget estimates reflect these changes. The methodology for calculating cash requirements consists of four elemental components: rate, range, risk mitigation, and reserves (colloquially, the 4Rs).



The **Rate of Disbursement** for the AFWCF is based on projected annual disbursements divided by the total number of weighted annual collections, yielding the average amount disbursed between collection cycles. Thus the **Range of Operation** is the difference between the highest and lowest expected cash level based on budget assumptions and four years of historical disbursements (FY 2013 – FY 2016). For example, in FY 2016 the Rate of Disbursement was \$764.6 million. This amount reflects the volume of cash AFWCF disbursed on average between collection cycles (every 11 days on average). However, the average disbursement alone fails to address variances historically experienced day-to-day and throughout fiscal years. The table below depicts the significantly fluctuating monthly ranges of cash FY 2013 – FY 2016. Thus balances greater than the average disbursement per collection cycle must be maintained to prevent insolvency.



Cash **Reserves** are funds held for known future requirements. This element identifies cash on hand that must be kept for specific requirements that are not expected to disburse until subsequent fiscal years. For AFWCF, the first Reserve category is Accumulated Operating Results (gains) that are returned to customers by reducing annual rates in future fiscal years. The second Reserve supports unliquidated obligations of the Medical Dental Division’s Direct Appropriation for War Readiness Material that will outlay in future years. Lastly, cash is required to mitigate the inherent risk of unplanned and uncontrollable events. AFWCF **Risk Mitigation** addresses cash variability associated with unknown external variables and seasonal volatility.

FY 2012 - FY 2016 Air Force and DFAS generated daily cash reports manually, demonstrating high volatility and highlighting risk of insolvency. In May 2015 AFWCF began testing additional collection cycles with the goal of reducing day-to-day volatility to acceptable levels. Specifically, the CSAG Maintenance Division increased collections to three per month and the Supply Division increased to two cycles monthly for the largest customer account, Air Force Operation and Maintenance. A decrease in cash volatility has occurred; however, significant volatility still remains due to frequency and timing differences in disbursement and collection cycles. Further, these additional collection cycles will not minimize cash fluctuations related to seasonal variance.

### **AFWCF & TWCF Cash Plans**

#### **AFWCF**

(Dollars in Millions)	FY 2016	FY2017	FY 2018
BOP Cash Balance	\$1,417.2	\$1,424.3	\$1,742.6
Disbursements	\$15,598.1	\$16,564.9	\$16,881.4
Collections	\$15,989.3	\$16,819.3	\$16,204.2
Transfers In/Out*	(\$447.0)	\$0.0	\$0.0
WRM	\$62.9	\$64.0	\$66.5
EOP Cash Balance	\$1,424.3	\$1,742.6	\$1,131.8
Lower Limit Cash Goal	\$971.1	\$1,264.2	\$1,136.1
Upper Limit Cash Goal	\$1,573.4	\$1,866.5	\$1,738.4

Numbers may not add due to rounding

In FY 2016, AFWCF cash increased slightly from \$1,417.2 million to \$1,424.3 million. The lower and upper limits for FY 2016 were \$971.1 million and \$1,573.4 million, respectively. The balance reflects the impact of two reprogramming actions totaling \$447.0 million from AFWCF to the AF Operation and Maintenance appropriation. Additionally, the CSAG-Supply Division's greater customer demand coupled with lagging Repairable Material Buy Cost and Sustaining Engineering projects for the year contributed to cash growth.

In FY 2017, AFWCF cash increases \$318.3 million, ending with a \$1,742.6 million balance. The cash is expected to increase primarily due to a shift in expense outlay patterns consistent with FY 2016, and resulting in gains from CSAG-Supply, CSAG-Maintenance, and General Support Divisions. The projected operating range for this period is \$1,264.2 million to \$1,866.5 million.

Throughout FY 2018, AFWCF cash decreases from \$1,742.6 million to \$1,131.8 million. The projected operating range is \$1,136.1 million to \$1,738.4 million. The decline is the result of returning to customers gains realized in FY 2016 and projected gains in FY 2017. Cash balances also support the Treasury Department’s daily cash reporting initiative, while remaining within the upper limit.

**TWCF Cash**

(Dollars in Millions)	FY 2016	FY2017	FY 2018
BOP Cash Balance	\$1,011.8	\$835.6	\$747.0
Disbursements	\$7,158.1	\$6,799.2	\$6,713.5
Collections	\$7,013.5	\$6,710.5	\$6,617.7
Transfers In/Out*	\$-34.0	\$0.0	\$0.0
Direct Appropriations (Fallen Heroes)	\$2.5	\$0.0	\$0.0
EOP Cash Balance	\$835.6	\$747.0	\$651.2
Lower Limit Cash Goal	\$678.0	\$461.5	\$441.5
Upper Limit Cash Goal	\$1,271.0	\$992.8	\$966.4

The FY 2016 the operating range was \$678.0 million to \$1,271.0 million. The FY 2016 beginning balance was \$1,011.8 million reflecting compliance with Public Law 114-113 including a \$34 million transfer to Air Force Operation and Maintenance appropriation for exceeding the FY 2015 operating range upper limit.

For FY 2017, the expected operating range is \$461.5 million to \$992.8 million. TWCF cash is projected to decrease from \$835.6 million to \$747.0 million as a result of returning gains realized in FY 2016 to customers. Cash balances also support the Treasury Department's daily cash reporting initiative, while remaining within the operating range.

In FY 2018, TWCF ending cash decreases from \$747.0 million to \$651.2 million as a result of the FY 2017 returns to customers (fuel rebate, ARA reduction, etc.). The projected operating range is \$441.5 million to \$966.4 million. Cash balances support the Treasury Department's daily cash reporting initiative, while remaining within the projected operating range.

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***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**

***OPERATING BUDGET***

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***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**  
***CONSOLIDATED SUSTAINMENT***  
***ACTIVITY GROUP***

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## **Consolidated Sustainment Activity Group Fiscal Year (FY) 2018 Budget Estimates**

The mission of the Consolidated Sustainment Activity Group (CSAG) is supply management of reparable and consumable items, and maintenance services. Reparable supply items are economically maintained through overhaul or repair. Consumable supply items are consumed in use or discarded when worn out or broken because they cannot be repaired economically. CSAG Maintenance Division and Supply Division services are executed under the Air Force Sustainment Center (AFSC) structure described in the AFWCF Overview. With supply chain management and depot maintenance functions in one organization, the AFSC analyzes and develops sustainment-wide procedures, processes, and metrics with the ultimate goal of increasing availability, capability, and affordability. This construct supports one of the Air Force's distinctive capabilities, Agile Combat Support, providing greater ability to posture for additional workload. It also preserves the viability of depot maintenance and the supply chain capabilities.

### **Maintenance Division**

The Maintenance Division repairs weapon systems and spare parts to ensure readiness in peacetime and to provide sustainment for current Overseas Contingency Operations (OCO). In peacetime, the Air Force enhances readiness by efficiently and economically repairing, overhauling and modifying weapons systems and their components to meet customer demands. The Maintenance Division's depots have unique skills and equipment required to support and overhaul both new, complex components and aging weapon systems. During Contingency Operations, the Air Force depots can surge repairs and realign capacity to support the war fighter's immediate needs.

The CSAG Maintenance Division ensures support of mission essential workloads and support of workloads that commercial sources cannot or will not perform. The division's services include repair, overhaul, and modification of aircraft, missiles, engines, engine modules and associated component items, exchangeable spare parts, and other major end-items. Other services include local manufacture, software maintenance, aircraft storage and reclamation, and support to base tenants.

Organic maintenance sites include:

Ogden Air Logistics Complex (OO-ALC), Ogden UT  
Oklahoma City Air Logistics Complex (OC-ALC), Oklahoma City OK  
Warner Robins Air Logistics Complex (WR-ALC), Warner Robins GA

## **Supply Division**

The Supply Division is responsible primarily for Air Force-managed, depot-level reparable spares and consumable spares unique to the Air Force. Reparable supply items are economically maintained through overhaul or repair. Consumable supply items are consumed in use or discarded when worn out or broken because they cannot be repaired economically. In addition to management of these inventories, the Supply Division provides a wide range of logistics support services including requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management, and transportation.

The Supply Division works to reduce the impact of Diminishing Manufacturing Sources and Material Shortages (DMSMS) and other obsolescence issues associated with aircraft fleets of 27.2 years average age. Due to fleet age, the number of parts with no qualified manufacturing or repair source is expected to increase over the next decade. Additionally, suppliers are increasingly unwilling or unable to produce and/or repair aging spare parts. To address these DMSMS and other obsolescence issues, the Supply Division re-engineers parts which can no longer be produced or repaired. The Supply Division also proactively identifies parts for which availability is at risk due to DMSMS issues, taking appropriate action to minimize adverse impact to weapon system readiness.

## **CSAG Customer Base**

Maintenance and Supply customers include Air Force Major Commands, Air National Guard, Air Force Reserve Command, the Army, the Navy, other WCF activities (i.e., Transportation Working Capital Fund), other government agencies, public-private partnerships, and foreign countries. The CSAG divisions also are customers of each other; Maintenance Division repairs parts for Supply Division while the Supply Division provides parts that the Maintenance Division uses in depot maintenance services.

## CSAG Initiatives

Both Maintenance Division and Supply Division realized significant improvement in key operational metrics since the standup of AFSC in FY 2012. AFSC utilizes a leadership model, the AFSC Way, which emphasizes speed (productivity), safety, quality, and cost effectiveness in every process and every work center across the enterprise in order to achieve “art of the possible” results despite declining budgets and fiscal uncertainty. The AFSC Way uses scientific methods based on the theory of constraints, critical path, and lean principles to drive continual process improvement to increase speed (productivity), eliminate waste, and remove constraints in critical processes.

Initiatives continue within the CSAG-Supply Division to modernize processes. AFSC is transforming supply chain processes to improve weapon system and equipment availability and to deliver customer support with increased velocity. Continued emphasis is on cost control in order to provide the best value to the customer. Progress is being achieved and efforts continue to identify and resolve pricing and billing discrepancies, thus improving asset visibility to reduce requisition redundancies and expediting asset movement via the distribution pipeline.

As an ongoing supply chain efficiency initiative crossing the Future Years Defense Program (FYDP), AFSC initiated Strategic Commodity Sourcing. Through this initiative, buy/repair contract vehicles and vendor sources are leveraged to optimize buying power of the Supply Management activities.

AFSC also began an initiative to more precisely define material requirements; “Accurate Supply Requirements” is a key component of cost effective readiness. Fundamentally, variability in spares requirements can cause both under- and over-planning of resources, both of which eventually result in increased costs. Over-planning will result in unused capacity with higher than necessary fixed costs. Under-planning results in the need for expensive workarounds to ensure readiness goals are achieved. This initiative has improved the Demand Forecast Accuracy from 65% in FY 2015 to 71% in FY 2016, with a goal of 75% by the end of FY 2017. More accurate forecasts ensure that limited manpower, equipment and consumable resources are more efficiently allocated in advance of execution, and therefore are more effectively utilized during execution year.

AFSC is also pursuing cost initiatives within the Maintenance Division to reduce cost, improve performance and increase availability of weapon systems. These improvements are critical to the Maintenance Division remaining a fundamental element of both readiness and sustainability by providing a cost effective, rapid repair capability.

### CSAG Financial and Performance Summary

<b>Financial Performance (\$ Millions)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Total Revenue	12,088.9	12,705.8	11,826.7
Total Expenses (with Work In Progress)	11,525.8	12,491.5	12,469.4
Other Adjustments Affecting NOR and Other Changes	33.8	24.7	24.7
Net Operating Results	597.9	237.4	(618.0)
Non Recoverable Adjustments Impacting AOR	(447.0)	0.0	0.0
Accumulated Operating Results	479.9	717.3	99.3

With the establishment of CSAG in FY 2007, billing ceased between CSAG Maintenance and Supply. CSAG Maintenance and Supply utilized internal cash transfers to compensate each other in the interim while an Enterprise Resource Planning (ERP) solution capable of seamlessly reconciling interdivision transactions (revenue and expenses) was developed.

With the suspension of an ERP solution, and in support of Financial Improvement and Audit Readiness (FIAR) compliance goals, the billing between CSAG divisions has resumed (i.e., revenue/expense recognition). Revenues and expenses now reflect CSAG Maintenance Division billing for repairs accomplished on behalf of CSAG Supply Division as well as CSAG Supply Division billing CSAG Maintenance Division for parts demanded in support of depot maintenance and repairs. Although CSAG revenue increased as a result of this change, external customers were not impacted.

The FY 2016 Non-Recoverable Adjustment Impacting AOR of negative \$447.0 million was made to account for a \$217.0 million cash transfer in compliance with Public Law 114-113 and a \$230.0 million cash transfer as a source for the FY 2016 Omnibus reprogramming request. In the FY 2017 President's Budget (PB), the \$217.0 million cash transfer was included in the Other Adjustments Affecting NOR and Other Changes total. In the FY 2018 PB, this cash transfer was reclassified as Non-Recoverable

to prevent its recovery through rate and/or price increases. The \$230.0 million cash transfer was not planned in the FY 2017 PB. No Non-Recoverable Adjustment Impacting AOR is planned for FY 2017 or FY 2018 in the FY 2018 PB.

In FY 2016, the \$33.8 million Other Adjustments Affecting NOR and Other Changes is the net result of CSAG Maintenance non-recoverable depreciation from donated assets of \$29.1 million and a \$4.6 million adjustment to remove the depreciation expense taken against assets falling below the Capital Investment threshold. Additionally, CSAG Maintenance projects \$24.7 million non-recoverable depreciation in both FY 2017 and FY 2018.

FY 2018 results in a positive \$99.3 million AOR rather than the traditional \$0.0. To reduce risk to the FY 2018 cash balance, this AOR will be returned in FY 2019.

<b>Cash: (\$ Millions)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
BOP Cash Balance	1,190.1	1,147.1	1,546.4
Disbursements	11,658.8	12,318.9	12,487.3
Collections	12,062.7	12,718.2	11,896.3
Net Transfers	(447.0)	(0.0)	0.0
Change in Cash	(43.1)	399.3	(591.0)
Cash Balance	1,147.1	1,546.4	955.4
Lower Range	838.1	1,106.8	1,004.3
Upper Range	1,292.6	1,557.1	1,449.9

The FY 2016 Net Transfer includes \$217.0 million in compliance with Public Law 114-113 and \$230.0 million as a source for the FY 2016 Omnibus reprogramming request.

<b>Stabilized Sales Rates and Prices</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Maintenance Composite Sales Rate per hour	279.05	275.95	283.14
Maintenance Rate Change <sup>(1)</sup>	(2.33%)	(1.11%)	2.61%
Supply Unit Cost	1.096	1.008	1.130
Supply Customer Price Change <sup>(2)</sup>	(1.67%)	0.96%	(8.32%)

<sup>(1)</sup> The 1.11% reduction in the composite sales rate for FY 2017 reflects continued cost control efforts associated with direct material and overhead. The 2.61% increase in FY 2018 is due to increased direct material costs for the B-52 and E-3 aircraft, and the F101 engines used on the B-1.

<sup>(2)</sup> The FY 2016 rate reflects the effects of a minimal increase in projected customer demand and a decrease in surcharge. Increased customer demand expands the base across which surcharge costs are recovered. Further, the surcharge was adjusted to return the division's FY 2014 gain of \$258.4 million, improving AFWCF customer's buying power. No return of gains is projected for FY 2017. If not for the return of gains in FY 2016, the FY 2017 Price Change would be -3.47%. The -8.36% price change in FY 2018 is primarily the result of a \$458 million return of prior year AOR gains to the customers. If not for the AOR return, the FY 2018 price change would have been -0.25%.

<b>CSAG Manpower Resources:</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Civilian End Strength	25,653	25,162	24,399
Civilian Full Time Equivalents	26,692	26,930	27,849
Military End strengths	227	224	211
Military Workyears	162	192	187

<b>Capital Investment Program Authority (\$Millions):</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Equipment – Weapon System Support/Test	110.6	136.1	161.5
ADPE & Telecom	8.5	8.0	9.2
Software Development	15.3	11.8	13.3
Minor Construction	5.2	7.9	16.5
<b>Sub-Total</b>	<b>139.5</b>	<b>163.7</b>	<b>200.5</b>

<b>Maintenance Depot Six Percent Capital Investment Plan (\$Millions):</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Required Investment	284.4	336.4	395.4
Total Investment Budgeted	365.4	455.7	461.8
Percent Invested	7.7%	8.1%	7.0%

<b>Supply Customer Wait Time (CWT)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Actual Performance	6.5		
Objective	7.5	7.5	7.5

Customer Wait Time (CWT) is the average number of days accrued from the time a customer orders a spare part until the part is received.

<b>Supply Stockage Effectiveness</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Actual Performance	79%		
Objective	83%	83%	83%

Stockage Effectiveness measures how often the supply system has available for immediate sale those items required at base and depot level supply locations.

<b>Supply Undelivered Orders (\$ Millions)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Supply Division	4,408.3	4,065.0	4,142.2

Changes in undelivered orders are predominately due to adjustments in customer requirements and continuing transfers of consumable items from Supply Division to Defense Logistics Agency for management.

<b>Supply Item Quantity Requirements</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Number of Issues <sup>(1)</sup>	2,306,190	1,844,378	1,844,378
Number of Receipts <sup>(1)</sup>	2,141,699	1,696,587	1,696,587
Number of Requisitions <sup>(1,2)</sup>	484,995	470,693	470,693
Contracts Executed <sup>(3)</sup>	2,656	4,183	4,183
Purchase Inflation	3.0%	3.0%	3.0%
Items Managed <sup>(4)</sup>	74,570	74,570	74,570

<sup>(1)</sup> FY 2017 and FY 2018 issues, receipts, and requisitions are estimated based on historical averages.

<sup>(2)</sup> Requisitions are lower than issues due to Supply requisitions containing quantities greater than one, while issues are counted per unit. For example, one requisition for a National Stock Number (NSN) may order a quantity greater than one. When the requisitioned NSNs are issued, each unit is counted as an individual issue.

<sup>(3)</sup> Contracts containing multiple fund citations have been omitted because the current contracting system cannot distinguish Supply funding under those conditions. The Contracts Executed amounts are for buy or repair actions for items managed in CSAG-Supply Division.

<sup>(4)</sup> Items managed were reduced from the FY 2015 total of 86,763. 2,961 items were deleted due to natural attrition. The remainder were Cryptological Systems Division items transferred to Air Force Life Cycle Management Center.

<b>Maintenance Direct Production Earned Hours Produced</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
(Hours in Thousands)	23,158	24,324	24,232

Workload projections are expressed in Direct Production Earned Hours (DPEHs). This table includes DPEHs produced with overtime. DPEH is an hour earned by a direct employee against an established work order in the performance of depot work on an end item.

### **Maintenance Due Date Performance and Quality Defect Rate**

	<b>Goal</b>	<b>FY 2016</b>	<b>FY2017</b>	<b>FY2018</b>
Due Date Performance <sup>(1)</sup>	95%	80%	80%	80%
Quality Defect Rate <sup>(2)</sup>	0.22	0.22	0.22	0.22

(1) The Due Date Performance (DDP) metric measures percentage of aircraft returned to customers on or before the agreed delivery date. The FY 2016 actual DDP of 80% reflects a variety of issues impacting late aircraft at the Air Logistics Complexes:

- a. F-15s (WR-ALC) due to parts supportability issues and canopy sill longeron repairs.
- b. F-16s (OO-ALC) due to Egress/Avionics manning constraints, unplanned fuel leaks and corrosion.
- c. T-38s (OO-ALC) due to unplanned manpower shortage, technician learning curve, and “over and above” workload.
- d. F-35s (OO-ALC) due to manpower shortfalls, rapid growth in depot program requirements and modification package variability

(2) The Quality Defect Rate measures the number of quality defects identified by the customer after the end-item is returned to the customer, expressed in defects per aircraft. The FY 2015 Quality Defect Rate was at the goal of 0.22.

Fund 2  
(Dollars in Millions)

Changes in the Cost of Operations  
Air Force Working Capital Fund  
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**CSAG - Maintenance Division**

	FY2016 to FY2017	FY2017 to FY2018
<b>Cost of Operations</b>		
Organic BOP	6,399.052	7,022.781
Contract BOP	.000	.000
<b>Cost of Operations</b>	<b>6,399.052</b>	<b>7,022.781</b>
<b>ANNUALIZATION</b>		
Annualization of Civilian Pay	4.111	7.017
Annualization of Military Pay	.035	.057
<b>TOTAL ANNUALIZATION</b>	<b>4.146</b>	<b>7.074</b>
<b>PRICE CHANGES</b>		
Civilian Pay Raises	35.137	37.939
Military Pay Raises	.218	.222
Material Price Growth	50.759	(83.756)
Fuel Price Growth	(1.361)	1.068
Other Growth	12.213	14.666
<b>TOTAL PRICE CHANGES</b>	<b>96.966</b>	<b>(29.860)</b>
<b>PRODUCTIVITY SAVINGS</b>		
Civilian Labor Savings	.000	.000
Material/Supply Savings	5.351	.000
Reinvestment/Rate Reduction	(5.351)	.000
<b>TOTAL PRODUCTIVITY SAVINGS</b>	<b>.000</b>	<b>.000</b>
<b>PROGRAM CHANGES</b>		
Labor Workload	49.971	42.329
Material Workload	383.369	(85.611)
BOS	9.119	1.671
Contract Changes	.000	.000
<b>TOTAL PROGRAM CHANGES</b>	<b>442.459</b>	<b>(41.611)</b>

Fund 2  
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Changes in the Cost of Operations  
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**CSAG - Maintenance Division**

	FY2016 to FY2017	FY2017 to FY2018
<b>OTHER CHANGES</b>		
Data Systems Support	2.212	(.074)
Data Systems Development	(.422)	(.669)
Equipment Depreciation	10.653	2.618
Minor Construction Depreciation	(1.898)	(.030)
Data System Depreciation	1.333	(.255)
Travel & Transportation	(.227)	.811
Communications	.136	(.114)
Utilities	7.976	2.999
Equipment Rental	1.511	(.020)
Printing & Equipment	(.494)	.014
Equip/Vehicle Rep & Maintenance	14.576	(8.762)
Custodial	(3.826)	2.383
Facility Maintenance	9.291	9.846
Training	.274	(.052)
Environmental	.000	.000
Miscellaneous	17.276	(17.454)
<b>TOTAL OTHER CHANGES</b>	<b>58.370</b>	<b>(8.758)</b>
<b>TOTAL CHANGES</b>	<b>601.942</b>	<b>(73.155)</b>
<b>Cost of Operations</b>		
Organic EOP	7,000.994	6,949.626
<b>Total Cost of Operations</b>	<b>7,022.781</b>	<b>6,953.777</b>

Fund 6  
(Dollars in Millions)

Depot Maintenance Six Percent Capital Investment Plan  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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CSAG - Maintenance Division

	REVENUE (Maintenance, Repair, Overhaul)			BUDGETED CAPITAL (Modernization, Efficiency)		
	3 Year Average					
	2013-2015	2014-2016	2015-2017	FY2016	FY2017	FY2018
Revenue						
Working Capital Fund	4,739.517	5,606.495	6,589.437			
Appropriations	.000	.000	.000			
Total Revenue	4,739.517	5,606.495	6,589.437			
WCF Depot Maintenance Capital Investment						
Facility Restoration & Modernization <sup>1</sup>				42.708	44.318	44.746
Capital Investment Program				124.230	151.942	187.157
Other Equipment				.000	.000	.000
Processes/Productivity Enhancements <sup>2</sup>				.050	21.020	14.300
Appropriated Funding						
MILCON (3300) <sup>3</sup>				85.000	126.000	.000
Procurement Equipment (3010) <sup>4</sup>				113.400	112.414	215.600
Operation & Maintenance				.000	.000	.000
Investment Total				365.388	455.694	461.803
Minimum 6% Investment Amount				284.371	336.390	395.366
Investment Over/(Under) Requirement				81.017	119.304	66.437

1. Per FY 2012 National Defense Authorization Act (NDAA), sustainment of facilities is not included in the 6% calculation and has been removed from the line previously named "Facility Sustainment, Restoration & Modernization."

2. The Processes/Productivity Enhancements category addresses transitioning equipment/technology through prototyping, testing, demonstration, and production qualification to utilization in the depot production environment.

3. MILCON requirements include: FY16: KC-46A Depot Maintenance Dock and Depot Maintenance Complex Support Infrastructure; FY17: KC-46A Two-Bay Depot Maintenance Hanger and Depot System Integration Laboratory. All projects are located at Tinker AFB.

4. Efforts funded with Aircraft Procurement (3010) include: support equipment development, procurement, installation and validation, tooling manufacturing and modification, software licensing and testing, engineering support, test equipment and repair manuals. Primary supported airframes include (FY18): KC-46, \$70.5M; F-35, \$56.8M; B-1, \$25.5M; C130J, \$30.8M, MQ-4, \$8.77M; MQ-9, \$6.77M; F-22, \$5M. Other supported airframes include the B-52, F-16, T-38 (all less than \$5M each).

