



DoD Secondary Item Inventory FY2019 Fact Book

Deputy Assistant Secretary of Defense
for Logistics



Scope of DoD Logistics – Close of FY19

Annual Budget (estimated)

- \$63.6 B in Supply
- \$93.9 B in Maintenance
- \$15.5 B in Transportation
- \$172.0 B Total Logistics Cost

Operational Resources

- 100,000 Suppliers
- 80,000+ Requisitions per Day
- \$100.1 B Inventory/4.9 M Items

DoD
Logistics

\$768.6 B in Assets

- 290 ships and 16,000 aircraft
- 32,844 combat vehicles
- 371,844 ground vehicles

Logistics Operating Locations

- 17 Maintenance Depots
- 24 Distribution Depots (global)
- 57,000+ Customer Sites

*vehicles are reflective of FY18, pending FY19 Factbook



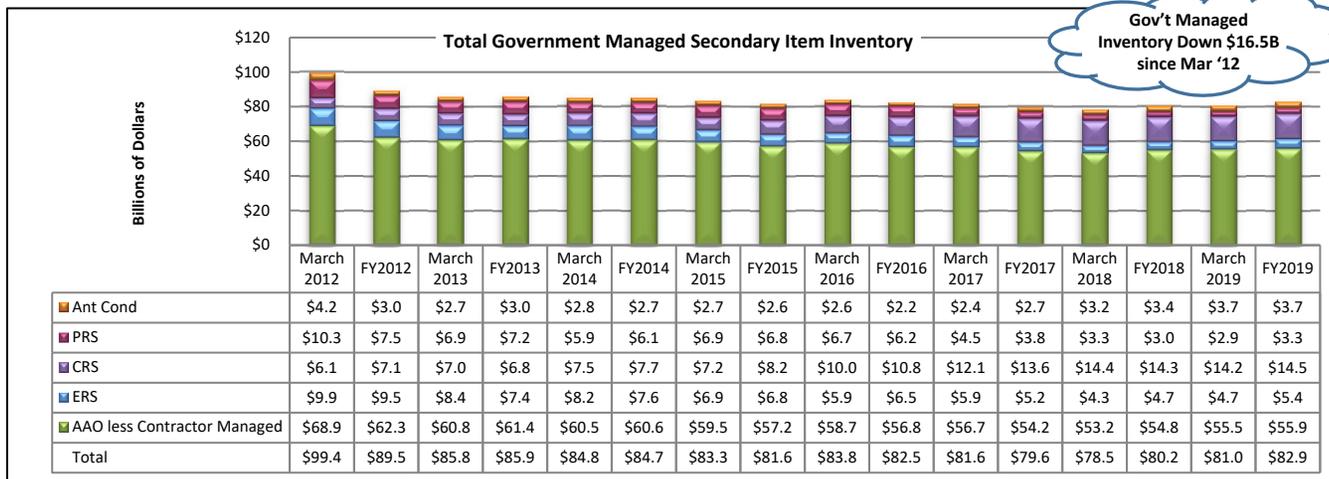
Value of Secondary Item Inventory

Total v. Government Managed

Down \$4.5B from high point in Mar '12



Gov't Managed Inventory Down \$16.5B since Mar '12



- Total Inventory increased \$3.8B (3.9%) since September 2018
 - AAO increased \$2.2B (3.1%) with the largest drivers being the increase in RRO, repair cycle, PLT, and contractor managed
 - Contractor managed inventory increased \$1.1B (6.5%)
 - Retention levels overall increased \$902M (4.7%)
 - Economic retention levels increased \$765M (16.3%)
 - Contingency retention levels increased \$137M (1.0%)
 - Excess on-hand (PRS) increased \$322M (10.7%)

Source: Supply System Inventory Report (SSIR) and Component Submissions.