5. The CSAG Maintenance Division information above reflects the following Air Logistics Complex (ALC) investments:

(\$ millions)	FY 2016	FY 2017	FY 2018
Oklahoma City ALC	227.3 (9.9%)	234.4 (8.6%)	219.9 (6.9%)
Ogden ALC	81.1 (7.2%)	121.1 (8.8%)	118.8 (7.0%)
Warner Robins ALC	57.0 (4.3%)	100.1 (6.7%)	123.1 (7.3%)

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG**

	FY2016	FY2017	FY2018
<b>1. New Orders</b>			
<b>a. Orders From DOD Components:</b>			
<b>(1) Air Force</b>			
(a) Aircraft Procurement	290.002	203.420	236.859
(b) Missile Procurement	25.036	1.889	1.121
(c) Other Procurement	.464	.566	.532
(d) Military Construction	.000	.000	.000
(e) Operations & Maintenance - AF (w/OCO)	4,348.659	4,258.141	3,825.544
(f) Operations & Maintenance - AFRC (w/OCO)	511.037	645.218	632.043
(g) Operations & Maintenance - ANG (w/OCO)	1,425.577	1,441.987	1,380.792
(h) Research & Development - AF	155.171	154.667	139.965
(i) Military Personnel - AF	.000	.000	.000
(j) Reserve Personnel - AF	.000	.000	.000
(k) Guard Personnel - ANG	.000	.000	.000
(l) Family Housing	.000	.000	.000
(m) Special Trust Funds	.000	.000	.000
(n) Other Air Force	.000	.000	.000
(o) Other	.000	.000	.000
<b>Total Air Force</b>	<b>6,755.946</b>	<b>6,705.888</b>	<b>6,216.856</b>
(2) Army	27.289	30.054	23.809
(3) Navy	268.339	297.515	241.174
(4) Marine Corps	.718	1.329	1.363
(5) MAP/Grant Aid	.000	.457	.645
(6) Other DOD	320.425	290.463	277.127
<b>Total DOD excluding WCF</b>	<b>7,372.717</b>	<b>7,325.706</b>	<b>6,760.973</b>
<b>b. Orders From Other Fund Activity Groups</b>			
(1) AF Supply Mgmt Activity Group - Retail	77.641	84.000	86.922
(2) Transportation Activity Group - TRANSCOM	391.738	306.092	354.948
(3) Other WCF Activity Groups	1.071	1.492	1.189
(4) Commissary, Sur. Coll.	.000	.000	.000
(5) AF CSAG - Supply (Supply Orders to Maintenance)	2,404.730	2,443.758	2,280.322
(6) AF CSAG - Maintenance (Maintenance Orders to Supply)	1,749.471	2,008.337	1,802.529
<b>Total Other Fund Activity Groups</b>	<b>4,624.650</b>	<b>4,843.680</b>	<b>4,525.910</b>
<b>c. Other Internal to AF Consolidated Sustainment Activity Group</b>			
(1) Internal Material Transfer Orders (Maintenance Orders to Supply)	.000	.000	.000
(2) Internal Material Repair Orders (Supply Orders to Maintenance)	.000	.000	.000
<b>Total Internal AF Consolidated Sustainment Activity Group</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG**

	FY2016	FY2017	FY2018
<b>d. Grand Total DOD</b>	<b>11,997.368</b>	<b>12,169.386</b>	<b>11,286.883</b>
<b>e. Other Orders</b>			
(1) Other Federal Agencies	10.650	28.240	16.883
(2) Non Federal Agencies	306.253	390.556	406.161
(3) FMS	183.960	310.484	224.867
<b>Total Other Orders</b>	<b>500.862</b>	<b>729.279</b>	<b>647.911</b>
<b>Total New Gross Orders</b>	<b>12,498.230</b>	<b>12,898.666</b>	<b>11,934.794</b>
<b>Total New External Orders (Total New Gross Orders minus 1c. Total Internal AF CSAG)</b>	<b>12,498.230</b>	<b>12,898.666</b>	<b>11,934.794</b>
<b>2. Carry-In Orders</b>	<b>2,324.932</b>	<b>2,358.635</b>	<b>2,300.425</b>
a. Carry-over Execution Adjustment	(161.008)	.000	.000
<b>3. Total Gross Orders</b>	<b>14,823.162</b>	<b>15,257.301</b>	<b>14,235.219</b>
a. Less Internal Material Transfer Orders (Maintenance Orders to Supply)	.000	.000	.000
b. Less Internal Material Repair Orders (Supply Orders to Maintenance)	.000	.000	.000
<b>Total External Gross Orders</b>	<b>14,823.162</b>	<b>15,257.301</b>	<b>14,235.219</b>
<b>4. Gross Revenue</b>	<b>12,303.520</b>	<b>12,956.876</b>	<b>12,035.828</b>
<b>5. End of Year W-I-P</b>	<b>2.922</b>	<b>1.369</b>	<b>1.369</b>
<b>6. Total Exclusion</b>			
Exclusion (FMS, BRAC, Other Federal & Agency, Non-Federal)	155.955	214.936	232.832
Exclusion (Late Inducted Orders)	.000	.000	.000
<b>Total Exclusion (sum of above exclusions)</b>	<b>155.955</b>	<b>214.936</b>	<b>232.832</b>
<b>7. Funded Carryover</b>	<b>2,199.757</b>	<b>2,084.120</b>	<b>1,965.190</b>

Fund 11A  
(Dollars in Millions)

Carryover Reconciliation  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG - Maintenance Division**

External Orders	FY2016	FY2017	FY2018
Gross Carry-in	2,188.133	2,253.172	2,169.313
Adjustments to Carry-In During Execution	(161.008)	0.000	0.000
WIP	0.748	1.259	1.369
1 Net Carry-in	2,026.378	2,251.913	2,167.944
2 Revenue (Billings)	6,428.882	6,958.068	6,850.396
3 New Orders	6,654.929	6,874.209	6,763.432
4 Exclusion (FMS, BRAC, Other Federal Agencies, Non-Federal Agencies)	380.328	467.180	474.364
Exclusion (Unplanned Orders, Inducted Late)	0.000	0.000	0.000
Exclusion Adjustment	0.000	0.000	0.000
Total Exclusion (FMS, BRAC, Other Federal Agencies, Non-Federal Agencies)	380.328	467.180	474.364
5 Orders for Carry-over Calculation	6,274.600	6,407.028	6,289.068
6 Weighted Composite Outlay Rate (New Orders)	67.21%	70.58%	70.02%
7 Carry-over Rate (New Orders)	32.79%	29.42%	29.98%
Carry-over Rate (Prior Year Multi-Year Funds)	57.78%	58.52%	60.55%
Carry-over Rate (Prior Year Software)	21.34%	7.02%	3.89%
8 Allowable Carry-over (New Orders)	2,057.256	1,885.095	1,885.478
Allowable Carry-over (Prior Year Multi-Year Funds)	100.547	160.402	119.580
Allowable Carry-over (Prior Year Software)	114.287	39.775	21.563
Total Allowable Carry-over	2,272.090	2,085.271	2,026.622
9 Unbilled Balance	2,253.172	2,169.313	2,082.350
Exclusion Adjustment	0.000	0.000	0.000
Total Unbilled Balance	2,253.172	2,169.313	2,082.350
10 Work-in-Process Carry-over	1.259	1.369	1.369
11 Actual Carry-over	2,251.913	2,167.944	2,080.981
Exclusion (FMS, BRAC, Other Federal & Agency, Non-Federal)	155.955	214.936	232.832
Exclusion (Late Inducted Orders)	0.000	0.000	0.000
12 Calculated Actual Carry-over	2,095.958	1,953.008	1,848.149
Excess Carryover (Negative number best)	(176.132)	(132.263)	(178.473)

Fund 14  
(Dollars in Millions)

Revenue and Expenses  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
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**CSAG**

	FY2016	FY2017	FY2018
<b>Revenue:</b>			
<b>Income:</b>			
Maintenance Division	6,428.882	6,958.068	6,850.396
Supply Division (Material Gross Sales)	5,874.638	5,998.808	5,185.432
Less Credit Returns	265.607	277.215	242.229
<b>Total Income</b>	<b>12,037.913</b>	<b>12,679.661</b>	<b>11,793.599</b>
Depreciation Offset (Major Construction)	.000	.000	.000
Other Revenue	50.949	26.133	33.107
<b>Total Other Revenue</b>	<b>50.949</b>	<b>26.133</b>	<b>33.107</b>
<b>Total Revenue</b>	<b>12,088.862</b>	<b>12,705.794</b>	<b>11,826.706</b>
<b>Expenses:</b>			
Maintenance Division			
Cost of Repair (Direct and POH Costs)			
Labor	2,095.584	2,172.173	2,257.403
Material	3,284.570	3,725.195	3,531.703
Depreciation	.000	.000	.000
Depreciation of Equipment, ADPE & Telecom, Minor Construction, and Software	133.988	142.868	145.197
Depreciation of Other Fixed Assets	.000	.000	.000
Subtotal Depreciation	133.988	142.868	145.197
Subtotal Labor, Material, and Depreciation	5,514.143	6,040.237	5,934.303
Remaining Direct and POH Costs	417.845	477.019	488.486
<b>Total Cost of Repair (Direct and POH Costs)</b>	<b>5,931.988</b>	<b>6,517.256</b>	<b>6,422.789</b>
Supply Division			
Cost of Material Sold	196.640	201.819	207.110
Cost of Material Repair	3,350.895	3,632.985	3,573.454
Condemnation Material Expense Recovery (CMER)	589.920	605.457	621.331
Other Expenses	43.729	26.133	33.107
<b>Subtotal Material &amp; Other Expenses</b>	<b>4,181.184</b>	<b>4,466.393</b>	<b>4,435.002</b>
Operating Expenses			
Military Personnel	10.088	7.580	8.198
Civilian Personnel	381.387	407.102	415.698
Travel & Transportation of People	6.353	4.406	4.564

Fund 14  
(Dollars in Millions)

Revenue and Expenses  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG**

	FY2016	FY2017	FY2018
Materials & Supplies	38.360	35.856	61.224
Equipment	35.122	43.676	35.499
Other WCF Purchases	260.940	277.246	283.090
Transportation of Things	85.940	90.451	92.169
Depreciation - Capital	26.753	12.733	14.282
Depreciation of Other Fixed Assets	29.129	24.666	24.663
Printing and Reproduction	1.140	1.206	1.926
Advisory and Assistance Services	33.905	42.019	42.823
Rent, Comm, Utilities and Misc Charges	57.002	68.282	72.644
Other Purchased Services	446.500	492.593	554.782
<b>Total Operating Expenses</b>	<b>1,412.619</b>	<b>1,507.814</b>	<b>1,611.561</b>
<b>Total Expenses</b>	<b>11,525.790</b>	<b>12,491.463</b>	<b>12,469.352</b>
Work in Process, Beginning of Year	1.890	2.922	1.369
Work in Process, End of Year	2.922	1.369	1.369
Work in Process, Change	1.032	(1.554)	.000
<b>Total Expenses Adjusted for Work in Process</b>	<b>11,524.758</b>	<b>12,493.017</b>	<b>12,469.352</b>
<b>Operating Results (Net Operating Results on 1307 - Line 11)</b>	<b>564.103</b>	<b>212.777</b>	<b>(642.646)</b>
Less Capital Surcharge Reservation	.000	.000	.000
Plus Passthroughs or Other Approps (NOR)	.000	.000	.000
Other Adjustments Affecting NOR and Other Changes <sup>1</sup>	33.764	24.666	24.663
<b>Net Operating Result (Recoverable NOR on 1307 - Line 13)</b>	<b>597.867</b>	<b>237.442</b>	<b>(617.983)</b>
Prior Year Adjustments	.000	.000	.000
Other Changes Affecting AOR	.000	.000	.000
Prior Year AOR	329.007	479.874	717.316
<b>Accumulated Operating Result <sup>3</sup></b>	<b>926.874</b>	<b>717.316</b>	<b>99.333</b>
Non-Recoverable Adjustment Impacting AOR <sup>2</sup>	(447.000)	.000	.000
<b>Accumulated Operating Result for Budget Purposes</b>	<b>479.874</b>	<b>717.316</b>	<b>99.333</b>

1. In FY 2016, Other Adjustments Affecting NOR and Other Changes, \$33.76 million, is the net result of CSAG Maintenance non-recoverable depreciation from donated assets, \$29.13 million, and a \$4.63 million adjustment to remove the depreciation expense taken against assets falling below the Capital Investment threshold. In both FY 2017 and FY 2018, the \$24.7 million represents non-recoverable depreciation from donated assets.

2. FY 2016 "Non-Recoverable Adjustment Impacting AOR" includes a \$217 million cash transfer out (\$131 million from CSAG Supply and \$86 million from CSAG Maintenance) to Air Force Operations and Maintenance in compliance with P.L. 114-113, and a \$230 million cash transfer out from CSAG Supply as a source for the FY 2016 Omnibus reprogramming request.

3. Positive AOR of \$99.33 million in FY 2018 is necessary to reduce risk to FY 2018 cash balance, and will be returned in FY 2019.

Fund 16  
(Dollars in Millions)

Material Inventory Data  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**CSAG - Maintenance Division**

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>
<b>1. Material Inventory BOP</b>	<b>131.551</b>	<b>130.534</b>	<b>130.000</b>
<b>2. Purchases</b>	<b>3,087.931</b>	<b>3,524.901</b>	<b>3,322.548</b>
<b>A. Purchases to Support Customer Orders (+)</b>	<b>3,087.931</b>	<b>3,524.901</b>	<b>3,322.548</b>
<b>B. Purchase of long lead items in advance of customer orders (+)</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>C. Other Purchases (+)</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>3. Material Inventory Adjustments</b>	<b>(3,088.948)</b>	<b>(3,525.435)</b>	<b>(3,322.548)</b>
<b>A. Material Used in Maintenance (-)</b>	<b>(3,088.948)</b>	<b>(3,525.435)</b>	<b>(3,322.548)</b>
<b>B. Disposals, theft, losses due to damages (-)</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>C. Other Reductions (-)</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>4. Material Inventory EOP</b>	<b>130.534</b>	<b>130.000</b>	<b>130.000</b>

SM-1  
(Dollars in Millions)

Supply Management Summary  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
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May 2017

CSAG - Supply Division

	Obligation Targets								
	Net Customer Orders	Net Sales	Operating	WRM Direct Appn	Direct Reimbursables (Initial Spares)	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
FY2016	5,577.694	5,609.031	5,611.528	.000	31.287	5,642.815	15.259	800.000	6,458.074
FY2017	5,747.242	5,721.593	5,545.831	.000	62.143	5,607.974	11.800	500.000	6,119.774
FY2018	4,929.132	4,943.203	5,585.381	.000	51.031	5,636.412	13.300	500.000	6,149.712

SM-3B  
(Dollars in Millions)

Weapons System Funding  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2016	Reparable Buy	Consumable Buy	Total Buy	Initial Spares	Internal/Organic Repair	Cost Authority Contract Repair	Total Repair	Total	NMCRS Percent
A-10	55.853	7.991	63.844	0.000	96.917	43.513	140.430	204.274	8.6%
B-1B	112.465	1.694	114.159	5.874	166.074	52.215	218.289	338.322	18.8%
B-2	178.406	7.260	185.667	1.505	28.541	34.810	63.351	250.522	20.9%
B-52	18.497	.680	19.177	0.000	121.818	17.405	139.223	158.399	11.4%
C-5	6.871	.324	7.195	0.000	116.867	34.810	151.677	158.872	11.1%
C-17	0.000	0.000	0.000	0.000	.761	0.000	.761	.761	4.5%
C-130	41.493	4.472	45.965	0.000	126.337	130.538	256.875	302.841	8.0%
C-135	76.221	5.978	82.199	0.000	385.846	139.241	525.087	607.286	8.6%
C-141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
E-3	22.826	2.727	25.553	.468	82.903	17.405	100.308	126.329	9.3%
E-4	0.000	0.000	0.000	0.000	.743	0.000	.743	.743	13.2%
E-8	2.106	0.000	2.106	0.000	4.002	0.000	4.002	6.108	6.1%
F-4	.000	.057	.058	0.000	1.575	0.000	1.575	1.633	0.0%
F-15	75.202	12.589	87.791	23.440	271.131	34.810	305.941	417.172	12.7%
F-16	14.423	27.154	41.577	0.000	244.131	26.108	270.239	311.816	14.3%
F100 Engines	21.598	12.055	33.653	0.000	315.884	26.108	341.992	375.645	0.0%
F110 Engines	19.022	0.000	19.022	0.000	58.718	92.081	150.799	169.821	0.0%
F-22	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.9%
F-35	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.9%
F-111	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
F-117	0.000	0.000	0.000	0.000	.014	0.000	.014	.014	0.0%
H-1	5.073	.037	5.111	0.000	1.085	26.108	27.193	32.303	9.5%
H-3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
H-53	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
H-60	2.680	.112	2.792	0.000	1.332	17.405	18.737	21.528	10.7%
Trainers	15.446	25.286	40.732	0.000	16.120	17.405	33.525	74.257	7.0%
Other Aircraft	3.611	0.000	3.611	0.000	2.222	8.703	10.925	14.536	10.8%
SOF	1.766	.192	1.959	0.000	8.983	60.918	69.901	71.859	7.3%
Common	36.625	5.806	42.432	0.000	198.838	87.026	285.864	328.296	0.0%
Common EW	10.883	.913	11.797	0.000	33.680	43.513	77.193	88.990	0.0%
Missiles	5.428	2.340	7.768	0.000	12.046	8.703	20.749	28.517	0.0%
Other	6.650	.084	6.735	0.000	10.296	43.513	53.809	60.544	0.0%
NIMSC5	0.000	0.000	0.000	0.000	0.000	97.743	97.743	97.743	0.0%
New WS Fund 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
RSP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
JEIM	0.000	0.000	0.000	0.000	81.890	0.000	81.890	81.890	0.0%
Local Manufacture Buy	0.000	0.000	0.000	0.000	36.567	0.000	36.567	36.567	0.0%
AMARG	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
Org Sustaining Engrg	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
PBL	0.000	0.000	0.000	0.000	0.000	109.175	109.175	109.175	0.0%
<b>Total</b>	<b>733.147</b>	<b>117.753</b>	<b>850.899</b>	<b>31.287</b>	<b>2,425.319</b>	<b>1,169.256</b>	<b>3,594.576</b>	<b>4,476.763</b>	<b>9.7%</b>

SM-3B  
(Dollars in Millions)

Weapons System Funding  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2017	Reparable Buy	Consumable Buy	Total Buy	Initial Spares	Internal/Organic Repair	Cost Authority Contract Repair	Total Repair	Total	NMCRS Percent
A-10	26.513	12.437	38.950	0.000	117.845	33.917	151.762	190.712	8.8%
B-1B	42.772	1.266	44.038	3.930	171.567	36.852	208.419	256.386	19.9%
B-2	145.855	4.373	150.228	2.054	25.229	28.748	53.977	206.259	18.2%
B-52	46.027	.504	46.531	1.772	112.912	10.986	123.898	172.201	12.4%
C-5	16.209	.741	16.950	0.000	104.305	9.967	114.272	131.222	11.0%
C-17	.014	0.000	.014	0.000	.670	.562	1.232	1.247	4.3%
C-130	44.116	5.968	50.084	6.172	130.765	151.424	282.189	338.445	8.1%
C-135	99.341	4.971	104.312	10.624	376.911	105.033	481.944	596.881	8.8%
C-141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
E-3	22.502	1.071	23.573	16.992	74.164	10.796	84.960	125.525	8.4%
E-4	0.000	0.000	0.000	0.000	.694	.175	.869	.869	7.2%
E-8	1.335	0.000	1.335	0.000	7.119	.117	7.236	8.571	7.2%
F-4	.089	.022	.110	0.000	.699	.006	.705	.815	0.0%
F-15	47.945	6.511	54.456	17.200	230.311	26.125	256.436	328.092	12.8%
F-16	25.955	27.992	53.947	3.399	258.692	23.482	282.174	339.520	12.8%
F100 Engines	95.357	25.347	120.704	0.000	346.251	36.130	382.381	503.085	0.0%
F110 Engines	16.924	0.000	16.924	0.000	85.780	65.644	151.424	168.348	0.0%
F-22	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.1%
F-35	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	18.4%
F-111	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
F-117	0.000	0.000	0.000	0.000	.015	0.000	.015	.015	0.0%
H-1	9.216	.005	9.222	0.000	1.146	19.051	20.197	29.419	8.0%
H-3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
H-53	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
H-60	7.332	.124	7.456	0.000	.990	9.491	10.481	17.937	8.2%
Trainers	10.272	32.181	42.453	0.000	13.850	16.882	30.732	73.184	7.4%
Other Aircraft	3.099	.018	3.117	0.000	2.419	12.210	14.629	17.746	11.2%
SOF	.232	.103	.335	0.000	8.708	54.015	62.723	63.058	6.4%
Common	39.218	8.453	47.671	0.000	185.110	66.094	251.204	298.875	0.0%
Common EW	15.552	.991	16.543	0.000	31.420	29.486	60.906	77.449	0.0%
Missiles	11.848	2.954	14.802	0.000	17.719	2.013	19.732	34.534	0.0%
Other	2.028	.679	2.707	0.000	11.711	35.900	47.611	50.318	0.0%
NIMSC5	0.000	0.000	0.000	0.000	0.000	291.389	291.389	291.389	0.0%
New WS Fund 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
RSP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
JEIM	0.000	0.000	0.000	0.000	132.688	0.000	132.688	132.688	0.0%
Local Manufacture Buy	0.000	0.000	0.000	0.000	20.000	0.000	20.000	20.000	0.0%
AMARG	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
Org Sustaining Engrg	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
PBL	0.000	0.000	0.000	0.000	0.000	111.826	111.826	111.826	0.0%
<b>Total</b>	<b>729.754</b>	<b>136.710</b>	<b>866.463</b>	<b>62.143</b>	<b>2,469.688</b>	<b>1,188.321</b>	<b>3,658.009</b>	<b>4,586.615</b>	<b>9.7%</b>

SM-3B  
(Dollars in Millions)

Weapons System Funding  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2018	Reparable Buy	Consumable Buy	Total Buy	Initial Spares	Internal/Organic Repair	Cost Authority Contract Repair	Total Repair	Total	NMCRS Percent
A-10	23.719	24.414	48.133	0.000	120.795	32.212	153.007	201.140	8.7%
B-1B	44.620	1.347	45.967	5.230	188.220	46.687	234.907	286.105	19.3%
B-2	135.959	.702	136.661	3.726	22.157	32.575	54.732	195.119	19.5%
B-52	38.745	1.061	39.806	.172	106.439	14.141	120.580	160.558	11.9%
C-5	11.612	1.111	12.723	0.000	81.098	18.256	99.354	112.077	11.0%
C-17	.015	0.000	.015	0.000	.823	.578	1.401	1.416	4.4%
C-130	37.437	5.535	42.972	6.288	113.314	157.735	271.049	320.309	8.1%
C-135	111.119	1.569	112.688	8.568	340.763	113.202	453.965	575.222	8.7%
C-141	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
E-3	20.496	2.849	23.345	16.270	60.259	11.243	71.502	111.117	8.9%
E-4	0.000	0.000	0.000	0.000	.604	.146	.750	.750	10.2%
E-8	1.315	0.000	1.315	0.000	6.388	.344	6.732	8.046	6.7%
F-4	.010	0.000	.010	0.000	.317	.011	.328	.338	0.0%
F-15	46.909	11.029	57.938	4.702	205.218	31.632	236.850	299.490	12.7%
F-16	27.210	69.736	96.947	6.075	243.205	26.896	270.101	373.123	13.6%
F100 Engines	105.809	0.000	105.809	0.000	333.654	41.427	375.081	480.890	0.0%
F110 Engines	16.914	0.000	16.914	0.000	96.292	67.310	163.602	180.516	0.0%
F-22	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.5%
F-35	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.6%
F-111	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
F-117	0.000	0.000	0.000	0.000	.014	0.000	.014	.014	0.0%
H-1	4.266	.024	4.290	0.000	1.032	21.379	22.411	26.702	8.7%
H-3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
H-53	.285	0.000	.285	0.000	0.000	0.000	0.000	.285	0.0%
H-60	.813	.065	.878	0.000	.956	11.607	12.563	13.441	9.5%
Trainers	18.829	37.380	56.209	0.000	13.482	19.072	32.554	88.763	7.2%
Other Aircraft	1.989	.098	2.087	0.000	2.250	11.988	14.238	16.325	11.0%
SOF	.720	.904	1.624	0.000	7.922	57.649	65.571	67.195	6.9%
Common	32.965	8.607	41.572	0.000	171.218	71.574	242.792	284.364	0.0%
Common EW	20.311	1.731	22.042	0.000	28.336	24.793	53.129	75.171	0.0%
Missiles	6.843	5.091	11.934	0.000	15.589	3.082	18.671	30.606	0.0%
Other	4.596	.178	4.774	0.000	10.654	41.688	52.342	57.116	0.0%
NIMSC5	0.000	0.000	0.000	0.000	0.000	300.668	300.668	300.668	0.0%
New WS Fund 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
RSP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
JEIM	0.000	0.000	0.000	0.000	165.910	0.000	165.910	165.910	0.0%
Local Manufacture Buy	0.000	0.000	0.000	0.000	22.000	0.000	22.000	22.000	0.0%
AMARG	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
Org Sustaining Engrg	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
PBL	0.000	0.000	0.000	0.000	0.000	79.605	79.605	79.605	0.0%
<b>Total</b>	<b>713.505</b>	<b>173.432</b>	<b>886.937</b>	<b>51.031</b>	<b>2,358.910</b>	<b>1,237.500</b>	<b>3,596.410</b>	<b>4,534.378</b>	<b>9.7%</b>