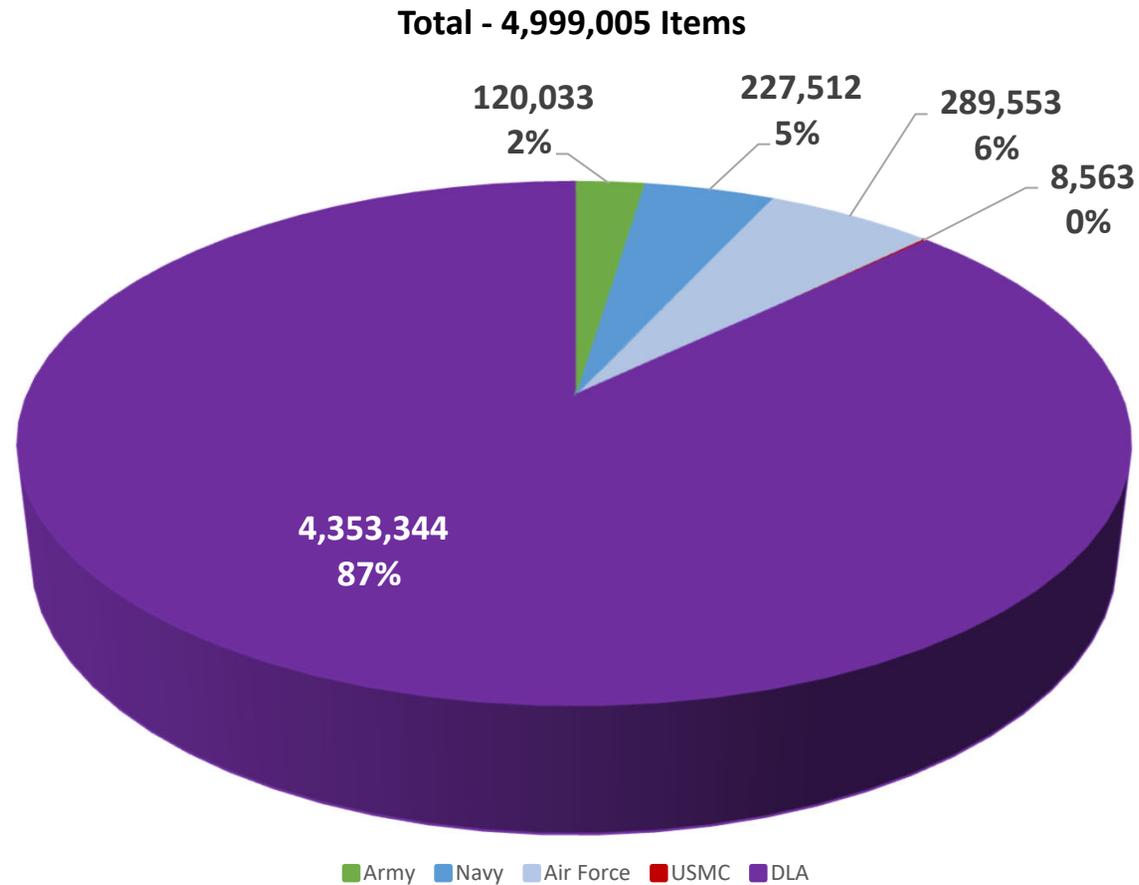
Then Year Dollars, Excludes fuels and In-Transit, PRS and anticipated condemnations at full price.

Beginning in FY2016, Army transitioned from an Approved Acquisition Objective to an Active Horizon Requirement.

DLA inventory value for FY2016 increased by nearly \$3B as a result of a one-time deemed cost adjustment.



Number of DoD Items Managed by Component



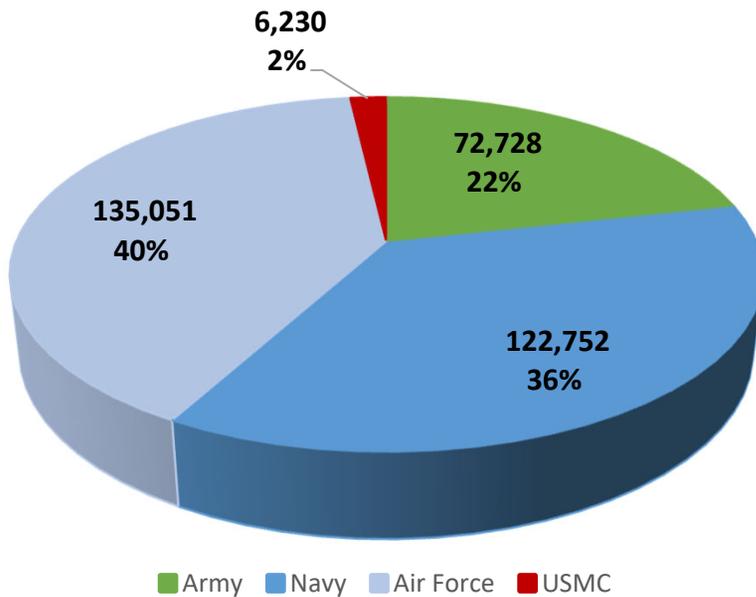
Note: Year-end total for Primary Control Activity Items