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2016	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	20,927.087	.000	16,323.128	4,603.959
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(531.733)	.000	(414.752)	(116.981)
c. Inv Reclassified & Repriced	20,395.354	.000	15,908.376	4,486.978
3. Receipts at MAC	1,234.464	.000	962.882	271.582
4. Sales at Standard	3,643.595	.000	2,842.004	801.591
5. Inventory Adjustments				
a. Capitalization + or (-)	42.545	.000	33.185	9.360
b. Returns from Customers for Credit	.000	.000	.000	.000
c. Returns from Customers w/o Credit	4,247.061	.000	3,312.708	934.353
d. Returns to Suppliers (-)	(567.863)	.000	(442.933)	(124.930)
e. Transfers to Property Disposal (-)	(2,457.590)	.000	(1,916.920)	(540.670)
f. Issues/Receipts w/o Reimbursement	447.076	.000	348.719	98.357
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(20.898)	.000	(16.301)	(4.598)
2. Discounts on Returns	(8.730)	.000	(6.809)	(1.921)
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	.000	.000	.000	.000
5. Assembly/Disassembly	(180.437)	.000	(140.741)	(39.696)
6. Physical Inventory Adj	(26.396)	.000	(20.589)	(5.807)
7. Accounting Adjustments	269.497	.000	210.207	59.289
8. Shipment Discrepancies	239.878	.000	187.105	52.773
9. Other Gains/Losses	755.271	.000	589.111	166.160
10. Strata Transfers	.000	.000	.000	.000
11. Strata Transfers in Transit	.000	.000	.000	.000
12. Other Adjustments - Total	1,028.184	.000	801.984	226.201
h. Total Adjustments	2,739.413	.000	2,136.742	602.671
6. Inventory EOP	20,725.636	.000	16,165.996	4,559.640
7. Inventory EOP, Revalued (MAC, Discounted)	20,725.636	.000	16,165.996	4,559.640
a. Economic Retention (Memo)	2,401.268	.000	1,872.989	528.279
b. Contingency Retention (Memo)	1,525.472	.000	1,189.868	335.604
c. Potential DOD Reutilization (Memo)	21.496	.000	16.767	4.729
8. Inventory on Order Cost EOP (Memo)	4,408.341	.000	3,438.506	969.835

SM-4 CSAG - Supply Division

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2017	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	20,725.636	.000	16,165.996	4,559.640
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(552.403)	.000	(430.874)	(121.529)
c. Inv Reclassified & Repriced	20,173.233	.000	15,735.121	4,438.111
3. Receipts at MAC	1,129.257	.000	880.820	248.436
4. Sales at Standard	3,448.047	.000	2,689.477	758.570
5. Inventory Adjustments				
a. Capitalization + or (-)	106.356	.000	82.958	23.398
b. Returns from Customers for Credit	333.347	.000	260.011	73.336
c. Returns from Customers w/o Credit	4,169.329	.000	3,252.076	917.252
d. Returns to Suppliers (-)	(453.410)	.000	(353.660)	(99.750)
e. Transfers to Property Disposal (-)	(2,556.117)	.000	(1,993.771)	(562.346)
f. Issues/Receipts w/o Reimbursement	481.970	.000	375.936	106.033
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(16.810)	.000	(13.112)	(3.698)
2. Discounts on Returns	(515.518)	.000	(402.104)	(113.414)
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	.000	.000	.000	.000
5. Assembly/Disassembly	(17.154)	.000	(13.380)	(3.774)
6. Physical Inventory Adj	5.119	.000	3.993	1.126
7. Accounting Adjustments	237.634	.000	185.355	52.280
8. Shipment Discrepancies	(41.003)	.000	(31.982)	(9.021)
9. Other Gains/Losses	555.108	.000	432.984	122.124
10. Strata Transfers	.000	.000	.000	.000
11. Strata Transfers in Transit	.000	.000	.000	.000
12. Other Adjustments - Total	207.377	.000	161.754	45.623
h. Total Adjustments	2,288.852	.000	1,785.304	503.547
6. Inventory EOP	20,143.294	.000	15,711.769	4,431.525
7. Inventory EOP, Revalued (MAC, Discounted)	20,143.294	.000	15,711.769	4,431.525
a. Economic Retention (Memo)	2,444.491	.000	1,906.703	537.788
b. Contingency Retention (Memo)	1,552.930	.000	1,211.286	341.645
c. Potential DOD Reutilization (Memo)	21.883	.000	17.069	4.814
8. Inventory on Order Cost EOP (Memo)	4,064.991	.000	3,170.693	894.298

SM-4 CSAG - Supply Division

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

CSAG - Supply Division

FY2018	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	20,143.294	.000	15,711.769	4,431.525
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(562.899)	.000	(439.061)	(123.838)
c. Inv Reclassified & Repriced	19,580.395	.000	15,272.708	4,307.687
3. Receipts at MAC	1,150.712	.000	897.556	253.157
4. Sales at Standard	3,513.560	.000	2,740.577	772.983
5. Inventory Adjustments				
a. Capitalization + or (-)	108.377	.000	84.534	23.843
b. Returns from Customers for Credit	339.681	.000	264.951	74.730
c. Returns from Customers w/o Credit	4,248.546	.000	3,313.866	934.680
d. Returns to Suppliers (-)	(462.025)	.000	(360.379)	(101.645)
e. Transfers to Property Disposal (-)	(2,604.683)	.000	(2,031.653)	(573.030)
f. Issues/Receipts w/o Reimbursement	491.127	.000	383.079	108.048
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(17.129)	.000	(13.361)	(3.768)
2. Discounts on Returns	(525.313)	.000	(409.744)	(115.569)
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	.000	.000	.000	.000
5. Assembly/Disassembly	(17.480)	.000	(13.634)	(3.846)
6. Physical Inventory Adj	5.119	.000	3.993	1.126
7. Accounting Adjustments	237.634	.000	185.355	52.280
8. Shipment Discrepancies	(41.782)	.000	(32.590)	(9.192)
9. Other Gains/Losses	555.108	.000	432.984	122.124
10. Strata Transfers	.000	.000	.000	.000
11. Strata Transfers in Transit	.000	.000	.000	.000
12. Other Adjustments - Total	196.157	.000	153.003	43.155
h. Total Adjustments	2,317.180	.000	1,807.401	509.780
6. Inventory EOP	19,534.728	.000	15,237.088	4,297.640
7. Inventory EOP, Revalued (MAC, Discounted)	19,534.728	.000	15,237.088	4,297.640
a. Economic Retention (Memo)	2,490.936	.000	1,942.930	548.006
b. Contingency Retention (Memo)	1,582.436	.000	1,234.300	348.136
c. Potential DOD Reutilization (Memo)	22.299	.000	17.393	4.906
8. Inventory on Order Cost EOP (Memo)	4,142.226	.000	3,230.936	911.290

SM-4 CSAG - Supply Division

***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**  
***SUPPLY MANAGEMENT ACTIVITY***  
***GROUP RETAIL***

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## **Supply Management Activity Group–Retail Overview Fiscal Year (FY) 2018 Budget Estimates**

### **Activity Group Overview**

The Air Force Supply Management Activity Group–Retail (SMAG-R) is comprised of three divisions: General Support, Medical-Dental and the United States Air Force Academy.

### **SMAG–Retail Mission Description**

The Air Force SMAG-R manages 2.0 million inventory items including weapon system spare parts, medical-dental supplies and equipment, and other supply items used in non-weapon system applications. SMAG-R is a critical component in the support of combat readiness. It procures materiel and makes spares available to authorized customers. Within SMAG-R, the Medical-Dental Division inventory includes a War Reserve Material (WRM) Stockpile.

SMAG-R provides a wide range of logistics support services including requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management and transportation. Inventories are an integral part of SMAG-R and are maintained by each of the divisions in support of customer requirements. The SMAG-R objective is to replenish inventories and provide supplies to customers in a timely manner within customer funding constraints, while maintaining fund solvency.

### **Division Overviews**

The General Support Division (GSD) finances the Air Force retail inventory and issues requirements for all non-Air Force managed economic order quantity (EOQ) items other than those pertaining to peculiar medical, commissary, and fuels requirements. GSD items support installation, maintenance, administrative functions, field and depot maintenance of aircraft, ground and airborne communication and electronic systems, and other sophisticated systems and equipment. Also included is initial outfitting of individual clothing items issued to new recruits, organizational clothing items such as firemen's protective over

SMAG–Retail Budget Overview

garments, 'clean room' coveralls, air crew helmets, and chemical biological warfare protective over garments. This retail activity is accomplished at nearly 300 Air Force installations throughout the world.

The Air Force Academy Division finances the purchase of uniforms, uniform accessories and miscellaneous commodities required by USAF Academy cadets during their four-year stay at the Academy. The customer base consists of approximately 4000 cadets. The Air Academy Division procures both distinctive uniforms and accessories from various manufacturing contractors as well as regular Air Force uniforms purchased through the Defense Logistics Agency.

The Surgeon General of the Air Force is responsible for the overall management of the Medical-Dental Division (MDD) and manages items for 74 Medical Treatment Facilities (MTF) worldwide. The Surgeon General assigned central financial and material management functions to the Medical Logistics Division of the Air Force Medical Operations Agency (AFMOA), located at Fort Detrick, Maryland. Nearly 99% of all peacetime customer orders come from MTFs funded by the Defense Health Program appropriation. Peacetime inventory stock remains at 3-4 days with an annual turn-over rate of over 200 times.

In addition to the peacetime program, MDD is responsible for purchasing and maintaining inventory/assets funded by the War Reserve Material (WRM) appropriation. The medical WRM inventory is owned by MDD until it is needed for war fighter deployment or contingency operations and it is then sold and revenue is collected for WRM replenishment. WRM inventory accounts for approximately 99% of total MDD inventory at any given time.

### **War Reserve Materiel (WRM) / Direct Appropriation**

The medical WRM provides supplies and equipment vital to support forces in the full range of military operations for the first 30 days of a contingency operation, and provides force health protection materiel to all deploying Air Force Active, Reserve, and Guard personnel. Availability of this materiel ensures Air Force personnel can deploy as scheduled and contingency operations can be conducted until re-supply lines are established and materiel is routinely received from the contiguous United States. A direct appropriation funds the establishment and sustainment of 3,498 assemblages and Force Health Protection assets for 447

locations that are maintained in the MDD inventory until required for direct support of war fighters. Medical wartime assemblies/capabilities are classified into six support categories: Expeditionary Medical Support (EMEDS) assemblages, Aero-Medical Evacuation (AE) sets, Patient Staging, Specialty Care sets, AF Special Operations, Medical Support and Medical Personal Protection Prophylaxis/Antidotes.

Approximately one third of WRM pharmaceuticals must be replaced annually because of shelf-life or emergence of newer, more effective treatments. Medical equipment requires constant upgrade to maintain the medical standard of care for required deployable capability. New technology allows for replacement of equipment with smaller, more proficient models which often drives a change in other supply requirements. The Air Force ensures airmen and joint war fighters have the best possible care provided when they go in harm's way by keeping pace with medical device technological advances; however, staying abreast of these rapid innovations places significant financial burden on medical WRM resources.

### **SMAG-Retail Customer Base**

The SMAG-R generates revenue from sales of various supplies to a diverse customer base. Primary SMAG-R customers are Air Force Major Commands (including Air Force Reserve and Air National Guard), Foreign Military Sales, Army, Navy, Defense Health Program, non-DoD activities, as well as other working capital activities, such as Air Force Consolidated Sustainment Activity Group – Maintenance Division.

### **SMAG–Retail Financial and Performance Summary**

The table below provides revenue and expense data for the total SMAG-R. Revenue and expenses in FY 2016 reflect lower than plan customer demand and expenses resulting in positive operating results, \$44.4 million. The FY 2016 AOR Non-Recoverable adjustment of \$19.5 million is taken to ensure cash remains relatively stable. In FY 2017 revenue and expenses are expected to rise \$311.5 million and \$357.8 million respectively, primarily due to greater demand by Air Force O&M customer and 4% material inflation in GSD resulting in a Net Operating Result loss of \$17.6 million. The FY 2018 revenue is anticipated to rise \$191.3 million due to customer price change in GSD, reflecting an AOR gain of \$20.9 million. This gain will

SMAG–Retail Budget Overview

be reviewed during the FY 2019 cycle for potential return to customers in the FY 2019 SMAG-R rates. This approach mitigates risk to the SMAG-R Cash portfolio in both FY 2018 and FY 2019.

The WRM direct appropriation received is included in the Total Revenue and Expenses balances in all fiscal years. Other Adjustments (WRM) are completed so Net Operating Results (NOR) reflects only results associated with the Operating Program and War Reserve Material Program activity remains NOR neutral.

### Revenue, Expenses and Net Operating Results

(Dollars in Millions)	FY 2016	FY2017	FY 2018
Total Revenue	\$3,927.2	\$4,238.7	\$4,430.0
Total Expenses	\$3,883.3	\$4,241.1	\$4,419.7
Operating Results	\$43.9	(\$2.4)	\$10.3
Other Adjustments (WRM)	(\$58.4)	\$(15.2)	\$(16.2)
Net Operating Results	\$14.5	(\$17.6)	(\$5.9)
Non-Recoverable AOR Adjustment	(\$19.5)	\$0.0	\$0.0
Accumulated Operating Results	\$44.4	\$26.8	\$20.9

### Cash Management

(Dollars in Millions)	FY 2016	FY2017	FY 2018
BOP Cash Balance	\$224.8	\$274.8	\$193.8
Disbursements	\$3,939.4	\$4,245.9	\$4,394.1
Collections	\$3,926.5	\$4,101.0	\$4,307.9
Transfers In/Out	\$0.0	\$0.0	\$0.0
WRM	\$62.9	\$64.0	\$66.5
EOP Cash Balance	\$274.8	\$193.8	\$174.2
Lower Range Target	\$133.0	\$157.4	\$131.8

Upper Range Target	\$280.8	\$309.4	\$288.6
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The SMAG-Retail end of year cash balances remain within targeted ranges for FY 2016 - FY 2018.

### Customer Price Change (%)

Division	FY 2016	FY2017	FY 2018
General Support	0.70%	3.61%	5.98%
Medical-Dental	3.80%	7.11%	1.63%
Academy	1.63%	6.93%	2.34%
SMAG-Retail	1.71%	4.71%	4.78%

The overall FY 2018 customer price change for SMAG-Retail remains relatively flat between FY 2017 and FY2018. The GSD price change is primarily due to material inflation and surcharge for business overhead. The rate is far above FY 2016 and FY 2017 due to the decision to retain FY 2016 gains necessary to stabilize cash. The Medical-Dental FY 2018 price change reflects projected prior year gains to be returned to customers in FY 2017 and FY 2018. The Academy price change reflects prior year gains, to be returned to customers in FY 2019. FY2016 and FY 2017 price change percentages were established in previous budget submissions.

### Analysis of Undelivered Orders

Dollars in Millions	FY 2016	FY2017	FY 2018
<u>Peacetime</u>			
General Support Division	\$487.5	\$467.5	\$447.5
Medical-Dental Division	\$109.5	\$112.7	\$116.1
Academy Division	\$ 0.5	\$ 0.5	\$ 0.5
<u>WRM</u>			
Medical-Dental Division	\$ 55.9	\$ 57.6	\$ 59.3
Total SMAG-Retail	\$653.4	\$638.3	\$623.4

Undelivered Orders are orders/obligations incurred for which goods have not been delivered or services not performed. This amount includes orders for which advance payment has been made but for which delivery or performance has not yet occurred.

The Medical-Dental Division maintains only 3 - 4 days' worth of inventory on hand. It experiences an annual inventory turnover rate of more than 200 times with most items having a short delivery schedule. Year-to-year increases in Undelivered Orders are primarily due to inflation of medical materials' prices for both the operational and WRM programs.

SMAG–Retail Budget Overview

The Air Force Academy Division undelivered orders are fairly stable from one year to the next. Every item issued to cadets for reimbursement is seasonally scheduled and does not change significantly from one year to the next. Purchases and cadet orders are seasonally driven due to order lead times and a consistent schedule for incoming classes

**Supply Mission Incapable (MICAP) Hours**

GSD Mission Capable (MICAP) Hours in Thousands	FY 2016	FY2017	FY 2018
Actual Performance	932		
Objective	N/A	N/A	N/A

Mission Capable (MICAP) Hours are the sum of hours a customer waits for a part that grounds an aircraft, piece of equipment or vehicle. FY16 MICAP hours are steady and average monthly DLA hours has improved this past year. MICAP has increased significantly for DLA parts for the T-38, CV-22 and AC-130 platforms but has decreased significantly for the F-16 and A-10 platforms.

AFSC and DLA work together to improve supply performance and reduce constraints effecting these and other platforms. AFSC and DLA work together annually and throughout the year to review constraints, attend performance reviews together and finalize a performance based agreement annually which includes improving MICAP response time.

DLA no longer has MICAP hour targets but measures MICAP Response Time by Weapon System.

<b>Customer Wait Time</b>			
GSD Customer Wait Time (CWT)	FY 2016	FY2017	FY 2018
Actual Performance	6.6		
Objective	7.0	7.0	7.0

Customer Wait Time (CWT) is the average number of days accrued from the time a customer orders a spare part until the part is received. DLA has improved from 7.48 days down to 6.6. The transition of FSG 80 from GSA, which had an impact on CWT in FY15, is now stable. In addition, speedy lateral support and redistribution from the 635th significantly helps reduce wait times when parts are not immediately available at the base.

Finally, AF and DLA commissioned a study to evaluate inventory models and solicit recommendations to improve the combined performance of DLA's and AF's inventory models. The Logistics Management Institute found that these independent systems work well and there was little room for improvement. The AF and DLA will continue to work together to find ways to improve supply performance reduce constraints.

**Supply Management Activity Group Retail**

Item Quantity Requirements	FY 2016	FY2017	FY 2018
Number of Issues	3,539,381	3,489,097	3,507,610
Number of Receipts	5,919,289	5,928,538	6,013,129
Number of Requisitions	6,689,061	6,704,848	6,795,003
Contracts Executed	23,400	24,416	25,109
Purchase Inflation	2.57%	4.08%	3.97%
Items Managed	1,971,512	1,975,424	1,979,366

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**Supply Management Activity Group - Retail**

	FY2016	FY2017	FY2018
<b>1. New Orders</b>			
<b>a. Orders From DOD Components:</b>			
<b>(1) Air Force</b>			
(a) Aircraft Procurement	8.152	11.942	12.301
(b) Missile Procurement	.016	.017	.018
(c) Other Procurement	.394	.338	.348
(d) Military Construction	(.066)	.227	.249
(e) Operations & Maintenance - AF	1,052.943	1,232.985	1,277.689
(f) Operations & Maintenance - AFRC	69.881	70.645	81.646
(g) Operations & Maintenance - ANG	203.039	193.434	224.795
(h) Research & Development - AF	19.184	18.653	20.515
(i) Military Personnel - AF	.000	.001	.001
(j) Reserve Personnel - AF	1.850	2.209	2.421
(k) Guard Personnel - ANG	.429	.668	.989
(l) Family Housing	.111	.277	.285
(m) Special Trust Funds	5.570	6.488	5.819
(n) Other Air Force	.026	.041	.042
<b>Total Air Force</b>	<b>1,361.530</b>	<b>1,537.923</b>	<b>1,627.118</b>
(2) Army	5.814	5.865	5.718
(3) Navy	(2.631)	9.146	8.670
(4) MAP Grant Aid	.000	(.035)	.003
(5) Other DOD	1,090.801	1,173.493	1,195.267
<b>Total DOD excluding WCF</b>	<b>2,455.514</b>	<b>2,726.393</b>	<b>2,836.777</b>
<b>b. Orders From Other Fund Activity Groups</b>			
(1) Other AF Supply Management Activity Groups	.257	.729	.822
(2) Transportation Activity Group - TRANSCOM	100.808	74.585	76.937
(3) Consolidated Sustainment Activity Group (Maintenance Div)	1,422.426	1,452.223	1,479.009
(4) Other WCF Activity Groups	.019	.003	.003
(5) Commissary, Sur. Coll.	.005	.005	.005
<b>Total Other Fund Activity Groups</b>	<b>1,523.515</b>	<b>1,527.544</b>	<b>1,556.777</b>
<b>c. Grand Total DOD</b>	<b>3,979.029</b>	<b>4,253.937</b>	<b>4,393.553</b>

Fund 11 Supply Management Activity Group - Retail

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**Supply Management Activity Group - Retail**

	FY2016	FY2017	FY2018
<b>d. Other Orders</b>			
(1) Other Federal Agencies	3.509	4.827	5.249
(2) Non Federal Agencies	.451	.587	.637
(3) FMS	8.181	3.020	4.349
<b>Total Other Orders</b>	<b>12.142</b>	<b>8.433</b>	<b>10.235</b>
<b>Total New Gross Orders</b>	<b>3,991.171</b>	<b>4,262.371</b>	<b>4,403.788</b>
<b>2. Carry-In Orders (BOP)</b>	<b>790.325</b>	<b>843.997</b>	<b>863.321</b>
<b>3. Total Gross Orders</b>	<b>4,781.496</b>	<b>5,106.368</b>	<b>5,267.109</b>
<b>4. Carry-Out Orders (-) (EOP)</b>	<b>843.997</b>	<b>863.321</b>	<b>835.686</b>
<b>5. Gross Sales (-)</b>	<b>3,937.499</b>	<b>4,243.047</b>	<b>4,431.423</b>
<b>6. Credit Returns (-)</b>	<b>61.546</b>	<b>78.896</b>	<b>82.792</b>
<b>7. Net Sales</b>	<b>3,875.952</b>	<b>4,164.151</b>	<b>4,348.631</b>

Fund 14	Revenue and Expenses Air Force Working Capital Fund	Fiscal Year (FY) 2018
(Dollars in Millions)	Supply Management Activity Group - Retail	Budget Estimates
<b>Supply Management Activity Group - Retail</b>		May 2017

	FY2016	FY2017	FY2018
<b>Revenue:</b>			
Gross Revenue from Sales	3,926.835	4,243.047	4,431.423
Less Credit Returns	61.546	78.896	82.792
Net Revenue from Sales	3,865.289	4,164.151	4,348.631
Other Revenue	25.251	10.560	14.857
Direct Appropriation	36.646	66.654	66.462
<b>Total Net Revenue</b>	<b>3,927.185</b>	<b>4,241.365</b>	<b>4,429.950</b>
<b>Expense:</b>			
Cost of Material Sold Operating Program	3,826.203	4,090.304	4,261.271
Cost of Material Sold WRM	(49.066)	10.277	14.857
Cost of Material Repair	.000	.025	.025
Subtotal Sales Material Expense	3,777.137	4,100.606	4,276.154
Inventory Losses / Obsolescence (Ops)	2.477	2.680	2.796
Inventory Losses / Obsolescence (WRM)	41.061	47.985	49.160
Cost of Direct Reimbursable Material	.000	.000	.000
Initial Spares	.000	.000	.000
Readiness Spares Package	.000	.000	.000
Mobilization	.000	.000	.000
Other Direct Reimbursements	.000	.000	.000
Subtotal Material Expenses	3,820.674	4,151.271	4,328.110
<b>Business Operations</b>			
Military Personnel	.000	.000	.000
Civilian Personnel	.000	.000	.000
Travel & Transportation of People	.005	.127	.129
Materials & Supplies	.000	.000	.000
Equipment	.000	.000	.000
Other WCF Purchases	25.639	37.060	37.782
Transportation of Things Operating Program	29.638	40.710	41.519
Transportation of Things WRM	.799	1.100	1.100
Capital Investment Depreciation	.000	.000	.000
Printing and Reproduction	.000	.000	.000
Advisory and Assistance Services	.121	.435	.443
Rent, Comm, Utilities and Misc Charges	.930	1.090	1.111
Other Purchased Services	5.499	9.281	9.457
Subtotal Business Operations	62.632	89.802	91.541
<b>Total Expenses</b>	<b>3,883.306</b>	<b>4,241.073</b>	<b>4,419.651</b>

Fund 14 Supply Management Activity Group - Retail

Fund 14 (Dollars in Millions) <b>Supply Management Activity Group - Retail</b>	Revenue and Expenses Air Force Working Capital Fund Supply Management Activity Group - Retail		Fiscal Year (FY) 2018 Budget Estimates May 2017
	FY2016	FY2017	FY2018
<b>Operating Result</b>	<b>43.879</b>	<b>.293</b>	<b>10.299</b>
Less Capital Surcharge	.000	.000	.000
Less Direct Appropriations	.000	(66.654)	(66.462)
Plus Passthroughs or Other Approps (NOR)	.000	.000	.000
Adjustment for Mobilization / WRM NOR	(58.439)	48.802	50.260
Other Changes (NOR)	.000	.000	.000
<b>NET OPERATING RESULT (NOR)</b>	<b>(14.560)</b>	<b>(17.559)</b>	<b>(5.903)</b>
Prior Year Adjustments (AOR)	.000	.000	.000
Other Changes (AOR)	.000	.000	.000
Plus Prior Year AOR	78.382	44.353	26.794
Accumulated Operating Result (AOR)	63.822	26.794	20.891
Non-Recoverable Adjustment (AOR)	(19.469)	.000	.000
Accumulated Operating Result for Budget Purposes	44.353	26.794	20.891

The FY 2018 gain will be returned in FY19 to reduce risk to FY18 cash balances.

The FY 2016 direct appropriation received and obligated was \$62.9 Million however revenue reflected totals \$36.7 Million.