Source: Defense Logistics Information System as of December 2019

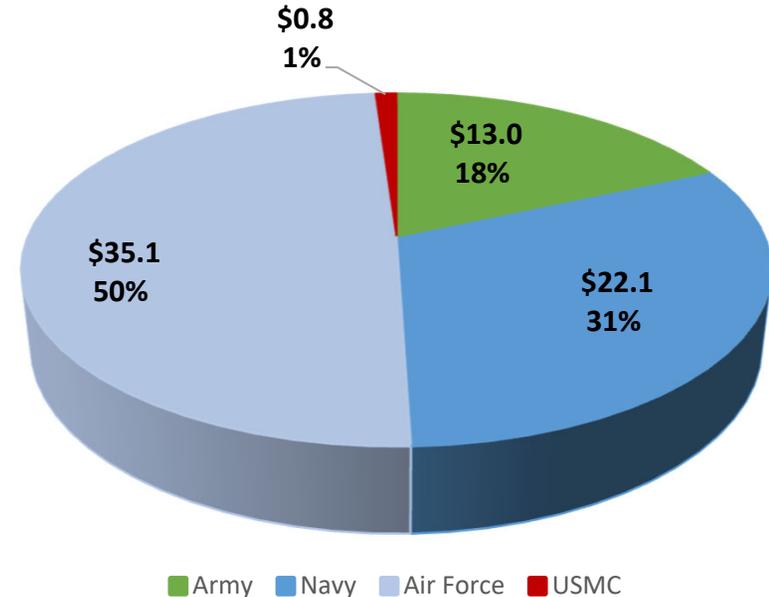


Reparable Items and Secondary Inventory by Component

Items - 336,761



Value - \$71.0 Billion

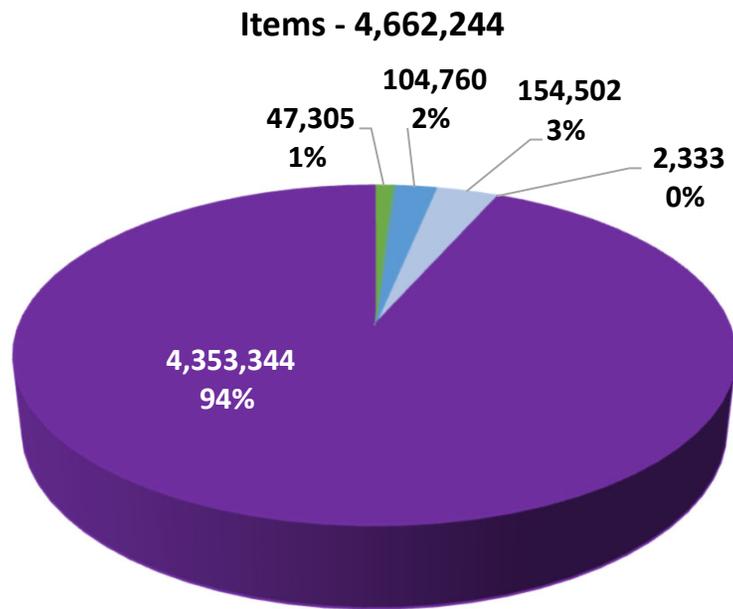


Note: Dollars at DoD Acquisition Cost Method of Valuation

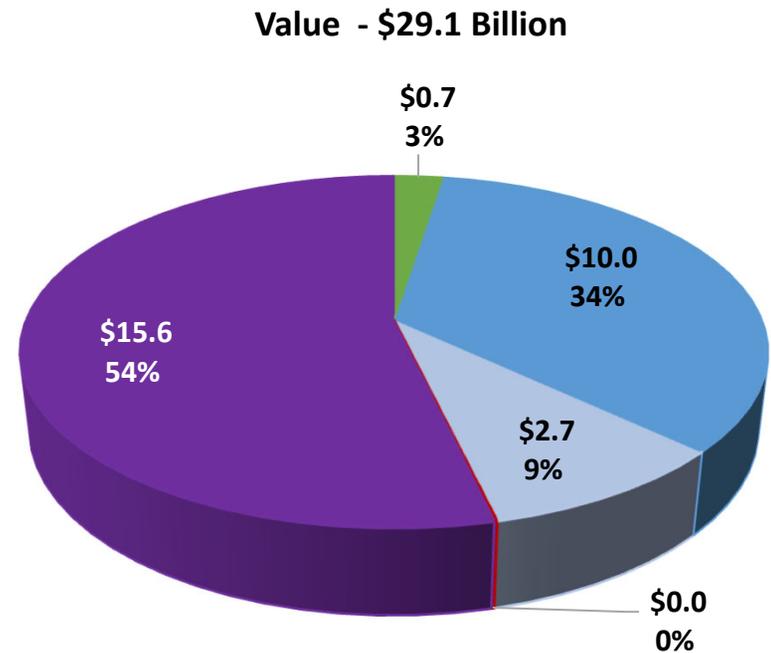
Source: Defense Logistics Information System and Supply System Inventory Report as of December 2019



Consumable Items and Secondary Inventory by Component



■ Army ■ Navy ■ Air Force ■ USMC ■ DLA



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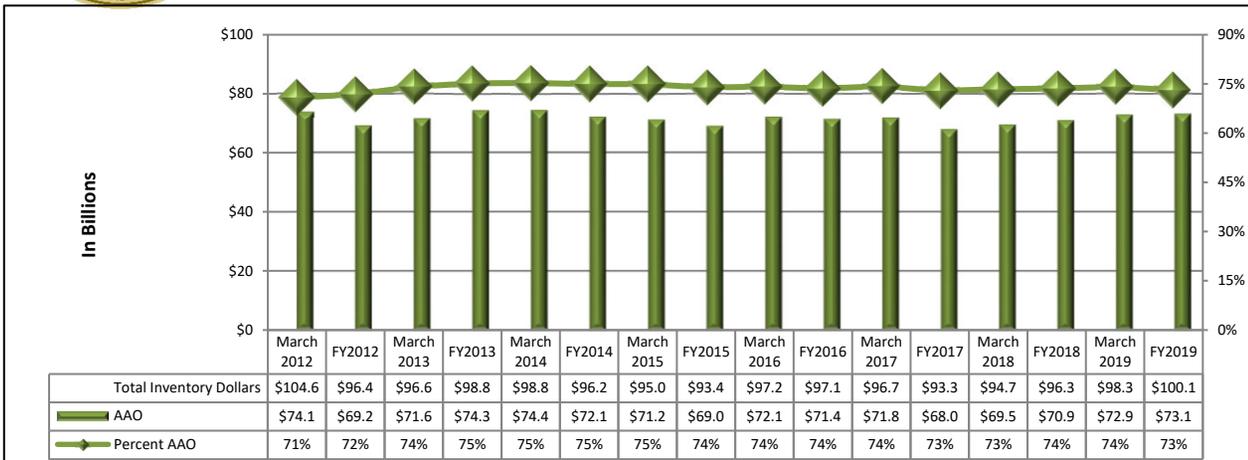
Note: Dollars at DoD Acquisition Cost Method of Valuation, does not include DLA Energy

Source: Defense Logistics Information System and Supply System Inventory Report as of December 2019



AAO as a Percentage of Total Inventory

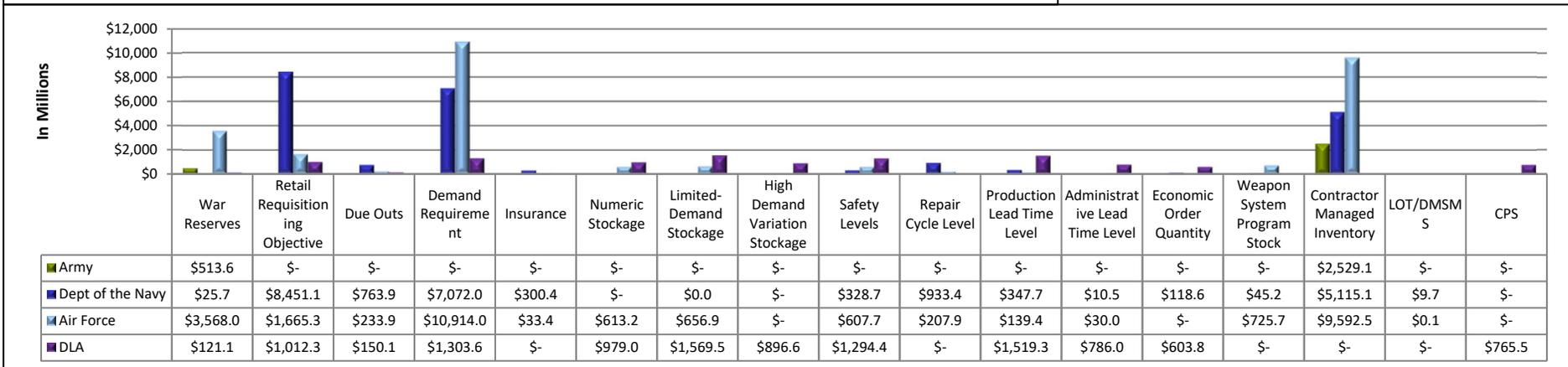
Then-Year Dollars



- AAO was \$73.1B in September 2019... up from \$70.9B in September 2018.
 - Army (Up \$474M)
 - Navy (Up \$1.5B)
 - Air Force (Down \$742M)
 - Marines (Up \$3M)
 - DLA (Up \$1B)

Source: Supply System Inventory Report (SSIR) and Component Submissions.