SM-1  
(Dollars in Millions)

Supply Management Summary  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

Supply Management Activity Group - Retail

	Obligation Targets								
	Net Customer Orders	Net Sales	Operating	WRM Direct Appn <sup>1</sup>	Direct Reimbursables (Initial Spares)	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
<b><u>FY2016</u></b>									
GSD	.000	.000	79.999	.000	.000	79.999	.000	.000	79.999
Med/Dent	1,042.024	1,039.657	1,069.292	79.523	.000	1,148.815	.000	.000	1,148.815
Academy	5.126	5.126	6.636	.000	.000	6.636	.000	.000	6.636
Total SMAG-Retail	3,929.625	3,875.952	3,988.763	79.523	.000	4,068.286	.000	550.000	4,618.286
<b><u>FY2017</u></b>									
GSD	.000	.000	87.415	.000	.000	87.415	.000	.000	87.415
Med/Dent	1,125.604	1,123.216	1,109.374	77.214	.000	1,186.588	.000	.000	1,186.588
Academy	6.519	6.519	6.011	.000	.000	6.011	.000	.000	6.011
Total SMAG-Retail	4,183.475	4,164.151	4,179.031	77.214	.000	4,256.245	.000	400.000	4,656.245
<b><u>FY2018</u></b>									
GSD	.000	.000	89.076	.000	.000	89.076	.000	.000	89.076
Med/Dent	1,154.860	1,150.495	1,153.416	81.319	.000	1,234.735	.000	.000	1,234.735
Academy	5.847	5.897	6.083	.000	.000	6.083	.000	.000	6.083
Total SMAG-Retail	4,320.996	4,348.631	4,351.738	81.319	.000	4,433.057	.000	400.000	4,833.057

1. The WRM Direct Appropriation column above includes obligation targets for the direct appropriation, prior year direct appropriation carryover and replenish/repair WRM reinvestment (from WRM Sales). The SM-6 exhibit presents detail level data.

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

Supply Management Activity Group - Retail

FY2016	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	2,454.258	645.528	1,362.324	446.406
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(7.167)	9.056	(16.211)	(.013)
c. Inv Reclassified & Repriced	2,447.090	654.584	1,346.113	446.393
3. Receipts at MAC	4,015.826	76.345	3,939.480	.000
4. Sales at Standard	3,775.561	14.872	3,760.689	.000
5. Inventory Adjustments				
a. Capitalization + or (-)	8.616	1.635	6.991	(.010)
b. Returns from Customers for Credit	1.097	.000	1.008	.089
c. Returns from Customers w/o Credit	425.010	.298	409.316	15.396
d. Returns to Suppliers (-)	(198.257)	(.318)	(197.933)	(.006)
e. Transfers to Property Disposal (-)	(688.206)	(17.157)	(665.988)	(5.061)
f. Issues/Receipts w/o Reimbursement	327.636	8.417	319.219	.000
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(45.546)	(26.400)	(4.286)	(14.860)
2. Discounts on Returns	(6.296)	.000	(6.296)	.000
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	(.011)	.000	(.011)	.000
5. Assembly/Disassembly	(2.494)	(1.650)	(.843)	(.000)
6. Physical Inventory Adj	8.100	(.505)	(62.274)	70.880
7. Accounting Adjustments	(27.085)	.003	(27.088)	(.000)
8. Shipment Discrepancies	15.995	(.001)	15.996	.000
9. Other Gains/Losses	(3.310)	(3.296)	(.143)	.129
10. Strata Transfers	(6.673)	(12.082)	(.154)	5.564
11. Strata Transfers in Transit	(13.359)	(23.243)	9.982	(.098)
12. Other Adjustments - Total	(80.679)	(67.174)	(75.119)	61.614
h. Total Adjustments	(204.784)	(74.299)	(202.506)	72.021
6. Inventory EOP	2,482.571	641.758	1,322.399	518.414
7. Inventory EOP, Revalued (MAC, Discounted)	2,482.571	641.758	1,322.399	518.414
a. Economic Retention (Memo)	18.800	.000	.000	18.800
b. Contingency Retention (Memo)	380.527	.000	.000	380.527
c. Potential DOD Reutilization (Memo)	116.821	.000	.000	116.821
8. Inventory on Order Cost EOP (Memo)	653.398	55.922	597.476	.000

SM-4 Supply Management Activity Group - Retail

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

Supply Management Activity Group - Retail

FY2017	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	2,482.571	641.758	1,322.399	518.414
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(13.776)	9.237	(23.001)	(.013)
c. Inv Reclassified & Repriced	2,468.795	650.995	1,299.398	518.401
3. Receipts at MAC	4,168.529	77.872	4,090.657	.000
4. Sales at Standard	4,214.207	15.169	4,199.038	.000
5. Inventory Adjustments				
a. Capitalization + or (-)	11.345	1.668	9.688	(.010)
b. Returns from Customers for Credit	1.119	.000	1.028	.091
c. Returns from Customers w/o Credit	555.958	.304	539.950	15.704
d. Returns to Suppliers (-)	(213.694)	(.324)	(213.364)	(.006)
e. Transfers to Property Disposal (-)	(437.397)	(17.500)	(414.734)	(5.163)
f. Issues/Receipts w/o Reimbursement	358.689	8.585	350.104	.000
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(46.457)	(26.928)	(4.372)	(15.157)
2. Discounts on Returns	(65.223)	.000	(65.223)	.000
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	.000	.000	.000	.000
5. Assembly/Disassembly	(35.763)	(1.683)	(34.079)	(.000)
6. Physical Inventory Adj	2.959	(.515)	3.468	.007
7. Accounting Adjustments	(64.163)	.003	(71.666)	7.500
8. Shipment Discrepancies	25.908	.533	25.375	.000
9. Other Gains/Losses	(3.376)	(3.361)	(.146)	.132
10. Strata Transfers	(6.807)	(12.324)	(.157)	5.675
11. Strata Transfers in Transit	1.983	1.951	.132	(.100)
12. Other Adjustments - Total	(190.939)	(42.325)	(146.669)	(1.945)
h. Total Adjustments	85.080	(49.592)	126.002	8.671
6. Inventory EOP	2,508.196	664.106	1,317.018	527.072
7. Inventory EOP, Revalued (MAC, Discounted)	2,508.196	664.106	1,317.018	527.072
a. Economic Retention (Memo)	18.800	.000	.000	18.800
b. Contingency Retention (Memo)	388.027	.000	.000	388.027
c. Potential DOD Reutilization (Memo)	116.821	.000	.000	116.821
8. Inventory on Order Cost EOP (Memo)	638.359	57.600	580.760	.000

SM-4 Supply Management Activity Group - Retail

SM-4  
(Dollars in Millions)

Inventory Status  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

Supply Management Activity Group - Retail

FY2018	Total	Mobil	Peacetime Operating	Peacetime Other
1. Inventory BOP	2,508.196	664.106	1,317.018	527.072
2. BOP Inventory Adjustments				
a. Reclassification Change (Memo)	.000	.000	.000	.000
b. Price Change Amount (Memo)	(13.591)	9.422	(23.000)	(.013)
c. Inv Reclassified & Repriced	2,494.605	673.528	1,294.018	527.059
3. Receipts at MAC	4,342.352	79.429	4,262.922	.000
4. Sales at Standard	4,397.844	15.473	4,382.371	.000
5. Inventory Adjustments				
a. Capitalization + or (-)	11.378	1.701	9.688	(.011)
b. Returns from Customers for Credit	1.141	.000	1.048	.093
c. Returns from Customers w/o Credit	565.637	.310	549.309	16.018
d. Returns to Suppliers (-)	(213.704)	(.331)	(213.367)	(.007)
e. Transfers to Property Disposal (-)	(443.907)	(17.850)	(420.791)	(5.266)
f. Issues/Receipts w/o Reimbursement	359.061	8.757	350.305	.000
g. Other Adjustments				
1. Destruct, Shrink, Deteriorations, etc.	(47.386)	(27.466)	(4.459)	(15.461)
2. Discounts on Returns	(65.223)	.000	(65.223)	.000
3. Trade-ins	.000	.000	.000	.000
4. Loss from Disaster	.000	.000	.000	.000
5. Assembly/Disassembly	(35.798)	(1.717)	(34.080)	(.000)
6. Physical Inventory Adj	2.918	(.526)	3.436	.007
7. Accounting Adjustments	(65.998)	.004	(73.501)	7.500
8. Shipment Discrepancies	25.949	.543	25.406	.000
9. Other Gains/Losses	(3.443)	(3.429)	(.149)	.134
10. Strata Transfers	(6.943)	(12.571)	(.161)	5.788
11. Strata Transfers in Transit	2.032	2.000	.133	(.102)
12. Other Adjustments - Total	(193.893)	(43.161)	(148.598)	(2.134)
h. Total Adjustments	85.714	(50.573)	127.594	8.694
6. Inventory EOP	2,524.827	686.911	1,302.163	535.753
7. Inventory EOP, Revalued (MAC, Discounted)	2,524.827	686.911	1,302.163	535.753
a. Economic Retention (Memo)	18.800	.000	.000	18.800
b. Contingency Retention (Memo)	396.027	.000	.500	395.527
c. Potential DOD Reutilization (Memo)	116.821	.000	.000	116.821
8. Inventory on Order Cost EOP (Memo)	622.969	59.328	563.642	.000

SM-4 Supply Management Activity Group - Retail

SM-6  
(Dollars in Millions)

War Reserve Material  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**Supply Management Activity Group - Retail**

FY2016

<b>STOCKPILE STATUS</b>	<b>Total</b>	<b>WRM Protected</b>	<b>WRM Other</b>
<b>1. Inventory BOP @ std</b>	<b>645.528</b>	<b>645.528</b>	<b>.000</b>
<b>2. Price Change</b>	<b>9.056</b>	<b>9.056</b>	<b>.000</b>
<b>3. Reclassification</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>4. Inventory Changes</b>	<b>(12.825)</b>	<b>(12.825)</b>	<b>.000</b>
<b>a. Receipts @ std</b>	<b>76.644</b>	<b>76.644</b>	<b>.000</b>
(1). Purchases	76.345	76.345	.000
(2). Returns from customers	.298	.298	.000
<b>b. Issues @ std</b>	<b>(32.347)</b>	<b>(32.347)</b>	<b>.000</b>
(1). Sales	(14.872)	(14.872)	.000
(2). Returns to suppliers	(.318)	(.318)	.000
(3). Disposals	(17.157)	(17.157)	.000
<b>c. Adjustments @ std</b>	<b>(57.122)</b>	<b>(57.122)</b>	<b>.000</b>
(1). Capitalizations	1.635	1.635	.000
(2). Gains and losses	8.417	8.417	.000
(3). Other	(67.174)	(67.174)	.000
<b>Inventory EOP</b>	<b>641.758</b>	<b>641.758</b>	<b>.000</b>

**STOCKPILE COSTS**

<b>1. Storage</b>	<b>.000</b>
<b>2. Management</b>	<b>.000</b>
<b>3. Maintenance/Other</b>	<b>.000</b>
<b>Total Cost</b>	<b>.000</b>

**WRM BUDGET REQUEST**

<b>1. Obligations @ cost</b>	
<b>a. Additional WRM Investment</b>	
i. Current Year (Direct Appropriation)	64.936
ii. Prior Year	.000
<b>b. Replen/Repair WRM -Reinvest (from Prior Year WRM Sales)</b>	<b>14.587</b>
<b>c. Stock Rotation/Obsolescence</b>	<b>.000</b>
<b>d. Assemble/Disassemble</b>	<b>.000</b>
<b>e. Other</b>	<b>.000</b>
<b>Total Request</b>	<b>79.523</b>

SM-6 Supply Management Activity Group - Retail

SM-6  
(Dollars in Millions)

War Reserve Material  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**Supply Management Activity Group - Retail**

FY2017

<b>STOCKPILE STATUS</b>	<b>Total</b>	<b>WRM Protected</b>	<b>WRM Other</b>
<b>1. Inventory BOP @ std</b>	<b>641.758</b>	<b>641.758</b>	<b>.000</b>
<b>2. Price Change</b>	<b>9.237</b>	<b>9.237</b>	<b>.000</b>
<b>3. Reclassification</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>4. Inventory Changes</b>	<b>13.111</b>	<b>13.111</b>	<b>.000</b>
<b>a. Receipts @ std</b>	<b>78.176</b>	<b>78.176</b>	<b>.000</b>
(1). Purchases	77.872	77.872	.000
(2). Returns from customers	.304	.304	.000
<b>b. Issues @ std</b>	<b>(32.994)</b>	<b>(32.994)</b>	<b>.000</b>
(1). Sales	(15.169)	(15.169)	.000
(2). Returns to suppliers	(.324)	(.324)	.000
(3). Disposals	(17.500)	(17.500)	.000
<b>c. Adjustments @ std</b>	<b>(32.072)</b>	<b>(32.072)</b>	<b>.000</b>
(1). Capitalizations	1.668	1.668	.000
(2). Gains and losses	8.585	8.585	.000
(3). Other	(42.325)	(42.325)	.000
<b>Inventory EOP</b>	<b>664.106</b>	<b>664.106</b>	<b>.000</b>

**STOCKPILE COSTS**

1. Storage	.000
2. Management	.000
3. Maintenance/Other	.000
<b>Total Cost</b>	<b>.000</b>

**WRM BUDGET REQUEST**

<b>1. Obligations @ cost</b>	
<b>a. Additional WRM Investment</b>	
i. Current Year (Direct Appropriation)	66.654
ii. Prior Year	.000
<b>b. Replen/Repair WRM -Reinvest (from Prior Year WRM Sales)</b>	<b>10.560</b>
<b>c. Stock Rotation/Obsolescence</b>	<b>.000</b>
<b>d. Assemble/Disassemble</b>	<b>.000</b>
<b>e. Other</b>	<b>.000</b>
<b>Total Request</b>	<b>77.214</b>

SM-6 Supply Management Activity Group - Retail

SM-6  
(Dollars in Millions)

War Reserve Material  
Air Force Working Capital Fund  
Supply Management Activity Group - Retail

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**Supply Management Activity Group - Retail**

FY2018

<b>STOCKPILE STATUS</b>	<b>Total</b>	<b>WRM Protected</b>	<b>WRM Other</b>
<b>1. Inventory BOP @ std</b>	<b>664.106</b>	<b>664.106</b>	<b>.000</b>
<b>2. Price Change</b>	<b>9.422</b>	<b>9.422</b>	<b>.000</b>
<b>3. Reclassification</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>4. Inventory Changes</b>	<b>13.383</b>	<b>13.383</b>	<b>.000</b>
<b>a. Receipts @ std</b>	<b>79.740</b>	<b>79.740</b>	<b>.000</b>
(1). Purchases	79.429	79.429	.000
(2). Returns from customers	.310	.310	.000
<b>b. Issues @ std</b>	<b>(33.654)</b>	<b>(33.654)</b>	<b>.000</b>
(1). Sales	(15.473)	(15.473)	.000
(2). Returns to suppliers	(.331)	(.331)	.000
(3). Disposals	(17.850)	(17.850)	.000
<b>c. Adjustments @ std</b>	<b>(32.703)</b>	<b>(32.703)</b>	<b>.000</b>
(1). Capitalizations	1.701	1.701	.000
(2). Gains and losses	8.757	8.757	.000
(3). Other	(43.161)	(43.161)	.000
<b>Inventory EOP</b>	<b>686.911</b>	<b>686.911</b>	<b>.000</b>

**STOCKPILE COSTS**

<b>1. Storage</b>	<b>.000</b>
<b>2. Management</b>	<b>.000</b>
<b>3. Maintenance/Other</b>	<b>.000</b>
<b>Total Cost</b>	<b>.000</b>

**WRM BUDGET REQUEST**

<b>1. Obligations @ cost</b>	
<b>a. Additional WRM Investment</b>	
i. Current Year (Direct Appropriation)	66.462
ii. Prior Year	.000
<b>b. Replen/Repair WRM -Reinvest (from Prior Year WRM Sales)</b>	<b>14.857</b>
<b>c. Stock Rotation/Obsolescence</b>	<b>.000</b>
<b>d. Assemble/Disassemble</b>	<b>.000</b>
<b>e. Other</b>	<b>.000</b>
<b>Total Request</b>	<b>81.319</b>

SM-6 Supply Management Activity Group - Retail

***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**

***UNITED STATES***

***TRANSPORTATION COMMAND***

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**United States Transportation Command  
Transportation Working Capital Fund  
Fiscal Year (FY) 2018 Budget Analysis**

**Background**

This submission provides justification for the United States Transportation Command (USTRANSCOM) Transportation Working Capital Fund (TWCF) budget. The Secretary of Defense has designated the Commander, United States Transportation Command (CDR USTRANSCOM) as the single Department of Defense (DoD) manager for the Defense Transportation System (DTS) in peace and war. As such, all common-user transportation assets are under the command authority of CDR USTRANSCOM, except for Service unique or theater assigned assets. Commander, USTRANSCOM is also the DoD's Distribution Process Owner (DPO), charged with coordinating and overseeing the DoD distribution system and developing and implementing distribution process improvements that enhance defense logistics and global supply chain management systems. USTRANSCOM submits the TWCF budget as a distinct subset of the Air Force Working Capital Fund (AFWCF) budget submission. It reflects the cost authority needed to meet peacetime operations, Overseas Contingency Operations (OCO), the surge/readiness requirements to support the National Military Strategy, and to synchronize deployment distribution planning and execution across DoD as the Global Distribution Synchronizer, USTRANSCOM's newest Unified Command Plan mission. In addition, the USTRANSCOM Charter has been updated (31 Jul 15) to allow for recovering cost to provide contracted non-common user transportation. Capital funding supports the Department's In-Transit Visibility and Command and Control needs, facilitating continuous process improvement and modernization.

**Composition of Component Business Areas**

USTRANSCOM's mission is to provide air, land, and sea transportation for the DoD in time of peace and war, with a primary focus on wartime readiness. Our \$7 billion budget provides synchronized transportation and sustainment, making it possible to project and maintain national power where needed, with the greatest speed and agility, the highest efficiency, and the most reliable level of trust and accuracy. We accomplish our joint mission through our four Component Commands - Air Mobility Command (AMC), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (SDDC), and the Joint Enabling Capabilities Command (JECC). This joint team of transportation components provides mobility forces and assets for a seamless transition from peace to war. USTRANSCOM is always ready to meet the strategic mobility needs of our nation. A brief description of the role of each Component follows:

TWCF Budget Analysis Overview

Air Mobility Command provides airlift, air refueling, special air mission, and aeromedical evacuation for U.S. forces. AMC also supplies forces to theater commands to support wartime tasking. They are the single manager for air mobility.

Military Sealift Command supports our nation by delivering supplies and conducting specialized missions across the world's oceans.

Surface Deployment and Distribution Command provides global surface deployment and distribution services to meet the nation's objectives.

Joint Enabling Capabilities Command meets joint task for commanders' requirements for a rapidly deployable, tailored team of experts in plans, operations, knowledge management, intelligence support, logistics, public affairs, and communications. The Joint Enabling Capabilities Command is not part of the Working Capital Fund.

Our components provide the critical link to the Services' core competencies in organizing, training, and equipping forces. They provide lines of communication to the Services, ensuring assets are available when needed for the transition from peace to war. The surge from peacetime sustainment to a massive deployment of people and material in support of OCO is the most recent example of our ability to execute our mission. Our successes result from the synergy of military and commercial lift (air, land, and sea), air refueling, port operations, and afloat prepositioning - all requiring the team efforts of the Commander's Staff and our components. Together with its components and national partners, USTRANSCOM is building a truly seamless, end-to-end defense logistics enterprise.

DPO Cost Avoidance Initiatives: In FY 2016, the DPO has validated over \$32.8 million in distribution and transportation cost avoidance initiatives. These efficiencies accrue to the DoD budget (primarily contingency supplementals) and allow the Services to purchase other high priority items. Initiatives include:

- Working with Combatant Commands to utilize the most efficient transportation modes
- Positioning material that is more economical for DoD to stock in overseas depots because of demand or high shipping costs
- Improving container utilization on ocean liner missions
- Improving pallet and planeload utilization
- Tankering Fuel
- Combining Unit Line Number (ULN) movements to eliminate redeployment contingency missions

### Costs

COST (\$ IN MILLIONS)	FY 2016	FY 2017	FY 2018
AMC	\$4,811	\$4,533	\$4,673
SDDC	\$1,077	\$1,160	\$1,338
MSC	\$747	\$648	\$640
Defense Courier Division (DCD)	\$7	\$9	\$9
USTRANSCOM Command Staff	\$322	\$375	\$391
Total	\$6,964	\$6,725	\$7051

**FY 2017 in the FY 2017 PB - FY 2017 Current Estimate:**

Total USTRANSCOM: Cost increased in FY 2017 by \$404 million, major changes are listed below:

- +\$723 million – Workload changes in CENTCOM Area of Operations
- (\$283) million – Pricing changes
- (\$19) million – Decreased aircraft/ship maintenance
- (\$17) million – Other

**FY 2017 - FY 2018:**

Total USTRANSCOM: Cost increased in FY 2018 by \$326 million, major changes are listed below:

- +\$230 million – Pricing changes
- +\$76 million – Increased aircraft maintenance
- +\$27 million – Workload changes in CENTCOM Area of Operations
- +\$5 million – Other
- (\$12) million – Decreased ship maintenance

**Revenue**

<b>REVENUE (\$ IN MILLIONS)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
AMC	\$5,080	\$4,580	\$4,673
SDDC	\$1,210	\$1,126	\$1,236
MSC	\$700	\$553	\$592
DCD	\$9	\$8	\$8
USTRANSCOM Command Staff	\$343	\$378	\$360
<b>Total</b>	<b>\$7,342</b>	<b>\$6,645</b>	<b>\$6,869</b>

Revenue: Revenue estimates are derived by using approved rates multiplied by various workload measures (i.e., flying hours, ton miles, passenger miles, ship days, measurement tons, and vehicles).

Because USTRANSCOM's airlift rates are set to compete with private sector rates, they do not cover the cost of the unique readiness requirements of military airlift operations. The FY 2018 revenue is based on known and anticipated orders, primarily from DoD, and where mutually advantageous, from non-DoD customers.

**Disbursements, Collections, and Net Outlays**

<b>(\$ IN MILLIONS)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Disbursements	\$7,010	\$6,768	\$6,714
Collections	\$7,045	\$6,711	\$6,618
Net Outlays	(\$38)	\$57	\$96
Ending Cash Balance	\$839	\$747	\$651
Cash Lower Boundary	\$678	\$462	\$442
Cash Upper Boundary	\$1,271	\$993	\$996

FY 2016 USTRANSCOM CASH: The FY 2016 actual cash balance was \$839 million, reflecting compliance with Public Law 114-113. It includes a \$34 million transfer to the Air force Operation and Maintenance appropriation.

FY 2017 USTRANSCOM CASH: The FY 2017 cash projected to decrease from \$839 million to \$747 million as a result of returning gains realized in FY 2016 to customers. Cash balances also support the Treasury Department’s daily cash reporting initiative, while remaining within the operating range.

FY 2018 USTRANSCOM CASH: FY 2018 ending cash is estimated to be \$651 million.

**Customer Rate Changes**

<b>AMC RATE CHANGES</b>	<b>FY 2017</b>	<b>FY 2018</b>
Channel Passenger	-6.4%	2.0%
Channel Cargo	-13.5%	2.0%
SAAM/JETP	-9.0%	1.3%
Training	-9.4%	4.4%

<b>MSC RATE CHANGES</b>	<b>FY 2017</b>	<b>FY 2018</b>
Petroleum Tankerships	-22.4%	2.8%
Surge ROS	21.9%	-31.9%
Army Afloat Prepositioning	-14.5%	22.6%
Air Force Afloat Prepositioning	5.8%	-7.0%
Chartered Cargo	5.4%	-26.8%

<b>SDDC RATE CHANGES</b>	<b>FY 2017</b>	<b>FY 2018</b>
Port Operations	0.0%	1.3%
Defense Personal Property Program (DP3)	-16.1%	2.1%
Liner Ocean Transportation	-5.3%	-2.8%

<b>DCD RATE CHANGES</b>	<b>FY 2017</b>	<b>FY 2018</b>
Pounds Delivered	6.6%	-3.7%

### **Capital Investment Program (CIP)**

This budget enables USTRANSCOM to continue system enhancements and upgrades to ensure readiness for the 21st century. USTRANSCOM revised our internal corporate governance process and operational requirements, reprioritized and rebased our entire IT budget within our strategic goals to reduce command costs and achieve funding goals. USTRANSCOM IT reduction was a cumulative \$100 million from FY14-FY16.

Our CIP includes investment in Equipment, Automated Data Processing Equipment (ADPE) and Telecommunications Equipment, Software Development, and Minor Construction. The CIP also enables the DPO to rapidly produce or modify software/ADPE applications to meet emerging distribution portfolio requirements. Defense Personal Property System (DPS), Mobility Air Forces Flight Planning Services (MAFPS), and Mobility Enterprise Information Services (MEIS) are our major CIP transformational system efforts. DPS funding provides key functionality and usability needed for customers to have a more responsive, user-friendly experience while ensuring timely and accurate delivery of personal property shipments.

Three initiatives were separated from the Global Decision Support System (GDSS) in FY16; Global Air Management (GAM), Dynamic Mission Replanning (DMR), and Mobility Enterprise Information Services (MEIS). GAM enhances the accuracy of Mobility Air Forces (MAF) aircrew allocations and management. DMR improves the re-planning, automatically identify and visualize multi-missions conflicts, identify Courses of Actions and communicate updates to the

TWCF Budget Analysis Overview

field. MEIS is AMC’s Service Oriented Architecture solution which increases data sharing and orchestrates event-driven activities supporting MAF missions managed under USTRANSCOM.

Integrated Multi-modal Operations (IMMO) will provide Software Engineering Service Oriented Architecture concepts that enable a standardized framework for booking all movements (cargo and passengers) into the USTRANSCOM enterprise ensuring best value transportation solutions; linkages at nodal points; increased time reliability, customer confidence and improve auditability. It will modify legacy booking systems or develop new applications to provide an integrated view of USTRANSCOM bookings with optimal delivery process targeted in FY18. IMMO will develop a Common Movement Requirement structure to enable a single integrated view of booking, requisite information pertaining to the booked requirement to support onward movement, and upfront validation of customer funding (obligation) at the point when services are requested. It will also provide technologies to enable the transfer of movement requirement information across classification domains for continued processing, and an architecture that enables business processes, user applications, and facilitates rapid business service delivery.

Integrated Data Environment/Global Transportation Network Convergence (IGC) provides real-time Web-based processing of transportation movement data of DoD Assets Worldwide. IGC is schedule to embark on its five-year refresh cycle in FY18. The hardware refresh will upgrade the IGC TEREDATA Nodes located at the DISA Enterprise Computing Center. Newer equipment provides continued maintenance to the system while increasing security and performance to the database that provide war fighters access to DoD Asset Visibility and in-Transit Visibility.

<b>CIP (\$ IN MILLIONS)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Equipment	\$0.0	\$0.8	\$1.4
ADPE and Telecom Equip	\$4.6	\$20.2	\$33.5
Software Development	\$61.4	\$80.1	\$68.8
Minor Construction	\$5.5	\$6.7	\$6.9
<b>Total</b>	<b>\$71.5</b>	<b>\$107.8</b>	<b>\$110.6</b>

## Manpower Trends

USTRANSCOM's staffing is comprised of approximately 75 percent military and 25 percent civilian. Maintaining a ready airlift capability consumes approximately 86 percent of the workforce. MSC and SDDC meet the majority of their requirements through commercial and port contracts; therefore, it is not DoD manpower intensive. The efficient use of manpower for our components is integral to the success of USTRANSCOM's mission.

### Military End Strength and Workyears\*

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Army	271	218	217
Navy	152	172	169
Marine Corps	10	11	11
Air Force	11,579	11,676	11,746
Total Military End Strength	12,012	12,077	12,143
Total Military Workyears	10,905	10,835	10,896

\*Includes AMC and DCD military end strengths/workyears which are funded by Military Personnel appropriation and not recovered in rates per FMR Volume 11B, Chapter 14

### Civilian End Strength

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
U.S. Direct Hire	3,169	3,550	3,576
Foreign National Direct Hire	247	208	285
Foreign National Indirect Hire	254	382	302
Total Civilian End Strength	3,670	4,140	4,163

TWCF Budget Analysis Overview

**Civilian Full-Time Equivalents**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
U.S. Direct Hire	3,170	3,489	3,513
Foreign National Direct Hire	250	206	283
Foreign National Indirect Hire	252	380	300
<b>Total Civilian FTEs</b>	<b>3,672</b>	<b>4,075</b>	<b>4,096</b>

**United States Transportation Command**

	<b>Expenses</b>
<b>FY2016 Estimated Actuals</b>	<b>\$6,964.3</b>
<b>FY2017 Estimate in President's Budget</b>	<b>\$6,320.6</b>
<b>Estimated Impact in FY2017 Actual FY2016 Experience</b>	<b>\$0.0</b>
<b>Pricing Adjustments:</b>	<b>(\$283.3)</b>
<b>a. FY2017 Pay Raises</b>	<b>\$4.9</b>
(1) Civilian Personnel	\$4.5
(2) Military Personnel	\$0.4
<b>b. Annualization of Prior Year Pay Raises</b>	<b>\$0.5</b>
(1) Civilian Personnel	\$0.5
(2) Military Personnel	\$0.0
<b>c. Fuel Pricing</b>	<b>(\$65.3)</b>
<b>d. General Purchase Inflation</b>	<b>(\$2.2)</b>
<b>e. Depot Level Repairables Changes</b>	<b>(\$14.4)</b>
<b>f. Commercial Transportation Pricing Changes</b>	<b>(\$181.1)</b>
<b>g. Aircraft Maintenance Price changes</b>	<b>(\$25.7)</b>
<b>Productivity Initiatives &amp; Other Efficiencies:</b>	<b>\$0.0</b>
<b>a. Headquarters Reductions</b>	<b>\$0.0</b>
<b>Program Changes:</b>	<b>\$687.3</b>
<b>a. Aircraft Maintenance Changes</b>	<b>(\$12.3)</b>
<b>b. Other</b>	<b>(\$16.9)</b>
<b>c. Workload Changes</b>	<b>\$723.1</b>
<b>d. Ship Maintenance Changes</b>	<b>(\$6.6)</b>
<b>FY2017 Current Estimate</b>	<b>\$6,724.6</b>

Fund 2  
(Dollars in Millions)

Changes in the Cost of Operations  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**United States Transportation Command**

	<b>Expenses</b>
<b>FY2017 Current Estimate</b>	<b>\$6,724.6</b>
<b>Pricing Adjustments:</b>	<b>\$229.6</b>
a. <b>FY2018 Pay Raises</b>	<b>\$6.2</b>
(1) <b>Civilian Personnel</b>	<b>\$5.4</b>
(2) <b>Military Personnel</b>	<b>\$0.8</b>
b. <b>Annualization of Prior Year Pay Raises</b>	<b>\$2.0</b>
(1) <b>Civilian Personnel</b>	<b>\$1.9</b>
(2) <b>Military Personnel</b>	<b>\$0.1</b>
c. <b>General Purchase Inflation</b>	<b>\$13.6</b>
d. <b>Aircraft Maintenance Changes</b>	<b>\$20.0</b>
e. <b>Commercial Transportation Pricing Changes</b>	<b>\$112.1</b>
f. <b>Depot Level Repairables Changes</b>	<b>\$16.8</b>
g. <b>Fuel Pricing</b>	<b>\$58.9</b>
<b>Productivity Initiatives &amp; Other Efficiencies:</b>	<b>\$0.0</b>
a. <b>Fuel Efficiencies due to Information Technology Initiatives</b>	<b>\$0.0</b>
b. <b>Fuel Efficiencies due to Policy</b>	<b>\$0.0</b>
c. <b>Cost Efficiencies</b>	<b>\$0.0</b>
d. <b>Headquarters Reductions</b>	<b>\$0.0</b>
<b>Program Changes:</b>	<b>\$97.0</b>
a. <b>Other</b>	<b>\$6.3</b>
b. <b>Aircraft Maintenance Changes</b>	<b>\$75.6</b>
c. <b>Base Operating Support Changes</b>	<b>\$0.0</b>
d. <b>Workload Changes</b>	<b>\$27.4</b>
e. <b>Ship Maintenance Changes</b>	<b>(\$12.3)</b>
<b>FY2018 Estimate</b>	<b>\$7,051.2</b>

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**United States Transportation Command**

	FY2016	FY2017	FY2018
<b>1. New Orders</b>			
<b>a. Orders From DOD Components:</b>	<b>6,163.8</b>	<b>5,794.4</b>	<b>5,991.3</b>
<b>Total Air Force</b>	<b>2,683.4</b>	<b>2,549.1</b>	<b>2,717.8</b>
<b>Military Personnel</b>	<b>147.8</b>	<b>135.2</b>	<b>144.8</b>
<b>Aircraft Procurement</b>	<b>.4</b>	<b>.3</b>	<b>.3</b>
<b>Missile Procurement</b>	<b>.7</b>	<b>.9</b>	<b>.9</b>
<b>Other Procurement</b>	<b>11.2</b>	<b>9.4</b>	<b>9.4</b>
<b>Operations &amp; Maintenance</b>	<b>2,165.8</b>	<b>2,186.9</b>	<b>2,343.2</b>
<b>Operations &amp; Maintenance - ANG</b>	<b>55.1</b>	<b>46.8</b>	<b>45.6</b>
<b>Operations and Maintenance - AFRES</b>	<b>259.1</b>	<b>137.3</b>	<b>140.8</b>
<b>RDT&amp;E</b>	<b>6.1</b>	<b>4.9</b>	<b>5.0</b>
<b>Other</b>	<b>37.2</b>	<b>27.4</b>	<b>27.8</b>
<b>Army</b>	<b>2,048.2</b>	<b>1,870.8</b>	<b>1,987.5</b>
<b>Military Personnel</b>	<b>188.9</b>	<b>152.5</b>	<b>167.8</b>
<b>Aircraft Procurement</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>
<b>Missile Procurement</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>
<b>Other Procurement</b>	<b>2.3</b>	<b>9.8</b>	<b>9.0</b>
<b>AAFES</b>	<b>5.4</b>	<b>91.6</b>	<b>84.4</b>
<b>Operations and Maintenance</b>	<b>1,802.1</b>	<b>1,569.1</b>	<b>1,683.4</b>
<b>NG, O&amp;M</b>	<b>16.5</b>	<b>17.5</b>	<b>15.1</b>
<b>Army Reserve</b>	<b>16.2</b>	<b>17.9</b>	<b>15.5</b>
<b>RDT&amp;E</b>	<b>5.3</b>	<b>6.1</b>	<b>5.9</b>
<b>Other</b>	<b>11.5</b>	<b>6.3</b>	<b>6.4</b>
<b>Navy</b>	<b>598.5</b>	<b>596.2</b>	<b>532.6</b>
<b>Military Personnel</b>	<b>100.1</b>	<b>74.3</b>	<b>77.8</b>
<b>Aircraft Procurement</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>
<b>NEXCOM</b>	<b>.0</b>	<b>.8</b>	<b>.6</b>
<b>Operations and Maintenance</b>	<b>341.2</b>	<b>353.9</b>	<b>339.0</b>
<b>NG, O&amp;M</b>	<b>3.7</b>	<b>2.5</b>	<b>2.5</b>
<b>NDSF</b>	<b>151.1</b>	<b>161.2</b>	<b>109.5</b>
<b>RDT&amp;E</b>	<b>1.8</b>	<b>1.4</b>	<b>1.4</b>
<b>Other</b>	<b>.6</b>	<b>2.1</b>	<b>1.8</b>
<b>Marine Corps</b>	<b>174.1</b>	<b>192.5</b>	<b>178.0</b>
<b>Military Personnel</b>	<b>37.3</b>	<b>31.5</b>	<b>33.4</b>

Fund 11 United States Transportation Command

Fund 11  
(Dollars in Millions)

Source of New Orders and Revenue  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**United States Transportation Command**

	FY2016	FY2017	FY2018
<b>MCEX</b>	.0	.0	.0
<b>Operations and Maintenance</b>	118.5	119.8	105.8
<b>Other</b>	18.3	41.2	38.8
<b>OSD</b>	659.6	585.8	575.4
<b>Operations and Maintenance</b>	619.4	568.3	558.3
<b>JCS</b>	82.0	98.1	95.0
<b>SOCOM</b>	435.6	401.7	395.0
<b>Health Affairs</b>	35.2	27.3	27.7
<b>NSA</b>	3.9	3.2	3.2
<b>DIA</b>	.2	.0	.0
<b>DMA</b>	.0	.0	.0
<b>Other</b>	61.1	35.8	35.2
<b>DLA (Non-WCF)</b>	.4	1.6	1.5
<b>DTS-PMO</b>	.0	.0	.0
<b>DSCA</b>	1.0	.6	.7
<b>Procurement</b>	.0	1.4	1.3
<b>Other</b>	40.2	16.1	15.8
<b>b. Orders From Other Fund Activity Groups</b>	806.2	571.2	607.3
<b>DECA</b>	13.5	8.9	7.5
<b>DLA</b>	436.1	171.6	227.5
<b>Other Orders</b>	356.6	390.7	372.3
<b>c. Total DOD</b>	6,970.0	6,365.6	6,598.6
<b>d. Other Orders</b>	371.9	279.5	270.9
<b>Other Federal Agencies</b>	21.2	16.0	15.8
<b>Trust Fund</b>	.0	.0	.0
<b>Non Federal Agencies</b>	56.5	44.0	43.6
<b>Foreign Military Sales</b>	294.2	219.5	211.5
<b>Total New Orders</b>	7,341.9	6,645.1	6,869.5
<b>2. Carry-In Orders</b>	.0	.0	.0
<b>3. Total Gross Orders</b>	7,341.9	6,645.1	6,869.5
<b>4. Funded Carryover</b>	.0	.0	.0
<b>5. Total Gross Sales</b>	7,341.9	6,645.1	6,869.5

Fund 11 United States Transportation Command

Fund 14  
(Dollars in Millions)

Revenue and Expenses  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

United States Transportation Command	FY2016	FY2017	FY2018
<b>Revenue</b>			
Gross Sales	7,341.9	6,645.1	6,869.5
Operations	7,221.3	6,510.7	6,730.1
Capital Surcharge	.0	.0	.0
Cash Surcharge	.0	.0	.0
Depreciation excluding Maj Const	120.6	134.4	139.4
Major Construction Depreciation	.0	.0	.0
Other Income	.0	.0	.0
Refunds/Discounts(-)	.0	.0	.0
Total Income:	7,341.9	6,645.1	6,869.5
<b>Expenses:</b>			
<b>Salaries and Wages:</b>			
Military Personnel Compensation & Benefits	38.2	43.3	42.0
Civilian Personnel Compensation & Benefits	345.1	401.4	407.5
Travel and Transportation of Personnel	72.5	70.5	72.5
Materials and Supplies (For internal operations)	1,182.4	925.1	1,019.5
Equipment	5.5	5.1	4.9
Other Purchases from Revolving Funds	240.8	197.1	238.2
Transportation of Things	3,211.5	3,198.1	3,317.8
Depreciation - Capital	118.8	134.4	139.4
Printing and Reproduction	.1	.5	.4
Advisory and Assistance Services	7.8	5.8	5.8
Rent, Comm, Utilities and Misc Charges	39.4	55.8	56.0
Other Purchased Services	1,702.2	1,687.5	1,747.2
Total Expenses	6,964.3	6,724.6	7,051.2
Operating Result	377.6	(79.5)	(181.7)
Less Capital Surcharge Reservation	.0	.0	.0
Plus Passthroughs of Other Appropriations affecting NOR/AOR	.0	.0	.0
Other Changes (NOR)	(25.0)	.0	.0
Net Operating Result	352.6	(79.5)	(181.7)
Beginning AOR	616.9	984.9	905.4
Prior Year Adjustments	.0	.0	.0
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	969.5	905.4	723.7
Non-Recoverable Adjustment Impacting AOR	15.4	.0	(621.2)
Accumulated Operating Result for Budget Purposes	984.9	905.4	102.5

***AIR FORCE  
WORKING CAPITAL FUND***



**U.S. AIR FORCE**  
***CAPITAL BUDGET***

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Fund 9A  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
Budget Estimates  
May 2017

**CSAG**

Line Number	Item Description	FY2016		FY2017		FY2018	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<b>EQUIPMENT</b>	42	110.569	39	136.094	61	161.461
	Maintenance Division	42	110.569	39	136.094	61	161.461
	Supply Division	0	0.000	0	0.000	0	0.000
	<b>ADPE &amp; TELECOM</b>	11	8.473	10	7.958	2	9.184
	Maintenance Division	11	8.473	10	7.958	2	9.184
	Supply Division	0	0.000	0	0.000	0	0.000
	<b>SOFTWARE DEVELOPMENT</b>	1	15.259	1	11.800	1	13.300
	Maintenance Division	0	0.000	0	0.000	0	0.000
	Supply Division	1	15.259	1	11.800	1	13.300
	<b>MINOR CONSTRUCTION</b>	12	5.188	10	7.890	19	16.512
	Maintenance Division	12	5.188	10	7.890	19	16.512
	Supply Division	0	0.000	0	0.000	0	0.000
	<b>TOTAL</b>	<b>66</b>	<b>139.489</b>	<b>60</b>	<b>163.742</b>	<b>83</b>	<b>200.457</b>
	Capital Outlays (above threshold)		120.788		162.872		176.856
	Capital Outlays (below threshold)		0.000		0.000		0.000
	Total Capital Outlays		120.788		162.872		176.856
	Total Depreciation Expense		160.742		155.601		159.479

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Depot Maintenance			Line No. & Item Description EQUIPMENT WSS				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Equipment	1	50,239.7	50,239.7	1	56,063.1	56,063.1	1	82,530.0	82,530.0
Total	1	50,239.7	50,239.7	1	56,063.1	56,063.1	1	82,530.0	82,530.0
Narrative Justification:									
Description									
<p>This capability represents an array of capital equipment investment requirements that aligns with the overall Air Force strategic objectives for sustaining depot facilities and equipment. Projects are in direct support of Aircraft, Missiles, Engines, Exchangeable, or Other Depot mission. WSS investments are designed, scheduled, and installed in accordance with established Air Logistics Complex processes and priorities. WSS projects support the maintenance mission requirements to sustain the existing organic industrial base, save dollars through increased productivity, and support customer requirements. The equipment, when replaced, upgraded, integrated, or combined into depot industrial operations, leads to efficiency and personnel safety; supports hazardous waste minimization and pollution prevention efforts; enhances product quality; and increases customer satisfaction in performing the Air Force mission. Time sensitivity of projects to accommodate new or emerging workload requirements and produce an acceptable end state is a critical factor in depot operations. As such, programming and execution in this capability is essential as equipment requirements may change. Documentation and project justification support are certified and maintained on file in accordance with the established guidance.</p>									
Economic Analysis									
An Economic Analysis was completed and is on file.									
Impact									
<p>Without the required equipment, AFMC would be unable to provide reliable, cost-effective and timely depot support services and products to operational forces around the world. Depots would be unable to accommodate new workload requirements and produce acceptable end state products. Depot infrastructure would deteriorate and become unproductive. The ability to execute capital budgets in support of mission objectives would be severely hampered. The aforementioned investments are critical to remaining competitive and provide combat mission support commensurate with changing combat environments.</p>									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Depot Maintenance			Line No. & Item Description EQUIPMENT TEST				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Equipment	1	60,329.6	60,329.6	1	80,031.3	80,031.3	1	78,931.0	78,931.0
Total	1	60,329.6	60,329.6	1	80,031.3	80,031.3	1	78,931.0	78,931.0
Narrative Justification:									
Description									
<p>This capability represents an array of capital equipment investment requirements that aligns with the overall Air Force strategic objectives for sustaining depot facilities and equipment. Projects are in direct support of Aircraft, Missiles, Engines, Exchangeables, or Other Depot mission areas. Investments are designed, scheduled, and installed in accordance with established Air Logistics Complex processes and priorities that coincide with weapon system upgrades and requirements. Test and Inspection projects support the depot maintenance mission requirements to sustain the existing organic industrial base, save dollars through increased productivity, and support customer requirements. The equipment, when replaced- upgraded-integrated-or combined into depot industrial operations leads to efficiency improvements and personnel safety; supports hazardous waste minimization and pollution prevention efforts; enhances product quality; increases customer satisfaction in performing the Air Force mission; and allows for the in-depth troubleshooting of line replaceable units (LRU), shop replaceable units (SRU) and higher assembly carcasses. Time sensitivity of projects to accommodate new or emerging workload requirements and produce an acceptable end state is a critical factor in depot operations. As such, program and execution in this capability is essential to depot maintenance CORE workload as equipment requirements change and weapon systems upgrade. Documentation and project justification support are certified and maintained on file in accordance with the established guidance.</p>									
Economic Analysis									
An Economic Analysis was completed and is on file.									
Impact									
<p>Without TEST capability investments, AFMC would be unable to provide reliable, cost-effective and timely depot support services and products to operational forces around the world. Depots would be unable to accommodate new workload requirements and produce acceptable end state products. Depot infrastructure would deteriorate and become unproductive. The ability to execute capital budgets in support mission objectives would be severely hampered. The aforementioned investments are critical to remaining competitive and providing combat mission support commensurate with changing combat environments.</p>									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Depot Maintenance			Line No. & Item Description ADPE & TELECOM				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	1	8,473.2	8,473.2	1	7,957.8	7,957.8	1	9,184.1	9,184.1
Total	1	8,473.2	8,473.2	1	7,957.8	7,957.8	1	9,184.1	9,184.1
Narrative Justification:									
Description									
<p>This capability represents an array of capital ADPE and Telecommunications investments that aligns with the overall Air Force strategic objectives for sustaining depot facilities and equipment. Projects will upgrade the infrastructure required to maintain the depot maintenance systems and equipment. All upgrades are implemented within the Air Force's common infrastructure. Investments include upgrading fiber optics, routers, servers and other infrastructure items required to support the implementation of an efficient depot maintenance support structure. The aforementioned investments ensure commonality and replacement of equipment before failure, incompatibility or obsolescence due to age. Equipment replacements are in accordance with the logistics strategic plan approved by the Deputy Under Secretary of Defense (Logistics).</p>									
Economic Analysis									
An Economic Analysis was completed and is on file.									
Impact									
<p>Upgrades are critical to maintaining system reliability and improving operating performance and ensuring the supportability of depot maintenance systems and equipment. New operating system will improve CSAG Maintenance Division's capability to actively monitor and make corrective actions in financial and operational performance. Support network infrastructure upgrades must be placed into service prior to upgrading operating systems. The Air Force will be unable to track financial, operational and equipment performance without planned infrastructure replacement and improvement. Lack of investments in this capability will impact the depot's ability to effectively monitor performance which results in cost increases, negative impacts to production, and reduction in aircraft availability for the warfighter.</p>									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

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 (Dollars in Thousands)

Department of the Air Force Depot Maintenance			Line No. & Item Description SOFTWARE DEVELOPMENT				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	1	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Total	1	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Narrative Justification:									
Description									
This capability provides for development and acquisition of both operating and application software that support depot maintenance operations. Software requirements include systems programs, application programs, commercial-off-the-shelf (COTS) software, independent subroutines, databases, equipment upgrades, Test Program Sets (TPS) and software documentation. System application software may be acquired through (1) the purchase of a COTS system; (2) the development of new applications through either internal development (in-house) or contractual effort; or (3) the modernization of existing software that significantly expands and/or enhances its existing capabilities.									
Economic Analysis									
An Economic Analysis ifor APO s complete and should be ceftified 1st Qtr FY14.									
Impact									
Planned software upgrades are critical to maintaining continuous visibility for asset management as well as real-time decisions regarding efficient and effective maintenance due to changing conditions not only from the field but from within the maintenance wings themselves. The changes made to existing systems will allow successful implementation of more efficient maintenance concepts in order to effectively utilize the Air Logistics Complexes' resources. Efficiencies critical for long-term success will not be realized if projects remain unfunded.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Depot Maintenance		Line No. & Item Description MINOR CONSTRUCTION					Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Minor Construction	1	5,187.6	5,187.6	1	7,889.6	7,889.6	1	16,512.3	16,512.3
Total	1	5,187.6	5,187.6	1	7,889.6	7,889.6	1	16,512.3	16,512.3
Narrative Justification:									
Description									
This category includes an array of minor construction projects that allows flexibility in adapting to new and changing workloads. Projects are small scale (costing between \$250,000 and \$1,000,000) and are designed, scheduled, and constructed in accordance with Air Logistic Complexes' established priorities. These projects support the depot maintenance, mission requirements, correct safety and health problems; improve productivity through quality of life improvement projects, improve depot flow days and support office and work space reorganizations. In addition, MC projects provide construction required to install needed mission essential equipment and capital investment equipment.									
Economic Analysis									
An Economic Analysis was completed and is on file.									
Impact									
If facilities are not properly maintained or modernized based upon required depot workload, there will be work stoppages along with safety and security issues which affects weapon system availability. The minor construction that is required for new equipment setup will not be in place, thus severely impacting the depots' ability to efficiently provide repair services and meet warfighter requirements.									

Fund 9B  
(Dollars in Thousands)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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Department of the Air Force Supply Management			Line No. & Item Description GCSS-AF DS				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Description									
Global Combat Support System – Air Force Data Services (GCSS-AF DS) FY 2017 requirements decreased to \$0. There are no FY 2017 or FY 2018 CIP requirements for GCSS-AF DS. The FY 2016 funding was reprogrammed to support the FY 2016 Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) initiative.									
Economic Analysis									
Impact									
Global Combat Support System – Air Force Data Services (GCSS-AF DS) FY 2017 requirements decreased to \$0. There are no FY 2017 or FY 2018 CIP requirements for GCSS-AF DS. The FY 2016 funding was reprogrammed to support the FY 2016 Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) initiative.									