Then Year Dollars, Excludes fuels and In-Transit, PRS and anticipated condemnations at full price.



Source: Component Submissions

Navy is currently unable to break out procurement lead time assets into production and administrative Lead Time (PLT and ALT) assets. The Navy is unable to separate PLT and ALT so the entire value is included in PLT.

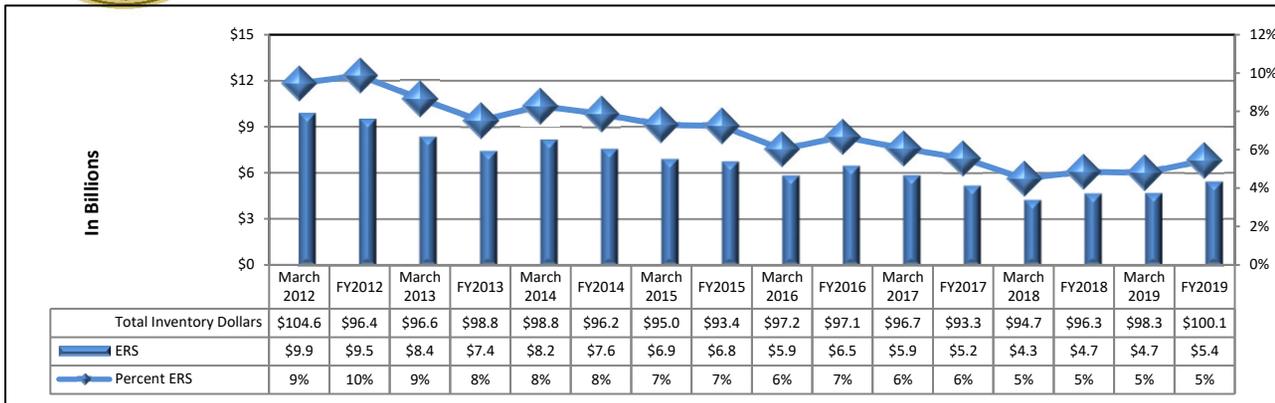
Limited-demand stockage is Peak stockage, High demand variation stockage is NextGen stockage.

War reserve requirements include both pre-positioned/starter materiel and other/swing materiel (PWRM and OWRM, respectively).



ERS as a Percentage of Total Inventory

Then-Year Dollars



- ERS was \$5.4B in September 2019... up from \$4.7B in September 2018.
 - Army (Down \$75M)
 - Navy (Down \$228M)
 - Air Force (Up \$978M)
 - Marines (Up \$7M)
 - DLA (Up \$84M)

Source: Supply System Inventory Report (SSIR) and Component Submissions.

Then Year Dollars, Excludes fuels and In-Transit, PRS and anticipated condemnations at full price.

ERS Economic Benefit Metric (March 2019)

Savings to Cost Ratio	Component	# of Items	Value of ERS	Aggregate Ratio
Less than one due to an uneconomical level of ERS	Army	287	\$64	0.16
	Air Force	323	\$320	0.55
	DLA	1,525	\$ 4	0.56
	Navy	305	\$52	0.30
	USMC	17	\$ 37	0.87
	Total	2,457	\$477	0.55
More than one due to an economical level of ERS	Army	3,984	\$1,055	6.45
	Air Force	2,652	\$2,083	24.62
	DLA	327,968	\$1,858	17.49
	Navy	6,400	\$757	10.15
	USMC	231	\$79	1.59
	Total	341,235	\$5,831	11.53

$$\text{Savings to Cost Ratio} = \frac{\text{Expected Savings from Retaining ERS}}{\text{Expected Costs from Retaining ERS}}$$