Fund 9B  
(Dollars in Thousands)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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Department of the Air Force Supply Management			Line No. & Item Description Requirements Management System (RMS)				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Narrative Justification:									
Description									
The Requirements Management System (RMS) establishes reporting for the subcategories of contingency retention required in DOD 4140.01 DoD Supply Chain Materiel Management Policy. The FY 2016 funding was not required. The FY 2016 funding was reprogrammed to support the FY 2016 Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) initiative.									
Economic Analysis									
Impact									
The Requirements Management System (RMS) establishes reporting for the subcategories of contingency retention required in DOD 4140.01 DoD Supply Chain Materiel Management Policy. The FY 2016 funding was not required. The FY 2016 funding was reprogrammed to support the FY 2016 Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) initiative.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Consolidated Sustainment Activity Group (CSAG)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Supply Management			Line No. & Item Description ESCAPE				Activity Identification HQ AFMC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	1	15,259.0	15,259.0	1	11,800.0	11,800.0	1	13,300.0	13,300.0
Total	1	15,259.0	15,259.0	1	11,800.0	11,800.0	1	13,300.0	13,300.0
Narrative Justification:									
Description									
<p>The Enterprise Supply Chain Analysis, Planning and Execution (ESCAPE) initiative furthers the definition, design, acquisition, implementation and delivery of warfighter enterprise supply chain planning capabilities. The initiative supports DoD transformational goals by seeking to modernize legacy supply chain planning processes and systems under a single enterprise materiel solution. The primary (and near-exclusive) users of USAF planning capabilities are the Item Managers, Equipment Specialists and Production Specialists. Current Air Force supply chain planning systems lack the ability to efficiently support depot maintenance operations, effectively position assets across the enterprise, collaborate with suppliers, and optimize inventory efficiently due to the use of substandard legacy processes and do not integrate the core supply chain capabilities: Demand Planning, Inventory Planning (or optimization), Supply Planning, Exception Management and Analytics. The requested funds will support Development/Modernization expenditures related to Solution Support (COTS Vendor Support), System Integrator, Hosting/Data Services/Analytics (Dev), Infrastructure Services, Infrastructure Services Non-Recurring Equipment (NRE), and Development License (via Service Contract).</p>									
Economic Analysis									
<p>An Economic Analysis was completed and is on file. The savings to investment ratio stands at 6.24 over the lifecycle. This is accomplished through reduced sustainment costs and various inventory efficiencies such as improved forecasting, tighter collaboration between the AF supply community with depot maintenance and suppliers; improved bill of materials accuracy, more responsive planning; and near real time performance management.</p>									
Impact									
<p>If not funded, the AF will accept the current antiquated supply chain planning environment and fail to realize a robust ROI, lost a competitive advantage to onboard new workloads as well as prevent enabling future manpower efficiencies. ESCAPE provides a critical capability to enable other workstreams such as the Maintenance, Repair and Overhaul (MRO) capability initiative by providing it a near real time source of prioritized repair requirements, and is a crucial step towards simplifying the AF supply chain's information system portfolio.</p>									

Fund 9C  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG - Maintenance Division**

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
<b>Non-ADPE</b>	138.773	110.569	-28.204	\$0.3M carryover; \$27.9 realigned/reprogrammed
<b>ADPE and Telcom</b>	0.000	8.473	8.473	\$8.5 realigned/ reprogrammed
<b>Software Development</b>	0.750	0.000	-0.750	\$.8 realigned/reprogrammed
<b>Minor Construction</b>	7.950	5.188	-2.762	\$1.6M carryover; \$1.2 realigned/reprogrammed
<b>Total FY2016</b>	147.473	124.230	-23.243	
<b>Non-ADPE</b>	136.094	136.094	0.000	
<b>ADPE and Telcom</b>	7.958	7.958	0.000	
<b>Software Development</b>	0.000	0.000	0.000	
<b>Minor Construction</b>	7.890	7.890	0.000	
<b>Total FY2017</b>	151.942	151.942	0.000	
<b>Non-ADPE</b>	161.461	161.461	0.000	
<b>ADPE and Telcom</b>	9.184	9.184	0.000	
<b>Software Development</b>	0.000	0.000	0.000	
<b>Minor Construction</b>	16.512	16.512	0.000	
<b>Total FY2018</b>	187.157	187.157	0.000	

Fund 9C  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Consolidated Sustainment Activity Group (CSAG)

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**CSAG - Supply Division**

<b>Major Category</b>	<b>Initial Request</b>	<b>Current Proj Cost</b>	<b>Approved Change</b>	<b>Explanation</b>
<b>Non-ADPE</b>	0.000	0.000	0.000	
<b>ADPE and Telcom</b>	0.000	0.000	0.000	
<b>Software Development</b>	11.814	15.259	3.445	Enterprise Supply Chain Analysis, Planning, and Execution (ESCAPE) expedited contract award by utilizing \$3.445M that was no longer required for Requirements Management System (RMS) and Global Combat Support System – Air Force Data Services (GCSS-DS), enabling buying down FY 2017 requirement.
<b>Minor Construction</b>	0.000	0.000	0.000	
<b>Total FY2016</b>	11.814	15.259	3.445	
<b>Non-ADPE</b>	0.000	0.000	0.000	
<b>ADPE and Telcom</b>	0.000	0.000	0.000	
<b>Software Development</b>	0.000	11.800	11.800	Revised FY 2017 requirement was \$15.245M. Utilizing FY 2016 RMS and GCSS-DS funding no longer required (\$3.445M), enabled buying down FY 2017. As a result, current FY 2017 requirement is \$11.800M.
<b>Minor Construction</b>	0.000	0.000	0.000	
<b>Total FY2017</b>	0.000	11.800	11.800	
<b>Non-ADPE</b>	0.000	0.000	0.000	
<b>ADPE and Telcom</b>	0.000	0.000	0.000	
<b>Software Development</b>	0.000	13.300	13.300	
<b>Minor Construction</b>	0.000	0.000	0.000	
<b>Total FY2018</b>	0.000	13.300	13.300	

Fund 9A  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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United States Transportation Command

Line Number	Item Description	FY2016		FY2017		FY2018	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
A.	Equipment						
	Equipment-AMC		0.0		0.5		0.5
	Equipment-SDDC		0.0		0.3		0.9
	Subtotal		0.0		0.8		1.4
B.	ADPE/Telecomm						
	Infostructure		1.2		16.2		24.5
	Int Data Environ/Global Trans Net Converg (IGC)		0.0		0.0		7.4
	Local Area Network (USTRANSCOM LAN)		1.1		1.4		1.1
	Integrated Multi-Modal Operations (IMMO)		0.0		0.5		0.5
	Mobility Air Forces Flight Planning Service		1.0		0.0		0.0
	Mobility Enterprise Information Services (MEIS)		0.4		2.2		0.0
	Global Aircrew Management (GAM)		0.3		0.0		0.0
	Dynamic Mission Replanning (DMR)		0.5		0.0		0.0
	Subtotal		4.6		20.2		33.5
	C.	Software Development					
Agile Trans for the 21st Century (AT21)			6.8		4.9		1.9
Analysis of Mobility Platform (AMP)			2.9		2.5		3.4
Distribution Process Owner (DPO) Secure Enclave (DSE)/Common Computing Environment (CCE)			2.7		4.5		3.3
Corporate Data Solution (CDS)			0.7		0.9		1.0
Defense Personal Property System (DPS)			8.6		12.3		11.7

Fund 9A United States Transportation Command

Fund 9A  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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United States Transportation Command

Line Number	Item Description	FY2016		FY2017		FY2018	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Infostructure		0.5		1.7		1.1
	Joint Flow & Analysis Sys for Trans (JFAST)		3.3		2.6		2.4
	Local Area Network (USTRANSCOM LAN)		2.3		2.7		0.0
	Single Mobility System (SMS)		1.1		2.1		1.3
	Security Engineering		1.0		1.1		1.2
	Joint Mobility Control Group (JMCG-C4S)		0.4		0.2		0.1
	Integrated Multi-Modal Operations (IMMO)		0.0		8.0		9.5
	Consolidated Air Mobility Planning System (CAMPS)		0.0		1.1		5.5
	Global Air Transportation Execution System (GATES)		0.0		3.6		3.8
	Mobility Air Forces Flight Planning Service		8.9		9.1		0.3
	Mobility Enterprise Information Services (MEIS)		10.3		9.1		8.5
	Global Aircrew Management (GAM)		1.6		0.6		0.0
	Dynamic Mission Replanning (DMR)		7.5		5.8		7.2
	Global Freight Management (GFM)		0.9		2.2		1.6
	Integrated Booking System (IBS)		1.9		5.0		5.1
	<b>Subtotal</b>		<b>61.4</b>		<b>80.1</b>		<b>68.8</b>
D.	Minor Construction						
	Minor Construction-AMC		4.5		4.5		4.5
	Minor Construction-DCD		0.0		0.3		0.3

Fund 9A United States Transportation Command

Fund 9A  
(Dollars in Millions)

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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United States Transportation Command

Line Number	Item Description	FY2016		FY2017		FY2018	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Minor Construction-SDDC		1.1		1.9		2.1
	Subtotal		5.5		6.7		6.9
	<b>GRAND TOTAL</b>		71.5		107.8		110.6
	Capital Outlays (above threshold)		107.5		102.2		110.4
	Capital Outlays (below threshold)		0.0		0.0		0.0
	Total Capital Outlays		107.5		102.2		110.4
	Total Depreciation Expense		118.8		134.4		139.4

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Air Mobility Command			Line No. & Item Description Equipment-AMC				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Equipment	0	0.0	0.0	0	500.0	500.0	0	500.0	500.0
Total	0	0.0	0.0	0	500.0	500.0	0	500.0	500.0
<b>Narrative Justification:</b>									
<b>Description</b>									
Funds are used to support Base Procured Investment Equipment for flight line maintenance.									
<b>Mission Benefits</b>									
Funds allow for the procurement of one time purchases to replace/procure new equipment.									
<b>Deliverables</b>									
Will be based on requirements approved for replacement or procurement of new equipment.									
<b>Economic Analysis</b>									
Economic Analysis (EA) are completed for individual projects that qualify.									
<b>Impact</b>									
Without these funds, wings would not be able to procure needed replacement items. These funds are required to support one-time requirements for equipment that is becoming obsolete and logistically unsupportable. With a certified EA, it is verified that these capital items meet requirements as a replacement item and result in improved efficiency and capability.									
<b>Software</b>									
Not Applicable.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Surface Deployment and Distribution Command			Line No. & Item Description Equipment-SDDC				Activity Identification SDDC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Equipment	0	5.8	5.8	0	330.0	330.0	0	882.0	882.0
Total	0	5.8	5.8	0	330.0	330.0	0	882.0	882.0
<b>Narrative Justification:</b>									
<b>Description</b>									
The Military Ocean Terminal Sunny Point (MOTSU) is the premier Department of Defense (DOD) ammunition terminal and is considered a vital part of the strategic Continental United States (CONUS) power projection platform supporting warfighting Commanders (CDRs) around the world. It is relied upon to maintain a high optempo consisting of ammunition resupply missions and Preposition Operations (prepo).									
<b>Mission Benefits</b>									
Various types and categories of equipment are needed for operations and safety. Equipment is scheduled for periodic replacement as service lives are reached and equipment becomes uneconomical to repair.									
<b>Deliverables</b>									
FY16: NORDCO Tie Extractor (\$330K); FY17 Kalamar 66K Stacker; FY18 HARSCO Tamper									
<b>Economic Analysis</b>									
Economic Analysis (EA) are completed for individual projects that qualify.									
<b>Impact</b>									
Failure to fund will adversely impact Surface Deployment and Distribution Commands (SDDCs) ability to meet safety standards and support the warfighters.									
<b>Software</b>									
N/A									

Activity Group Capital Investment Justification

Fiscal Year (FY) 2018

Fund 9B

Air Force Working Capital Fund

Budget Estimates

(Dollars in Thousands)

Transportation Working Capital Fund (TWCF)

May 2017

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Agile Trans for the 21st Century (AT21)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	6,843.0	6,843.0	0	4,893.0	4,893.0	0	1,943.0	1,943.0
Total	0	6,843.0	6,843.0	0	4,893.0	4,893.0	0	1,943.0	1,943.0
Narrative Justification:									
Description									
<p>The DoD distribution pipeline has bottlenecks, ineffectiveness, and inefficiencies that can be traced to stove-piped, inefficient business processes, and a lack of communication between process owners, coupled with systems communication and interoperability failures. The system lacks common operational views and shared knowledge, decision support and modeling tools, and asset visibility. AT21 is a program that inserts and adapts commercially available tools to provide integrated process control, optimization, and collaboration capabilities into the Distribution Process Owner (DPO) framework, significantly improving peacetime and wartime distribution and deployment operations for the Combatant Commands, Services, and other governmental entities in support of DoD Directive 5158.4 which gives Commander, USTRANSCOM the authority to meet the needs of Combatant Commands efficiently, effectively, and with fiscal restraint. At a high level, AT21: (1) Enhances business process control in the USTRANSCOM Deployment and Distribution Operations Center (DDOC) / Fusion Center; and (2) Obtains and transitions commercially available transportation management system (TMS) technologies to support Defense distribution operations worldwide. By enhancing collaborative access to distribution and deployment-related information at all operational levels, AT21 optimizes deployment and logistics planning with improved efficiency of the distribution/deployment infrastructure.</p>									
Mission Benefits									
<p>AT21 provides improved time-definite delivery and best-value transportation solutions to fully support Combatant Commanders' movement requirements. Among the advantages to the warfighter of the capital investment include: (1) effective communication of operational lift requirements data; (2) active, flexible lift schedules that accommodate dynamic re-tasking; (3) data-driven distribution plans that provide visibility of flow statistics, potential bottlenecks, contingency re-planning options, etc.; (4) automated planning processes that accelerate the definition of movement requirements; (5) improved planning outcomes through early collaborative decision-making; (6) avoidance of non-supportable courses of action; (7) personnel and cargo visibility across the strategic deployment bridge; and (8) effective assimilation of Reception, Staging, Onward Movement and Integration operations within the Strategic Deployment and Distribution Bridge.</p>									
Deliverables									
<p>FY16 - Continue Business Process Management Capability Development and Optimization                  FY17 and FY18 - Complete FOC requirements; initiate development of business processes and IT solutions to address emerging requirements; continuous process improvement of Optimized Delivery (OD), Global Sustainment Management, Transportation Integrated Planning Suite, and OD-Air, and new data services.</p>									
Economic Analysis									
<p>The AT21 EA, certified 22 June 2016, recommended the continuation of Alternative 2 AT21 System Development (NPV \$238.9M excluding civilian and military pay) over Alternative 1 Status Quo. This solution offers both significant operational benefits, as well as a positive Benefit Cost Ratio (BCR) of 3.5, presented in FY10 constant dollars (FY10\$). In addition, AT21 System Development is expected to breakeven in FY18 with \$737.4M in life-cycle benefits, presented in Present Value dollars (PV\$). The Status Quo alternative provided no benefits or ROI.</p>									
Impact									
<p>Mission benefits stated above result in optimized operation of the Joint Deployment Distribution Enterprise (JDDE). Failure to fund this requirement will: (1) result in the inability of USTRANSCOM, Transportation Component Command (TCC) and Geographic Combatant Command (GCC) decision-makers to access strategic movement information, resulting in inefficient use of available lift, uncoordinated use of ports and materiel, and duplication of effort; (2) result in the inability of AT21 to fulfill the twelve operational outcomes in the Operational Concept Description, limit access to movement information in a timely and automated way resulting in world-wide logistics inefficiencies; (3) will adversely affect the sustainment flow to the warfighter; and (4) puts the nation's ability to conduct theater movement operations at risk.</p>									
Software									
No license fees are associated with this investment.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff		Line No. & Item Description Analysis of Mobility Platform (AMP)					Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	2,928.2	2,928.2	0	2,505.0	2,505.0	0	3,378.0	3,378.0
<b>Total</b>	<b>0</b>	<b>2,928.2</b>	<b>2,928.2</b>	<b>0</b>	<b>2,505.0</b>	<b>2,505.0</b>	<b>0</b>	<b>3,378.0</b>	<b>3,378.0</b>
<b>Narrative Justification:</b>									
<b>Description</b>									
AMP is an end-to-end modeling and simulation environment which supports joint collaborative programmatic analysis, planning execution analysis, experimental planning, execution analysis and peacetime operations. AMP allows mobility analysts to provide multi-level detailed analyses to support DOD mobility analytical studies. AMP serves as a platform to support futuristic programmatic studies and analyses such as mobility requirements studies and quadrennial defense reviews; it also has implications for component and Combatant Command (CCMD) planners and area of responsibility Directors of Mobility Forces (DIRMOBFOR). The current shortcomings in the AMP modeling and simulation capabilities include a lack of efficient communication between models and heuristic based optimization. Capabilities include: (1) integration of a more fault-tolerant (robust) optimization network design and scheduling; (2) greater fidelity in the representation of the Joint Deployment Distribution Enterprise (JDDE) in support of DoD's analytic agenda and other programmatic analysis responsibilities; and (3) development of the capacity and ability to rapidly assess transportation courses of action in support of USTRANSCOM's operational applications.									
<b>Mission Benefits</b>									
This modeling and simulation federation provides integrated, authoritative modeling, simulation, stochastic optimization, and analysis tools for effective and efficient warfighter power projection and sustained long range planning. Modeling enhancements of Intermodal Operations, Ammunition Distribution, Inland Waterways Routing, Petroleum, Oil, and Lubricant (POL) terminals, and improved routing schedule will support DoD's analytic agenda for current and future programmatic studies. These modeling enhancements will provide greater insight and modeling detail in evaluating deployment and distribution resource requirements to support National Command Authority (NCA) planning initiatives. These benefits directly support the CCMDs, DIRMOBFOR, and mobility planners.									
<b>Deliverables</b>									
16 - AMP began development of Increment IV, which consists of the Prototyping and Engineering Development to enhance the existing models within AMP. Specific enhancements include the modeling of Intermodal Operations; Ammunition Distribution; Inland Waterway Routing; Petroleum, Oil and Lubricant (POL) Terminals improved routing schedule. Increment IV enhancements will be supported by Transportation Working Capital Funds (TWCF). FY17 - AMP will build on the End to End Deployment and Distribution Modeling (ETEM) capability and Inland Water Routing. FY18 - AMP will deliver AMP Operationalization Modeling, Dynamic Preplanning, and Parallelization performance enhancements.									
<b>Economic Analysis</b>									
The AMP EA, dated 4 Nov 2016, recommended the implementation of AMP Increment V, VI, and VII (NPV \$158,547.4K) over the Status Quo alternative. The decision to pursue Increment V, VI, and VII was based on the operational benefits that result from investment in new capabilities designed to provide USTRANSCOM and its component commands - Air Mobility Command (AMC), Military Sealift Command (MSC), and Surface Deployment and Distribution Command (SDDC) - a more accurate, realistic end-to-end transportation modeling and simulation system. Increment V, VI, and VII development will provide a system capable of analyzing intermodal operations, munitions distribution, inland waterway activity, and Petroleum, Oil, and Lubricants (POL) terminals. The investment in these enhancements ensures greater fidelity for programmatic analysis, planning, war-games, and exercise support to make certain decision makers have more realistic, relevant information when comparing alternatives.									
<b>Impact</b>									
Without this investment, United States Transportation Command (USTRANSCOM) will be unable to provide a Modeling and Simulation environment of interoperable, collaborative models and execution systems capable of providing accurate and consistent answers at the required breadth and depth of the Defense Transportation System (DTS) problem space. Without this investment, the integration of essential elements of analysis into a homogeneous, seamless, all-inclusive environment that ultimately represents the JDDE to the most effective and efficient level of fidelity possible is negatively impacted.									
<b>Software</b>									
No license fees are associated with this investment.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Distribution Process Owner (DPO) Secure Enclave (DSE)/Common Computing Environment (CCE)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	2,720.9	2,720.9	0	4,482.0	4,482.0	0	3,347.0	3,347.0
Total	0	2,720.9	2,720.9	0	4,482.0	4,482.0	0	3,347.0	3,347.0
Narrative Justification:									
Description									
Common Computing Environment (CCE) provides the basic infrastructure consolidation environment to host USTRANSCOM and its Component's C2 Applications. CCE implementation fuses the number of physical servers, facilities, and support personnel, while improving computing utilization and facilitating on-demand provisioning for increased scalability. This environment includes the hardware requirements for USTRANSCOM systems and programs of record. Provides hardware and software licensing, operational resources, integration and sustainment activities for USTRANSCOM CCE.									
Mission Benefits									
Provides hardware and software licensing, operational resources, integration and sustainment activities for USTRANSCOM Common Computing Environment (CCE). Provides common platform services, which improves security, provides access control and disaster recovery. Additionally, CCE provides opportunities to leverage a certified and accredited enterprise development and deployment environment responsive to dynamic customer/mission demands in an agile fashion. CCE implementation fuses the number of physical servers, facilities, and support personnel, while improving computing utilization and facilitating on-demand provisioning for increased scalability.									
Deliverables									
FY16-18: (1) Enterprise Application Services (EAS) includes front end development and customization of Commercial Off-The Shelf (COTS) and non-COTS products and hardware required for client side productions environment; (2) Cyber Systems Testing and Control Laboratory development and maintenance of the visualization layer and other front end work in a non-COTS environment to include web page and portlet development; (3) Support for the TCJ6-owned production and development environments including operating licenses, Enterprise backup service, Enterprise Certification & Accreditation, tier 3 engineering, and enterprise design engineering; (4) Portal framework development and sustainment; (5) Software to support profile management, virtualized applications, and the migration of existing user data and settings to a Virtual Desktop Infrastructure (VDI), Load balancers, storage area network, and zero clients for VDI.									
Economic Analysis									
Not applicable.									
Impact									
Failure to consolidate computing requirements within USTRANSCOM and component C2 applications will result in higher equipment costs and all costs associated with managing, housing, storing, repairing each stovepipe system hardware. Failure to consolidate our security boundary across the enterprise increases the complexity and efforts required to secure our information.									
Software									
All software required to operate and/or migrate programs of record into the CCE will be procured using funds from within this program. Possible software includes, but is not limited to, operating systems, database, and migration tools.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Corporate Data Solution (CDS)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	714.5	714.5	0	936.0	936.0	0	955.0	955.0
Total	0	714.5	714.5	0	936.0	936.0	0	955.0	955.0
Narrative Justification:									
Description									
Corporate Data Solution Program is responsible for providing data, information, knowledge, and engineering services in support of United States Transportation Command (USTRANSCOM) business processes. The program is focused on managing data in a net-centric environment as an enterprise asset by implementing properly engineered data exchanges, defining common vocabulary, federating metadata, and overseeing data quality initiatives. The six (6) System, Project, Initiative, Functionality (SPIF) of CDS are: (1)Data Quality; (2)Data Architecture and Information Engineering; (3)Reference Data Management; (4)Enterprise Management; (5)Knowledge Management; (6) Enterprise Impact Analysis, Software Engineering, and Development Efforts.									
Mission Benefits									
Corporate Data Solution will increase the effectiveness of Information Technology mission capability of USTRANSCOM, while decreasing overall cost.									
Deliverables									
FY16-18: Manage USTRANSCOM standard reference data through Transportation Reference Data Management (TRDM). Will continue to develop and integrate the Corporate Services Vision (CSV) supporting the infrastructure and Services Oriented Architecture (SOA).									
Economic Analysis									
Not applicable.									
Impact									
If not funded, status quo information management and information availability will continue but will be cumbersome to manage, expensive to execute, and will hinder the commands ability to meet Department of Defense required data sharing capabilities (CSV, SOA, and JDDA-E).									
Software									
License fees are at Enterprise level, paid for by Infostructure and CDS.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Defense Personal Property System (DPS)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	8,554.4	8,554.4	0	12,294.0	12,294.0	0	11,665.0	11,665.0
Total	0	8,554.4	8,554.4	0	12,294.0	12,294.0	0	11,665.0	11,665.0
Narrative Justification:									
Description									
<p>Defense Personal Property System (DPS) is the fully integrated, centralized, and web-based system for the management of personal property shipments for the Department of Defense (DOD) and U.S. Coast Guard (USCG). DPS is the materiel solution to achieve the Defense Personal Property Program (DP3) objectives. The DPS customer-centric approach provides a more responsive, user-friendly experience while ensuring timely and accurate delivery of personal property shipments. It also provides direct customer feedback to identify and reward Transportation Service Providers (TSPs) that deliver quality service at reasonable rates. The DPS is responsible for all aspects of personal property shipment management, to include: qualification of TSPs to provide services, invoice management, shipment delivery, DOD/USCG customer counseling, shipment pick-up, Best Value, submission of TSP rates, quality assurance, and claims. DPS replaces the legacy Transportation Operational Personal Property Standard System (TOPS) which did not satisfy stakeholders' key needs. TOPS sunset is dependent on implementation of Non-Temporary Storage (NTS) and Direct Procurement Method (DPM) capabilities in DPS.</p>									
Mission Benefits									
<p>The DPS provides 24-hour access to TSPs, transportation offices, Service members, and the Military Services Headquarters to input and retrieve data supporting the entire movement process from pick-up to delivery of household goods. Annually, the DPS is used to process approximately 550,000 personal property shipments for DOD and USCG customers. DPS implements the objectives/benefits of the Defense Personal Property Program (DP3) to include: full replacement value for damaged/lost household goods, an integrated information management system for household goods processes, and improved communications between the Service members, the TSPs, and the PPSOs. The DPS Increment III includes Non-Temporary Storage (NTS). The pending Increment IV includes Direct Procurement Method (DPM). The NTS and DPM capabilities will provide 100% of shipment type capabilities being processed in DPS. The DPS Increment III also includes development of document management. Implementation of DPS Increment III NTS and the pending Increment IV DPM will enable sunset of the legacy TOPS.</p>									
Deliverables									
<p>FY16: Conducted requirements (req's) analysis/design/begin development (dev) of NTS capability. Implement (Impl) user management (mgmt)/access control architecture improvements/new initial functionality for document (doc) mgmt for self-counseling/counseling/new user role consolidation capabilities. Conduct req's analysis for web services (svcs) to provide accounting (acctg) data from Svc travel systems for FIAR compliance. Conduct req's analysis/design for claims/self-counseling redesign. Impl emerging Svc-prioritized system change requests (SCRs). Impl COTS product upgrades/architecture improvements. FY17: Finalize dev/testing of NTS capability. Design/dev/impl web svcs to provide acctg data from Svc travel systems to improve FIAR compliance. Dev/impl claims/self-counseling re-design. Conduct req's analysis/design/dev functionality for doc mgmt for shipment mgmt capabilities. Conduct req's analysis/design for AAFES/NAF functionality. Conduct req's analysis/design/dev/impl invoice auditability to prevent improper pymts. Conduct req's analysis for TSP 2-way interface in cloud env. Impl emerging Svc-prioritized SCRs. Impl COTS product upgrades/architecture improvements. FY18: Impl NTS capability and emerging Svc-prioritized SCRs. Dev/impl AAFES/NAF functionality. Design/dev/impl TSP 2-way interface in cloud env. Impl COTS product upgrades/architecture improvements.</p>									
Economic Analysis									
<p>The DPS Economic Analysis, certified 10 Oct 2012, recommended the continuation of Alternative 2 Develop DPS (NPV with Benefits \$2,936.386M) over Alternative 1 Status Quo Maintain TOPS. This solution offers significant non-monetary benefits, as well as a strong Return on Investment (ROI) of 8.90 and Benefit Cost Ratio (BCR) of 5.22, presented in Present Value dollars (PV\$). The DPS EA will be updated in FY17 to document changes to cost, schedule, and capabilities.</p>									
Impact									
<p>The stakeholder's key needs would entail processing 100% of shipment types in DPS. The DPS Increment III NTS, coupled with the pending Increment IV DPM capabilities provides the remaining 10% of shipment type capabilities. The legacy TOPS does not satisfy stakeholders' key needs and must be sunset. The TOPS sunset date is being replanned from FY19 to FY23 based on changes in program priorities.</p>									
Software									
No software licenses are purchased with investment dollars.									