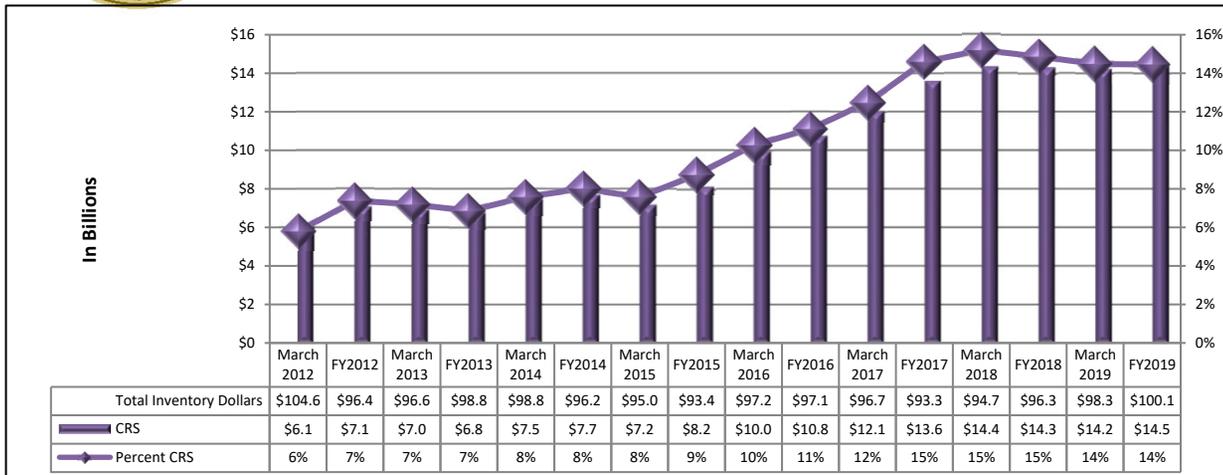
- \$477M (8%) of ERS is uneconomical for the Department to retain.

Source: Supply System Inventory Report (SSIR) and Component Submissions.



CRS as a Percentage of Total Inventory

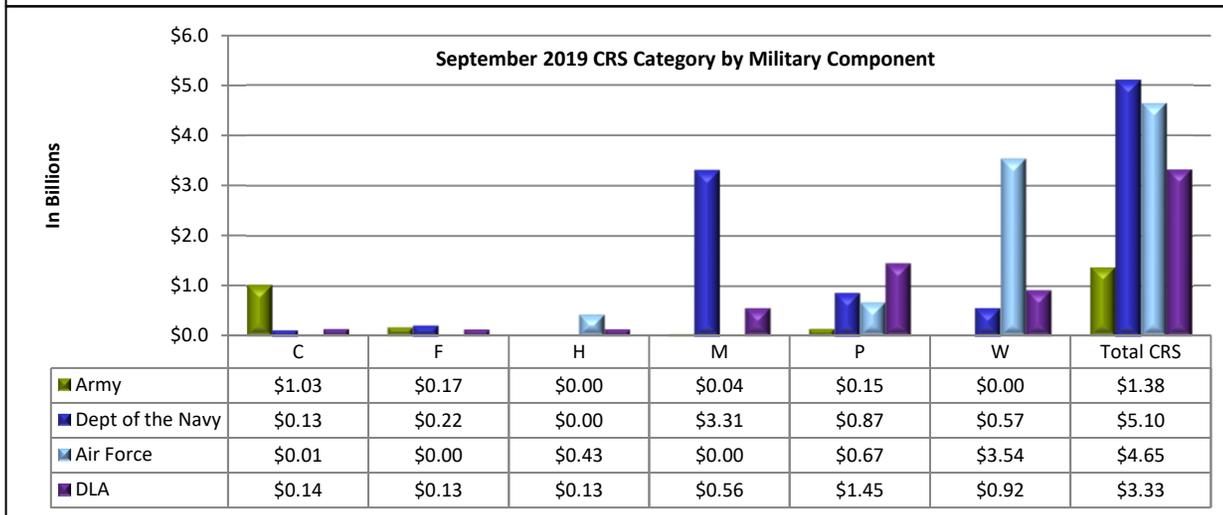
Then-Year Dollars



- CRS was \$14.5B in September 2019... up from \$14.3B in September 2018.
 - Army (Down \$161M)
 - Navy (Up \$348M)
 - Air Force (Down \$218M)
 - Marines (Down \$47M)
 - DLA (Up \$215M)

Source: Supply System Inventory Report (SSIR) and Component Submissions.

Then Year Dollars, Excludes fuels and In-Transit, PRS and anticipated condemnations at full price.