Activity Group Capital Investment Justification

Fiscal Year (FY) 2018

Fund 9B

Air Force Working Capital Fund

Budget Estimates

(Dollars in Thousands)

Transportation Working Capital Fund (TWCF)

May 2017

Department of the Air Force Air Mobility Command			Line No. & Item Description Dynamic Mission Replanning (DMR)				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	525.1	525.1	0	0.0	0.0	0	0.0	0.0
C. Software Development	0	7,491.6	7,491.6	0	5,777.0	5,777.0	0	7,182.0	7,182.0
Total	0	8,016.7	8,016.7	0	5,777.0	5,777.0	0	7,182.0	7,182.0
Total	0	8,016.7	8,016.7	0	5,777.0	5,777.0	0	7,182.0	7,182.0
Narrative Justification:									
Description									
<p>Dynamic Mission Re-planning (DMR) is a transportation initiative designed to enhance the 618th Air Operations Center, Tanker Airlift Control Center's (618 AOC TACC) ability to re-plan strategic airlift missions. DMR enhances the effectiveness and efficiency of missions in the execution phase (24 hours prior to the mission's initial departure from home station through mission completion) by providing a capability to recognize and react to a potential problem or event, to automatically assess the significance of the event, recognize down line or associated mission impacts, and present the decision maker with weighted options based on a variety of relevant operational factors. DMR is envisioned to consist of a family of work-centered focused applications that provide 618 AOC TACC users an effective way of visualizing the myriad of factors that could result in a delay or deviation of a planned mission. A net-centric information sharing environment (envisioned as the future structure of the Mobility Enterprise Information Services (MEIS)) will be used to support both DMR operational and what-if data sharing requirements.</p>									
Mission Benefits									
<p>DMR enhances re-planning process during execution, automatically identify and visualize multi-mission conflicts, identify Courses of Actions (COAs) and communicate updates to the field. Recognize and react to potential problems or events and improve on-time performance of airlift missions. The main benefit provided by DMR implementation is an increase in operational flexibility. This project is estimated to produce an initial 0.32 cost avoidance to investment ratio for the 10 year analysis presented. Based on the savings estimated upon full implementation, the payback is estimated to be approximately 18 years. A larger return on investment is projected to be gained over the long term.</p>									
Deliverables									
<p>FY16 Deliverables: Resource Finder; Multi-mission Timeline; What-if Mission Simulation; Exceptions and Violations                  FY17 Deliverables: Resource Finder; What-if Mission Simulation; Mission Comm; Multi-Airspace; Exceptions and Violations                  FY18 Deliverables: Multi-Aircrew; Multi-Aircraft; Multi-Airfield; Exceptions and Violations; Write back.</p>									
Economic Analysis									
2 September 2015									
Impact									
<p>If DMR funds are not received, degrades AMC ability to effectively replan aircraft missions. Current Re-Planning Course-of-Action Development takes up to 2 hours and has no effective way of visualizing all mission execution factors with concern for potential waste of fuel, aircrew, and aircraft resources.</p>									
Software									
Not Applicable.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
 Budget Estimates  
 May 2017

Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Air Mobility Command			Line No. & Item Description Global Air Transportation Execution System (GATES)				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	0.0	0.0	0	3,554.0	3,554.0	0	3,815.0	3,815.0
Total	0	0.0	0.0	0	3,554.0	3,554.0	0	3,815.0	3,815.0
Narrative Justification:									
Description									
<p>Global Air Transportation Execution System (GATES) is DoD's single port processing and manifesting system providing support for the global air and surface movement of personnel and cargo. Serving peacetime and contingency operations, GATES enables the DoD's ability to track the identity, status, and location of unit and non-unit assets by leveraging data provided by the services and commercial carriers in direct support of the Defense Courier Divisions, Military Surface Deployment and Distribution Command, and Air Mobility Command global missions. GATES enables USTRANSCOM ability to effectively and efficiently bill for cargo and passenger movement by providing functionality for Transportation Working Capital Fund (TWCF) accounting and billing. GATES interfaces with multiple data trading partners both internal and external to the DoD. GATES also generates standard and ad hoc reports, supports scheduling and forecasting, and provides message routing capabilities to all ports.</p>									
Mission Benefits									
<p>GATES is a Headquarters Air Mobility Command (HQ AMC) program developed to provide visibility of cargo and passenger assets moved by HQ AMC. It operates in an open system platform/environment utilizing a combination of Unix Servers and Windows based workstations. Applications software is currently being updated to meet the Defense Transportation System (DTS) architecture requirements for GATES to remain in concert with the HQ AMC and United States Transportation Command (USTRANSCOM), Command, Control, Communications and Computer (C4) Systems Master Plan as a command and control enhancer.</p>									
Deliverables									
<p>FY16: No Capital Funds                  FY17: Deliverables are redesign of GATES architecture and infrastructure for operations within a designated enclave of the Common Computing Environment (CCE).                  FY18: Deliverables are redesign of GATES architecture and infrastructure for operations within a designated enclave of the Common Computing Environment (CCE).</p>									
Economic Analysis									
<p>Economic Analysis completed in January 2009.</p>									
Impact									
<p>If not funded, GATES would fail to comply with DoD CIO's mandate to promote cyber security by implementing a Consolidated Data Center (CDC) within a Joint Information Environment (JIE). There would also be a direct impact on warfighter readiness as GATES would be unable to provide Defense In Depth. The mobility mission supported by the Air Force aerial ports and Army surface ports, rely upon the successful implementation of periodic software sustainment activities. In addition, migration to the USTRANSCOM Logical Data Model and other portal requirements supporting the Tanker Airlift Control Center (TACC) would not be accomplished.</p>									
Software									
<p>Solaris OS and Oracle RDBS</p>									

Activity Group Capital Investment Justification

Fiscal Year (FY) 2018

Fund 9B

Air Force Working Capital Fund

Budget Estimates

(Dollars in Thousands)

Transportation Working Capital Fund (TWCF)

May 2017

Department of the Air Force Air Mobility Command			Line No. & Item Description Global Aircrew Management (GAM)				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	307.9	307.9	0	0.0	0.0	0	0.0	0.0
C. Software Development	0	1,568.1	1,568.1	0	582.0	582.0	0	0.0	0.0
Total	0	1,876.0	1,876.0	0	582.0	582.0	0	0.0	0.0
Narrative Justification:									
Description									
Global Aircrew Management (GAM) provides a suite of applications to accomplish management of aircrew members in execution using a robust business engine, multi-platform delivery (tablet/mobile/PV) and modern software components. Enhances accuracy of Mobility Air Force (MAF) aircrew allocation and management. It also includes the ability for crew management/ de-assignment to missions, stage operations, and Course of Action development between C2 and aircrews. Considers all mission variables: Aircrew schedule and availability, Aircraft schedule and availability, and Mission requirements.									
Mission Benefits									
GAM enhances the accuracy of MAF aircrew allocation and management by reducing Flying Operations administration and Fuel Cost while improving mission efficiency.									
Deliverables									
FY16 Deliverables: Crew Management Documentation, Manage Arrival Activities, Manage Pre-Launch, Global Situational Awareness Tool (GSAT). FY17 Deliverables: Global Situational Awareness Tool (GSAT).									
Economic Analysis									
9 September 2015									
Impact									
If not funded, GAM would cause loss of aircrew productivity, limited aircrew and airfield situational awareness, dependent on paper products, mission disruption due to loss of crew visibility, no visibility of crew authorization changes, loss of total asset visibility for aircrew during mission execution.									
Software									
Not Applicable.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Surface Deployment and Distribution Command			Line No. & Item Description Global Freight Management (GFM)				Activity Identification SDDC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	921.2	921.2	0	2,225.0	2,225.0	0	1,608.0	1,608.0
Total	0	921.2	921.2	0	2,225.0	2,225.0	0	1,608.0	1,608.0
Narrative Justification:									
Description									
Global Freight Management (GFM) provides DOD Installation Transportation Officers (ITOs) with an electronic commerce capability for the procurement of commercial freight transportation services and provides a real time data feed to war fighters. GFM provides a centralized automated freight rating, costing, and routing system (Rating and Ranking service which is also provided to external systems via the Rating and Ranking Web Service. GFM also provides a Spot Bid system for procurement of freight transportation services for Overweight or Over dimensional shipments as well as other unique or one-time-only shipments. GFM supports an automated interface for existing DOD contracts with Small Package (shipments of less than 300 pounds) domestic and international express carriers. The GFM system supplies more timely and accurate routing information to shippers and substantially improves the ability of SDDC to support DOD shipping. The GFM interface with US Bank, via FACTS or Tracker Lite using Electronic Data Interchange, streamlines the DOD transportation financial payment process. GFM provides DOD shippers with: Tender Entry On the Web (tender storage and management); DOD Bill of Lading repository and Bill of Lading View; Rate Quote (costing of voluntary tender moves without creating an actual shipment transaction); Site Configuration (for TOs/ITOs to set up their location information); Discrepancy Information System/Transportation Discrepancy Report (DIS/TDR); Transportation Facilities Guide; Approved Carrier List; and Customer Added Value Suite (CAVS) and CAVS Downloads (carrier/industry tools). GFM provides the capability for Transportation Officer's to monitor Carrier Performance at the installation and national level with the Carrier Performance Module (CPM) which automates the issuance of letters of warning and automates the non-use capability for both HQ SDDC and the ITOs. GFM provides monthly training for DOD users and commercial carriers and on-line/HelpDesk assistance.									
Mission Benefits									
GFM provides DOD-approved shipping activities and contractors with a cost effective and efficient suite of web-based transportation business tools to support multi-modal DOD shipment planning and execution utilizing commercial transportation services. GFM complements DOD tactical transportation systems by providing military ITOs with the ability to support unit deployment, sustainment and redeployment activities. GFM is used at each of the Army's power projection and power support platforms.									
Deliverables									
FY16: Continued the GFM transition to Web Services and Accuterm migration and began Unidata migration to Oracle. FY17: Web Service development effort and Tender-FAR contract migration. Continuation of GFM database migration to common SDDC/USTRANSCOM standard and GFM transition to Web Services as needed. FY18: Completion of GFM code and database migration towards modernization architectural goals of USTRANSCOM and SDDC.									
Economic Analysis									
Certified 15 Jun 10.									
Impact									
If not funded, GFM will be unable to support United States Transportation Command's strategic objective to optimize Joint Deployment and Distribution Enterprise processes to provide improved end-to-end joint deployment and distribution that enables warfighters to successfully project and sustain combat power. It will prevent GFM from continuing to adopt relevant best practices derived from the business community, minimize waste and redundancy, and synchronize global distribution. GFM will be unable to improve automation tools used by transportation managers to monitor shipment planning, manage transportation risk, and influence freight mobility requirements that support Defense Transportation System initiatives.									
Software									
N/A.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Infostructure				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	1,212.0	1,212.0	0	16,156.0	16,156.0	0	24,476.0	24,476.0
C. Software Development	0	512.5	512.5	0	1,708.0	1,708.0	0	1,052.0	1,052.0
<b>Total</b>	<b>0</b>	<b>1,724.5</b>	<b>1,724.5</b>	<b>0</b>	<b>17,864.0</b>	<b>17,864.0</b>	<b>0</b>	<b>25,528.0</b>	<b>25,528.0</b>
<b>Narrative Justification:</b>									
<b>Description</b>									
Information Technology (IT) hardware for selected Command and Control programs. This consolidation of buys provides savings and allows United States Transportation Command purview for system refresh. Associated efforts for testing/certification, Continuity of Operations Plan (COOP) fail-over for mission critical defense transportation systems, and infrastructure upgrades are also included.									
<b>Mission Benefits</b>									
Footprint reduced from co-location of hardware in Central Computing Facilities and consolidation on fewer hardware components. Central procurement activity ensures funds are properly expensed supplying adequate/correct hardware for C2 systems within the program.									
<b>Deliverables</b>									
FY16: Analysis of Mobility Platform (AMP), Consolidated Air Mobility Planning System (CAMPS), Global Decision Support System (GDSS), SDDC Enterprise Support Services (ESS). FY17: Global Decision Support System (GDSS), Surface Deployment and Distribution Command's Enterprise Support Services (SDDC ESS). FY18: Continue Analysis of Mobility Platform (AMP), Consolidated Air Mobility Planning System (CAMPS), Global Decision Support System (GDSS), SDDC Enterprise Support Services (ESS).									
<b>Economic Analysis</b>									
Not applicable.									
<b>Impact</b>									
Without the Infostructure Program, costs for technology refresh of IT systems would be higher, Continuity of Operations (COOP) capability would not exist, and the ability to quickly decrease gaps in distribution process IT solutions would be diminished.									
<b>Software</b>									
N/A.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Integrated Multi-Modal Operations (IMMO)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	0.0	0.0	0	500.0	500.0	0	500.0	500.0
C. Software Development	0	0.0	0.0	0	8,029.0	8,029.0	0	9,526.0	9,526.0
Total	0	0.0	0.0	0	8,529.0	8,529.0	0	10,026.0	10,026.0
Narrative Justification:									
Description									
<p>Integrated Multi-modal Operations will standardize framework for booking all movements (cargo and passengers) into the USTRANSCOM enterprise ensuring best value transportation solutions; linkages at nodal points; increased time reliability and customer confidence (i.e., negotiated rates on quantity cargo/passengers and improved transport services). It will integrate views of USTRANSCOM bookings with optimal delivery process target of FY18Q4 in the Fusion Center. It must use a Common Movement Requirement structure, provide single integrated view of booking cost estimates and requisite information pertaining to the booked requirement to support onward movement, and upfront validation of customer funding (obligation) and authority to use Line of Accounting / Transportation Account Code at the point when services are requested. It will also provide a billing process enabling customers to reconcile a transportation requirement at final billing for services rendered, technologies to enable the transfer of movement requirement information across classification domains for continued processing, and an architecture that enables business processes, user applications, and facilitates rapid business service delivery.</p>									
Mission Benefits									
<p>Multi-Modal operations have shown to meet Combatant Commander's cargo delivery needs using less expensive transportation solutions. The USTRANCOM enterprise currently lacks an integrated enterprise business process and supporting IT to conduct multi modal operations. USTRANSCOM requires an integrated multi modal operational process to maintain shipment data integrity through operational processes, synchronize integrated booking and scheduling of movements, centralize mode determination and type of transportation and provide end to end shipment data integrity. IMMO will Integrate processes and activities associated with all cargo and personnel movements, improve single or multi modal operations overall, ensure financial auditability, and provide efficient and effective support to combatant commands and agencies. IMMO moves the Command toward capability management and away from system centric IT investments.</p>									
Deliverables									
<p>FY16: Engineering Support for Acquisition Lifecycle Documentation (AoA Analysis, SEP and Life Cycle Cost Estimates (technical, cost, and functional))                  FY17: Engineering Support for Acquisition Lifecycle Documentation (Acquisition Strategy, Acquisition Plan, Life Cycle Sustainment Plan); BPM analysis                  FY18: Engineering Support for Requirements Definition Packages / Capability Drops</p>									
Economic Analysis									
Scheduled to be completed December 16.									
Impact									
Without IMMO, USTRANSCOM multi-modal operations will continue to be segregated, limiting unity of command/effort. There will not be seamless information sharing of planned, estimated and actual lift nor will there be transparent view of cost and billing information.									
Software									
iBPM Tool and Risk Reduction Development Platform/software licenses.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Int Data Environ/Global Trans Net Converg (IGC)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	0.0	0.0	0	0.0	0.0	0	7,399.0	7,399.0
Total	0	0.0	0.0	0	0.0	0.0	0	7,399.0	7,399.0
Narrative Justification:									
Description									
<p>IGC is an Enterprise Data Warehouse and is USTRANSCOM's System of Record for Asset Visibility(AV) and in-Transit Visibility (ITV). FY18 Capital Investment will be used to purchase new equipment/software to refresh/upgrade the IGC TERADATA Nodes located at the DISA Enterprise Computing Center (DECC). The TERADATA equipment is updated every five years to ensure continued operations (last updated in FY2013). Newer equipment provides continued maintenance to the system adding security and performance to the database utilized to provide war fighters access to DOD AV and ITV. The system provides real-time Web-based processing of transportation movement data of DOD Assets worldwide, collecting data from multiple supply and transportation systems involved in the procurement and movement of DOD equipment, supplies and personnel. <u>The usable data is maintained within the TERADATA portion of the IGC system and is critical to the operational capability.</u></p>									
Mission Benefits									
<p>IGC provides global tracking of DOD equipment, supplies and personnel transiting throughout the USTRANSCOM enterprise, including data on items shipped by commercial contract vendors. Users are able to follow/monitor movement of items throughout the transportation system, allowing visibility when a shipment may be expected to arrive and where shipments are located at any given point in time. Benefits include the ability to avoid multiple purchases and shipments of like items by visibly tracking requested, stored and shipped items, and the ability to develop plans of actions based on projected receiving dates.</p>									
Deliverables									
<p>FY18 effort will provide new equipment/software in support of the program to maintain the systems operational capabilities. It will include the initial support required to set up the new equipment/database system and transition the system through testing (migration of the existing data) into the operational phase and shutdown of the existing equipment. This effort will require support from multiple agencies and is required for the sustainment of the operational capabilities of IGC, ensuring continued performance into future years – minimizing the risk of an aging program.</p>									
Economic Analysis									
An Economic Analysis (EA) is not required.									
Impact									
<p>Without the warranty and upgrade to the database system, IGC is more likely to fail and become non-operational. IGC processes billions of transactions concerning the movement of DOD assets throughout the globe and provides that information in a timely manner to approved IGC users.</p>									
Software									
Upgrades to existing TERADATA software licenses will take place during this work.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Surface Deployment and Distribution Command			Line No. & Item Description Integrated Booking System (IBS)				Activity Identification SDDC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	1,897.2	1,897.2	0	4,995.0	4,995.0	0	5,100.0	5,100.0
Total	0	1,897.2	1,897.2	0	4,995.0	4,995.0	0	5,100.0	5,100.0
<b>Narrative Justification:</b>									
<b>Description</b>									
The Integrated Booking System (IBS) is the lead execution system of the Defense Transportation System (DTS) for the global shipment of ocean cargo in support of all wars, major contingencies and humanitarian relief operations where our military forces are deployed as well as sustainment of forces worldwide. The IBS consists of the following applications: Carrier Analysis and Rate Evaluation II (CARE II); Requirements Forecasting and Rate Analysis Module (RF-RAM); Unit, Sustainment; Commercial Sealift Solutions (CSS); Ocean Carrier Interface (OCI); Web Vessel Schedule; electronic Shipper System (eSS); and Advanced Transportation Control and Movement Documentation (ATCMD). These applications provide automated tools to: support carrier contract requirement definition; rate and service solicitations and evaluation; capture vessel schedules; book unit and sustainment cargo; produce shipment documentation; provide cargo offering and status information; and produce payment and billing information.									
<b>Mission Benefits</b>									
IBS supports Military Surface Deployment and Distribution Command's (SDDC) global surface deployment command & control and distribution mission by providing automated tools to support rapid, effective and efficient projections of power both at home and abroad. IBS provides end-to-end distribution and visibility of Department of Defense (DOD) cargo from time of request for payment to the ocean carrier for services provided. IBS ensures the most cost effective routing of cargo is utilized while ensuring the war fighter receives his cargo on time and cargo preference laws are met. In addition, IBS provides tools for carrier contract requirement definition; rate and service solicitations and evaluation; capture vessel schedules; book unit and sustainment cargo; produce shipment documentation; provide cargo offering and event status information; and produce payment and billing information. IBS provides high-level data quality edits with instantaneous in-the-clear error messages and utilizes Electronic Commerce and Electronic Data Interchange (EDI) standards. SDDC's Electronic Transportation Acquisition (ETA) web portal provides DOD transportation officials with a single sign-on capability to access IBS for their transportation needs.									
<b>Deliverables</b>									
FY16: Fielded the capability to allow for automated booking and pricing of cargo movement; Decoupled IBS management of user access/accounts; and used ETA's token to authenticate users/role based access. FY17: Deployment of web services to include: The Export Traffic Release Request & Export Traffic Release, capability to adjust bookings. Automate Break-bulk Pricing, enhance capability to capture and manage vessel information needed for cargo movements. FY18: Deployment of web services to include: Migrate hardware from SPARC to x86 and capability to build, solicit and evaluate bids for cargo movement.									
<b>Economic Analysis</b>									
Certified 15 Jun 10.									
<b>Impact</b>									
If not funded, IBS will be unable to support United States Transportation Command's and SDDC's mission to provide efficient and cost effective projection of forces and provide improved end-to-end joint deployment and distribution. Specifically, maintenance, enhancements, and independent verification and validation contracts supporting ocean contract management and sealift requirement processing will terminate. Without commercial contract support, IBS will not be able to function and DOD ocean cargo movement would not be supported by an automated system.									
<b>Software</b>									
N/A.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Joint Flow & Analysis Sys for Trans (JFAST)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	3,273.4	3,273.4	0	2,574.0	2,574.0	0	2,394.0	2,394.0
Total	0	3,273.4	3,273.4	0	2,574.0	2,574.0	0	2,394.0	2,394.0
Narrative Justification:									
Description									
The JFAST Modernization effort is being accomplished as two increments. Increment II was completed mid-FY14; Increment III is being accomplished mid-FY14 thru FY17. Using the framework established, Increment III includes a system redesign to support Corporate Services Vision (CSV) requirements, completion of remaining code conversion, produce a fully web-enabled application, and address additional new requirements/enhancements. JFAST was written in a computer language which is no longer supported for security thus making it no longer viable to sustain. Increment IV currently is under review and final adjustment for FY18. This investment afforded USTRANSCOM and those COCOMs that use the JFAST system with improved realism when analyzing Crisis Action Plans (CAPs), Operations Plans (OPLANS), Concept Plans (CONPLANS) with Time Phased Force Deployment Data (TPFDD), Courses of Action (COAs), what-if scenarios, and exercise plans. FY17 TWCF Capital funding will support the continuation of Increment III. As a result, the EA was revised to account for these changes in program cost, schedule, and capabilities.									
Mission Benefits									
The Joint Operational Planners at the Combatant Commands and Joint Headquarters are the primary users of JFAST and the benefactors of the modernized interface. JFAST is the system used to assess transportation feasibility of the war plans, deployment plans, and retrograde plans. JFAST assesses in real-time, the transportation feasibility of unmovable deployment assets during execution, based on available resources. The modernized version will be web-accessible. Anticipated benefits include, but are not limited to: 1) enhance planning support for Agile Transportation for the 21st Century (AT21) requirements; 2) modernized, Multi-Mode Scheduler; 3) better collaboration using the same version of the program; 4) continued vendor support of the underlying software (.NET) Framework; and 5) improved scenario run times and user experience with the program.									
Deliverables									
FY16 - FY17 - Complete code migration from Visual FoxPro, to .NET Framework. New Development in Sealift and Airlift Estimators, Modern Scheduler Enhancements for special categories, and Checklists and C-Day handling. Dynamic loading capability for aircraft and ship configuration loading and process cargo handling through the intermediate location (ILOC). FY18 - Increment IV -- Requirements Editor, Enhance SUSGEN Map Features, Prevent A/R Track Saturation, Sealift Scenario Shipping Reset Option, Add JOPES PID Search Feature, Automatically Assign SUSGEN Scenario POEs and PODs, Auto-generate Profiler-Like PowerPoint Slides, Add Tanker MOG Usage Reporting, Ad Hoc Integrated Nodal Workload Report, Add Road-Rail Time/Distance Tool, Improve JCS Feedback Messages from DEX Transactions, Analysis Center (ad-hoc reporting).									
Economic Analysis									
The JFAST Increment III EA, updated 08 Aug 16 (Revision 3), addressed TWCF Capital funding from FY12 - FY17, and it confirmed the initial recommendation to implementation of JFAST Modernization with Enhancements (NPV \$47,665.3K) over alternatives JFAST Modernization without Enhancements (NPV \$39,626.9K) and Status Quo (which was deemed a nonviable solution). The decision to pursue JFAST Modernization with Enhancements was based on the operational benefits that result from investment in enhancements designed to provide JFAST users with increased capability to rapidly assess transportation plans with greater levels of fidelity. The JFAST Increment IV is expected to begin Oct 2017 with Increment V expected in Oct 2018.									
Impact									
Without JFAST Modernization, continuation of JFAST as a viable system is in jeopardy, due to anticipated cessation of support in FY15 for the current language (Visual FoxPro) by the vendor, Microsoft. Without modernization the system would have to be shut down because the software vulnerabilities would not be assessed. The war planning process would revert to an iterative, manpower intensive and time consuming process affecting DoD force agility. Increment III completes the code re-write into a language that can be used, maintained and built upon for the foreseeable future and is approximately 20% complete. Without JFAST modernization there would be no way to quickly model and certify war plans, deployment plans and retrograde plans for transportation feasibility.									
Software									
No software licenses will be purchased with capital dollars.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Local Area Network (USTRANSCOM LAN)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	1,127.9	1,127.9	0	1,425.0	1,425.0	0	1,143.0	1,143.0
C. Software Development	0	2,282.3	2,282.3	0	2,731.0	2,731.0	0	0.0	0.0
<b>Total</b>	<b>0</b>	<b>3,410.2</b>	<b>3,410.2</b>	<b>0</b>	<b>4,156.0</b>	<b>4,156.0</b>	<b>0</b>	<b>1,143.0</b>	<b>1,143.0</b>
Narrative Justification:									
Description									
<p>USTRANSCOM Local Area Network (LAN) a critical system supporting the Command and Control (C2) communications of the USTRANSCOM Commander and his staff. It is comprised of ~6000 distinct personal computers, numerous servers and routers, a multitude of switches, and the hardware and software infrastructure comprising the classified and unclassified LANs at the USTRANSCOM command site on Scott AFB, IL. This program supports the following activities: Upgrade of network infrastructure to support increasing bandwidth, service, systems and reliability requirements. Server upgrades, network router and switch upgrades, cable installation, network component upgrades, and wide area network connectivity with component commands. Upgrade of standard server Commercial-off-the-Shelf (COTS) products. Provides worldwide Joint Deployment and Distribution Environment (JDDE) theater-centric Command, Control, Communications and Computers (C4) infrastructure baseline assessments, engineering and documentation. Provides hardware and system installation support. Provides studio and portable Video Teleconferencing (VTC) technical upgrade support. Provides Audio Visual (AV) presentation system technical upgrade support. Based on the outcome of the review, funding may require future adjustments.</p>									
Mission Benefits									
<p>The USTRANSCOM networks are comprised of classified and unclassified Local Area Network (LAN) segments and Wide Area Network (WAN) connectivity with transportation component commands (TCCs). LAN improvements are designed to support increasing performance and bandwidth. USTRANSCOM LAN provides the critical backbone for the entire USTRANSCOM Enterprise.</p>									
Deliverables									
<p>FY16: Historical estimates and technical planning for expected hardware refreshes and upgrades of switches and routers that will support components, secure, operate, maintain, troubleshoot and diagnose network problems on USTRANSCOM's classified and unclassified networks, the out-of-band connectivity, CPE, CDE, the VTC network, J2 connectivity and JECC networks.</p> <p>FY17: Blades and fabric interconnects to provide the management and communication backbone for the blades to support Virtual Desktop Infrastructure.</p> <p>FY18: LAN will provide desktop support for OIS clients and Information Assurance (IA) Vulnerability Management (IAVM) and patch management of all Unclassified Operational Information Systems (UOIS) clients and servers that will include print servers, file servers, root domain controllers and child domain controllers.</p>									
Economic Analysis									
N/A.									
Impact									
<p>The interruption of capabilities would lead to rapid degradation of Command and Control for all aspects of the JDDE. Gaps in reporting data would immediately affect the Commanders decision cycle, crippling the ability of USTRANSCOM to accomplish its mission of managing Department of Defense transportation assets. We would also lose the redundancy that we have built into the USTRANSCOM LAN to diminish any mission impact.</p>									
Software									
Windows Server, RHEL, ORACLE, SSL, Cisco.									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
 Budget Estimates  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Air Mobility Command			Line No. & Item Description Mobility Air Forces Flight Planning Service				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	970.5	970.5	0	0.0	0.0	0	0.0	0.0
C. Software Development	0	8,931.0	8,931.0	0	9,110.0	9,110.0	0	318.0	318.0
<b>Total</b>	<b>0</b>	<b>9,901.5</b>	<b>9,901.5</b>	<b>0</b>	<b>9,110.0</b>	<b>9,110.0</b>	<b>0</b>	<b>318.0</b>	<b>318.0</b>
<b>Narrative Justification:</b>									
<b>Description</b>									
Mobility Air Force Flight Planning Service (MAFPS) replaces the existing Mobility Air Force (MAF) flight planning system Advanced Computer Flight Plan (ACFP) which has lost pace with the technical and operational environments. ACFP was directed to stop development in 2003 pending Joint Mission Planning System (JMPS) fielding of a mission planning system to include Tanker/ Airlift/ Special Mission (TASM) flight planning functionality. Cancellation of TASM module from the greater JMPS program has driven an immediate need to find the best solution for a maintainable MAF flight planning system to include applicable Doctrine, Organization, Training, Material, Leadership, Personnel, Facilities (DOTMLPF) attributes. Current MAF flight planning activities are inefficient, ineffective, and labor intensive. This impairs or prohibits the MAF use of modernized international civilian airspace and air traffic control systems which provide fuel efficiencies and mission velocity.									
<b>Mission Benefits</b>									
Incorporates new airspace designs and preferred/required routing referential data automatically. Provides future capability to allow MAF missions to continue flying above Flight Level (FL) 250 and Performance Based Navigation routes in US, North Atlantic and European airspace beginning as early as FY16. Performs flight planning calculations for all AMC aircraft and missions as well as provides reporting and interface/displays and imports referential and temporal data required to create flight plans.									
<b>Deliverables</b>									
FY16: Efforts will focus on completion of Formal Qualification Test of final software delivery, conduct of government developmental testing and start of operational testing of MAPFS Release 1 (i.e. v1.0). FY17: Effort will focus on completing operational testing and fielding of MAFPS Release 1. Also, software development for MAFPS Release 2 will start. FY18: Continue development of Release 2.									
<b>Economic Analysis</b>									
Initial Business Case Analysis (BCA) completed August 2011. Economic Analysis updated BCA in March 2013. Last review completed in 2014.									
<b>Impact</b>									
If not funded, the costs to operate MAF missions will increase as airspace routes become unavailable or less advantageous due to declining competitiveness of AMC flight planning system vice current and emerging commercial flight planning systems. AMC will be unable to access preferred air space routes and continue inefficient and labor intensive practices.									
<b>Software</b>									
Windows Server Datacenter, RHEL Virtual and Database, JBoss Enterprise, Oracle 12c, Oracle Golden Gate, Oracle Partitioning, Oracle Veridata, Oracle RAC, SOAP UI, Wireshark, and Fiddler.									