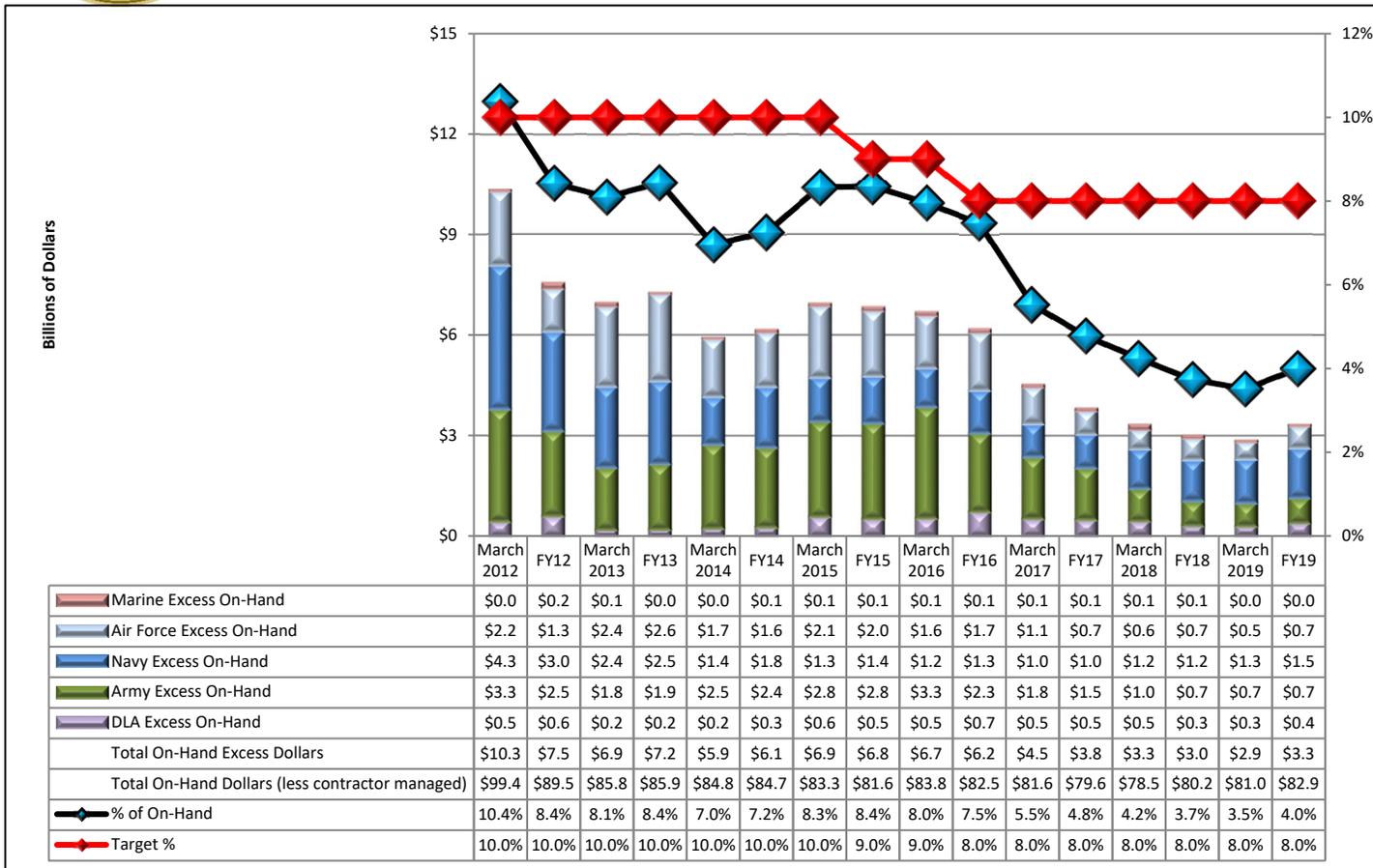
- Component Percentages
 - Army (10%)
 - Navy (35%)
 - Air Force (32%)
 - Marines (1%)
 - DLA (22%)
- CRS Reason Codes
 - C - Reclamation and cannibalization (9%)
 - F - Potential security assistance; FMS (3%)
 - H - Humanitarian assistance and disaster relief (4%)
 - M - Military operational necessity (27%)
 - P - Item procurement and re-procurement constrained (DMS, LOT buy, non-procurable stock, non-forecastable demand, PBL item) (22%)
 - W - Weapon system exclusion (weapon system modification programs, service life extension programs, and Weapon System Designator Code items) (35%)

Source: Component Submissions.



DoD Government Managed On-Hand Excess

Then-Year Dollars



- On-Hand Excess was 4.0% / \$3.2B in September 2019... up from 3.7% / \$3.0B in March 2018...and below 8% goal
 - Army (Up \$13M)
 - Navy (Up \$256M)
 - Air Force (Up \$10M)
 - Marines (Down \$35M)
 - DLA (Up \$78M)
- Since September 2009, total On-Hand Excess decreased \$5.5B/62.5% DoD-wide and:
 - Army (Up \$210M)
 - Navy (Down \$3.4B)
 - Air Force (Down \$2.1B)
 - Marines (Down \$302M)
 - DLA (Up \$73M)
- The goal is being reduced by the following schedule:
 - 6% in FY20
 - 5.5% in FY21
 - 5% in FY22
 - 4.5% in FY23.