Activity Group Capital Investment Justification

Fiscal Year (FY) 2018

Fund 9B

Air Force Working Capital Fund

Budget Estimates

(Dollars in Thousands)

Transportation Working Capital Fund (TWCF)

May 2017

Department of the Air Force Air Mobility Command			Line No. & Item Description Mobility Enterprise Information Services (MEIS)				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	414.0	414.0	0	2,163.0	2,163.0	0	0.0	0.0
C. Software Development	0	10,283.6	10,283.6	0	9,087.0	9,087.0	0	8,530.0	8,530.0
Total	0	10,697.6	10,697.6	0	11,250.0	11,250.0	0	8,530.0	8,530.0
Narrative Justification:									
Description									
<p>The MEIS is a combined United States Transportation Command (USTRANSCOM) and Air Mobility Command (AMC) initiative to provide Platform as a Service (PaaS) and data sharing services as an enabler of capabilities for new Mobility Air Force Command &amp; Control (MAF C2) applications and the modernization of existing MAF C2 applications that support USTRANSCOM's global mission. The MEIS provides the functional air operations center (618th AOC – TACC) and Joint Deployment and Distribution Enterprise (JDDE) information, data, and status in a form defined by the appropriate AMC functional communities to enhance decision-making and planning processes of the Combatant Commanders, Combined Force Air Component Commander (CFACC), Joint Force Air Component Commander (JFACC), Director of Mobility Forces (DIRMOBFOR) and their staffs. The MEIS Program Charter articulates the strategies, approaches, processes, and standards that will be used to achieve the development goals and provides the departure point in establishing more detailed-level processes and procedures.</p>									
Mission Benefits									
<p>MEIS is AMC's Service Oriented Architecture (SOA) solution which enhances data sharing and orchestrates event-driven activities supporting MAF missions being managed under USTRANSCOM. This solution provides the ability to manage obsolescence and reduce back-end IT costs. By providing a Platform as a Service (PaaS) capability within the USTRANSCOM Distributed Enclave, it provides flexibility without requiring cost intensive coding changes from each program since it provides infrastructure services to programs through an Application Programming Interface (API).</p>									
Deliverables									
<p>FY16 Deliverables: Develop Utility Services for Enterprise Application Logging (EAL), Enterprise Management, Event Processing/Business Rules, Identity Management, Map Services, and Referential Data Management. Domain Information Services include delivery of Airspace, C2 Messaging, Diplomatic (DIP) Clearance.                  FY17 Deliverables: Continue development of Utility Services; Domain Information Services include delivery of Mission Partner Info (MPI), Person, Reference, and Weather.                  FY18 Deliverables: Continue development of Utility Services; Domain Information Services include delivery of Cargo, NOTAMS, Flight Plan, and Mobility Requirements.</p>									
Economic Analysis									
29 July 2015									
Impact									
<p>If not funded, there would be significant delays in fielding new functional services planned for AMC's C2 Enterprise Systems as well as providing the foundation for services supporting command priorities such as MAFPS, DMR, GAM, JOPES and CAMPS Increment 1.</p>									
Software									
<p>Funding includes procurement of commercial-off-the-shelf software which will be integrated into the MEIS as a platform as a service.</p>									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Single Mobility System (SMS)				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	1,103.4	1,103.4	0	2,137.0	2,137.0	0	1,297.0	1,297.0
Total	0	1,103.4	1,103.4	0	2,137.0	2,137.0	0	1,297.0	1,297.0
Narrative Justification:									
Description									
<p>SMS provides USTRANSCOM's Command and Control (C2) capability and augments the multi system environment currently used for assigning missions. Using its automated C2 system interfaces, SMS significantly reduces the amount of offline interface required between C2 agencies and broadens the range of information available to users as decision makers. SMS improves the flow of mobility mission information from the transportation components to USTRANSCOM, aiding in the decision making process. Exposure of web services and the integrated sealift scheduling tool reduce the analytic burden on users created by having to manually synthesize data. The exposure of web services afford the operator user more readily available access to critical SMS applications; thereby, facilitating improved operations for mission accomplishment. The sealift scheduling tool improves the commands strategic decision making by integrating currently stove piped systems into a single application to improving data quality, timeliness and visibility of current status.</p>									
Mission Benefits									
<p>Sealift Scheduling: Through creation of a single integrated sealift scheduling and execution monitoring tool suite, TCC collaboration will provide the TCJ3 Fusion Center better awareness and visibility of sealift requirements/vessel activity. The integrated sealift scheduling process will provide situational awareness and understanding of requirements during the planning and execution to support the command's strategic decision making processes for sealift and multi-modal operations.</p> <p>Web Services: Users require the capability to employ common SMS applications to perform deployment and distribution planning and execution monitoring, multi-modal lookup to determine movement closure at the Transportation Control Network level and report generation. Exposure of web services will enable users to exploit existing SMS applications, improving efficiency of business operations through shared application information. These web services will provide data that is accessible, discoverable and usable to enhance strategic decision making.</p>									
Deliverables									
<p>The FY16-FY17 CAP for SMS is for the exposure of web services and a single integrated sealift scheduling tool. The exposure of web services will provide application services to CCMD and Service customers. The sealift scheduling tool will support MSC, SDDC and Fusion Center workflow management. Capabilities will be scheduled and delivered with each of the three system releases per fiscal year.</p>									

Activity Group Capital Investment Justification  
Air Force Working Capital Fund  
Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
(Dollars in Thousands)

<b>Economic Analysis</b>
No EA has been accomplished. SMS Exposure of Web Services for FY15-FY16 was included in the IGCE for the SMS contract re-compete in dated 12 Apr 13. The IGCE for SMS exposure of Web Services, Sealift, and Visualization capital investment will be prepared as part of acquisition planning for FY17 contract option execution. The decision to make these funding investments was based on improving the availability of SMS information to other DOD systems via web services and improved data visualization. This action provides several expected operational benefits, including reducing redundancy, improving user experience and providing more efficient presentation of SMS data to improve timeliness, accuracy and relevancy of data available for the transportation operations decision makers.
<b>Impact</b>
Without this investment, United States Transportation Command (USTRANSCOM) will not be able to provide application services to the enterprise causing the enterprise to create duplicative capabilities. The development of the Sealift Scheduling Tool Suite eliminates the onerous analytical burden of users individually and manually synthesizing data critical to strategic decision making.
<b>Software</b>
No software licenses will be purchased with capital dollars.

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

Fiscal Year (FY) 2018  
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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force USTRANSCOM Command Staff			Line No. & Item Description Security Engineering				Activity Identification Command Staff		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Software Development	0	967.8	967.8	0	1,147.0	1,147.0	0	1,171.0	1,171.0
Total	0	967.8	967.8	0	1,147.0	1,147.0	0	1,171.0	1,171.0
Narrative Justification:									
Description									
CLASSIFIED									
Mission Benefits									
CLASSIFIED									
Deliverables									
CLASSIFIED									
Economic Analysis									
Impact									
CLASSIFIED									
Software									

Activity Group Capital Investment Justification  
 Air Force Working Capital Fund  
 Transportation Working Capital Fund (TWCF)

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Fund 9B  
 (Dollars in Thousands)

Department of the Air Force Air Mobility Command			Line No. & Item Description Minor Construction-AMC				Activity Identification HQ AMC, Scott AFB IL		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Minor Construction	0	4,457.6	4,457.6	0	4,500.0	4,500.0	0	4,500.0	4,500.0
Total	0	4,457.6	4,457.6	0	4,500.0	4,500.0	0	4,500.0	4,500.0
Narrative Justification:									
Description									
Minor Construction (MC) funds all minor construction work to rebuild new facilities or construct additions to existing facilities that qualify for Transportation Working Capital Funds (TWCF).									
Mission Benefits									
The Headquarters Air Mobility Command (HQ AMC) TWCF investment strategy is in line with the Department of Defense (DoD) Transportation Vision for the Twenty-First Century. It's intent is to ensure sustainability and quality of life. One of the guiding principles requires us to invest in transportation programs, systems, and enhancements that support mobility requirements, assets visibility, and efficient transportation operations.									
Deliverables									
MC Attachment provides projects listed by year.									
Economic Analysis									
EA to be accomplished by project.									
Impact									
Funding cuts will impact our ability to support critical HQ AMC, 515 Air Mobility Operations Wing (AMOW), and 521 AMOW requirements to enhance or improve mobility operations and provide adequate force protection through the construction of new facilities and additions in the Continental United States (CONUS) and en-route infrastructure. Reductions to this program will have a negative impact on our ability to provide seamless airlift from point of origin to destination, to provide quality customer service, and to bring our existing facilities up to HQ AMC and Air Force standards. Many TWCF facilities are old, inadequate facilities, far from meeting acceptable standards, especially at our en-route locations. Pavement requirements continue to grow for both new parking/loading/refueling areas and required improvements on deteriorating pavement resulting from heavy airlift use. Unfunded pavement requirements will result in limitations on AMC's ability to deliver passengers and cargo anywhere in the world. Passengers, troops, and valuable cargo and equipment will remain inadequately protected from terrorist threats.									
Software									
Not Applicable.									

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Department of the Air Force Defense Courier Division			Line No. & Item Description Minor Construction-DCD				Activity Identification DCD		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. ADPE/Telecomm	0	0.0	0.0	0.08928571	0.0	0.0	0.08928571	0.0	0.0
C. Software Development	0	0.0	0.0	0.08928571	0.0	0.0	0.08928571	0.0	0.0
D. Minor Construction	0	0.0	0.0	0.01785714	300.0	300.0	0.01785714	300.0	300.0
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.19642857</b>	<b>300.0</b>	<b>300.0</b>	<b>0.19642857</b>	<b>300.0</b>	<b>300.0</b>
<b>Narrative Justification:</b>									
<b>Description</b>									
Defense Courier Station(s) (DCS) - Sensitive Compartmented Information Facility (SCIF) and security system upgrade as deemed necessary by DIA and during building renovations.									
<b>Mission Benefits</b>									
Every courier station must maintain a Sensitive Compartmented Information Facility (SCIF) accredited by Defense Intelligence Agency (DIA). Construction must be in compliance with Director of Central Intelligence Directive (DCID) 6/9. If facilities are found in non-compliance during DIA inspections, immediate repairs are required.									
<b>Deliverables</b>									
FY16 - No emergency upgrades needed at any of the 18 DCS separate operating locations. FY17 - \$300K budgeted for emergency security upgrades required at any of the 18 DCS separate operating locations. FY18 - \$300K budgeted for emergency security upgrades required at any of the 18 DCS separate operating locations									
<b>Economic Analysis</b>									
Not applicable									
<b>Impact</b>									
Not applicable.									
<b>Software</b>									
Not applicable.									

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Department of the Air Force Surface Deployment and Distribution Command				Line No. & Item Description Minor Construction-SDDC			Activity Identification SDDC		
Element of Cost	FY2016			FY2017			FY2018		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Minor Construction	0	1,087.4	1,087.4	0	1,850.0	1,850.0	0	2,100.0	2,100.0
Total	0	1,087.4	1,087.4	0	1,850.0	1,850.0	0	2,100.0	2,100.0
Narrative Justification:									
Description									
Most Surface Deployment and Distribution Command (SDDC) Minor Construction projects are currently scheduled for Military Ocean Terminal Sunny Point (MOTSU). MOTSU is the premier Department of Defense ammunition terminal and is considered a vital part of the strategic Continental United States (CONUS) power projection platform supporting warfighting Commanders around the world. It is relied upon to maintain a high OPTEMPO consisting of ammunition resupply missions pre-position operations, and Foreign Military Sales operations									
Mission Benefits									
Deliverables									
FY16: Upgrade Solar Array, Modernize Bldg 128, addition to Post 2 FY17: Construct 480' Comm. Tower, relocate Contractor Row FY18: Install Fire Hydrants at Leland Interchange, construct Equipment Shelter									
Economic Analysis									
Impact									
Software									
Construct 480' Comm Tower (\$750)									

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FY	Item Description	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost (Est)	Asset/ Deficiency	Explanation
16	A. Equipment	1.2	(1.2)	0.0	0.0	0.0	
16	Equipment-AMC	0.5	(0.5)	0.0	0.0	0.0	No requirements for Equipment Funding
16	Equipment-SDDC	0.7	(0.7)	0.0	0.0	0.0	
16	B. ADPE/Telecomm	24.2	(7.4)	16.8	4.6	12.2	
16	Infostructure	18.9	(5.7)	13.2	1.2	12.0	Reprogrammed to MEIS, DMR, GAM
16	Local Area Network (USTRANSCOM LAN)	4.4	(3.0)	1.3	1.1	0.2	Reprogrammed to LAN software and CCE
16	Mobility Air Forces Flight Planning Service	0.0	1.0	1.0	1.0	0.0	Reprogrammed from MAFPS hardware
16	Mobility Enterprise Information Services (MEIS)	0.9	(0.5)	0.4	0.4	0.0	Reprogrammed from hardware to software and reprogrammed from Infostructure
16	Global Aircrew Management (GAM)	0.0	0.3	0.3	0.3	0.0	Reprogrammed from Infostructure
16	Dynamic Mission Replanning (DMR)	0.0	0.5	0.5	0.5	0.0	Reprogrammed from Infostructure
16	C. Software Development	72.6	6.2	78.8	61.4	17.4	
16	Agile Trans for the 21st Century (AT21)	8.2	(0.2)	8.0	6.8	1.2	\$845K carry-over requested
16	Analysis of Mobility Platform (AMP)	2.6	0.7	3.2	2.9	0.3	Reprogrammed from Infostructure
16	Distribution Process Owner (DPO) Secure Enclave (DSE)/Common Computing Environment (CCE)	3.6	0.4	4.0	2.7	1.2	Reprogrammed from LAN
16	Corporate Data Solution (CDS)	0.9	0.0	0.9	0.7	0.2	
16	Defense Personal Property System (DPS)	11.7	0.0	11.7	8.6	3.2	

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16	Infostructure	4.0	(0.3)	3.7	0.5	3.2	Reprogrammed to JMCG for JOPES Modernization
16	Int Data Environ/Global Trans Net Converg (IGC)	0.5	0.0	0.5	0.0	0.5	
16	Joint Flow & Analysis Sys for Trans (JFAST)	3.7	0.5	4.2	3.3	0.9	Reprogrammed from Infostructure for JOPES Modernization
16	Local Area Network (USTRANSCOM LAN)	0.0	2.7	2.7	2.3	0.4	Reprogrammed from LAN hardware for Oracle requirement
16	Single Mobility System (SMS)	1.5	0.0	1.5	1.1	0.4	
16	Security Engineering	1.1	0.0	1.1	1.0	0.2	
16	Global Command and Control System (GCCS)	0.2	(0.2)	0.0	0.0	0.0	
16	Joint Mobility Control Group (JMCG-C4S)	0.4	0.0	0.4	0.4	0.0	Reprogrammed from GCCS and Infostructure
16	Integrated Multi-Modal Operations (IMMO)	6.2	(4.1)	2.2	0.0	2.2	Reprogrammed to DMR and GAM
16	Mobility Air Forces Flight Planning Service	9.9	0.4	10.3	8.9	1.4	Reprogrammed from MEIS hardware
16	Mobility Enterprise Information Services (MEIS)	6.2	4.1	10.3	10.3	0.0	
16	Global Aircrew Management (GAM)	3.1	(1.5)	1.6	1.6	0.0	Reprogrammed to DMR
16	Dynamic Mission Replanning (DMR)	3.9	3.6	7.5	7.5	0.0	Funds reprogrammed from GAM and IMMO
16	Global Freight Management (GFM)	1.6	0.0	1.6	0.9	0.7	\$500K requested for carry-over
16	Integrated Booking System (IBS)	3.4	0.0	3.4	1.9	1.5	

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16	D. Minor Construction	6.6	0.0	6.6	5.5	1.0	
16	Minor Construction-AMC	4.5	0.0	4.5	4.5	0.0	
16	Minor Construction-SDDC	2.1	0.0	2.1	1.1	1.0	
16	TOTAL FY	104.5	(2.4)	102.1	71.5	30.6	

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FY	Item Description	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost (Est)	Asset/ Deficiency	Explanation
17	A. Equipment	0.8	0.0	0.8	0.8	0.0	
17	Equipment-AMC	0.5	0.0	0.5	0.5	0.0	
17	Equipment-SDDC	0.3	0.0	0.3	0.3	0.0	
17	B. ADPE/Telecomm	20.2	0.0	20.2	20.2	0.0	
17	Infostructure	16.2	0.0	16.2	16.2	0.0	
17	Local Area Network (USTRANSCOM LAN)	1.4	0.0	1.4	1.4	0.0	
17	Integrated Multi-Modal Operations (IMMO)	0.5	0.0	0.5	0.5	0.0	
17	Mobility Enterprise Information Services (MEIS)	2.2	0.0	2.2	2.2	0.0	
17	C. Software Development	80.7	(0.6)	80.1	80.1	0.0	
17	Agile Trans for the 21st Century (AT21)	4.9	0.0	4.9	4.9	0.0	
17	Analysis of Mobility Platform (AMP)	2.5	0.0	2.5	2.5	0.0	
17	Distribution Process Owner (DPO) Secure Enclave (DSE)/Common Computing Environment (CCE)	4.5	0.0	4.5	4.5	0.0	
17	Corporate Data Solution (CDS)	0.9	0.0	0.9	0.9	0.0	
17	Defense Personal Property System (DPS)	12.3	0.0	12.3	12.3	0.0	
17	Infostructure	1.7	0.0	1.7	1.7	0.0	
17	Joint Flow & Analysis Sys for Trans (JFAST)	2.6	0.0	2.6	2.6	0.0	

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FY	Item Description	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost (Est)	Asset/ Deficiency	Explanation
17	Local Area Network (USTRANSCOM LAN)	2.7	0.0	2.7	2.7	0.0	
17	Single Mobility System (SMS)	2.1	0.0	2.1	2.1	0.0	
17	Security Engineering	1.1	0.0	1.1	1.1	0.0	
17	Joint Mobility Control Group (JMCG-C4S)	0.2	0.0	0.2	0.2	0.0	
17	Integrated Multi-Modal Operations (IMMO)	8.0	0.0	8.0	8.0	0.0	
17	Consolidated Air Mobility Planning System (CAMPS)	1.1	0.0	1.1	1.1	0.0	
17	Global Air Transportation Execution System (GATES)	4.5	(0.9)	3.6	3.6	0.0	
17	Mobility Air Forces Flight Planning Service	9.8	(0.7)	9.1	9.1	0.0	Decrease due to reduce software requirements
17	Mobility Enterprise Information Services (MEIS)	6.9	2.2	9.1	9.1	0.0	Increase for software development
17	Global Aircrew Management (GAM)	3.2	(2.6)	0.6	0.6	0.0	Decrease due to Sub-MAM funding other priority items
17	Dynamic Mission Replanning (DMR)	4.4	1.4	5.8	5.8	0.0	Increased requirements
17	Global Freight Management (GFM)	2.2	0.0	2.2	2.2	0.0	
17	Integrated Booking System (IBS)	5.0	0.0	5.0	5.0	0.0	
17	D. Minor Construction	6.7	0.0	6.7	6.7	0.0	
17	Minor Construction-AMC	4.5	0.0	4.5	4.5	0.0	
17	Minor Construction-DCD	0.3	0.0	0.3	0.3	0.0	
17	Minor Construction-SDDC	1.9	0.0	1.9	1.9	0.0	

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FY	Item Description	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost (Est)	Asset/ Deficiency	Explanation
17	TOTAL FY	108.4	(0.6)	107.8	107.8	0.0	

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