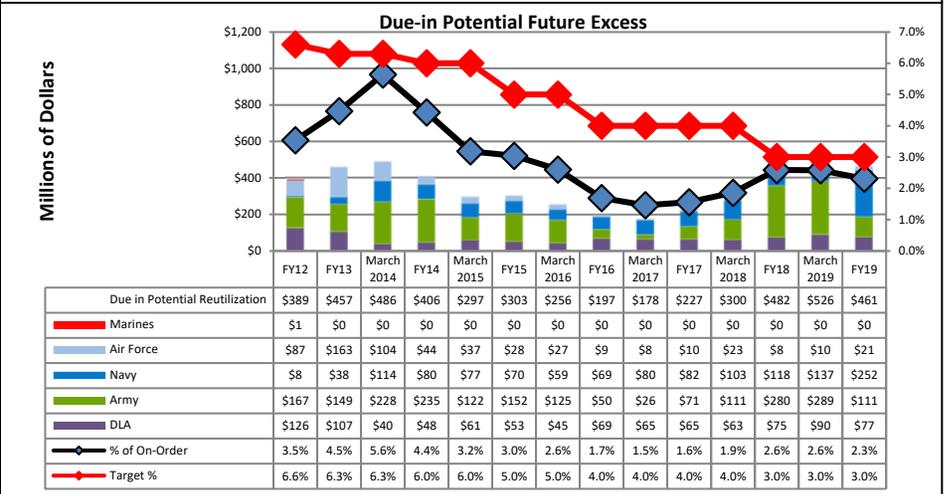
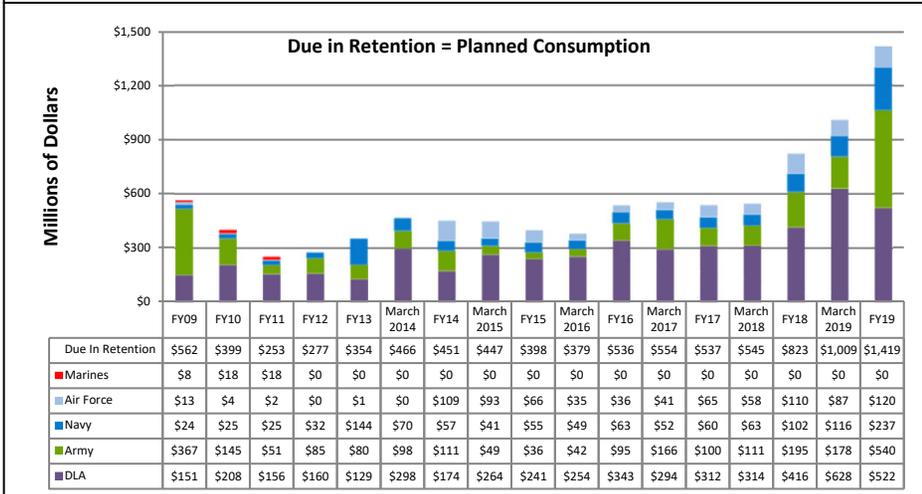
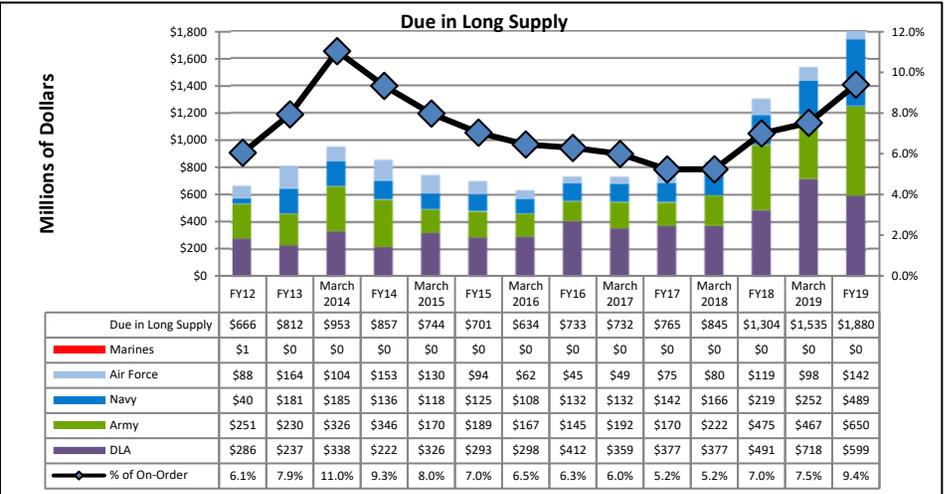
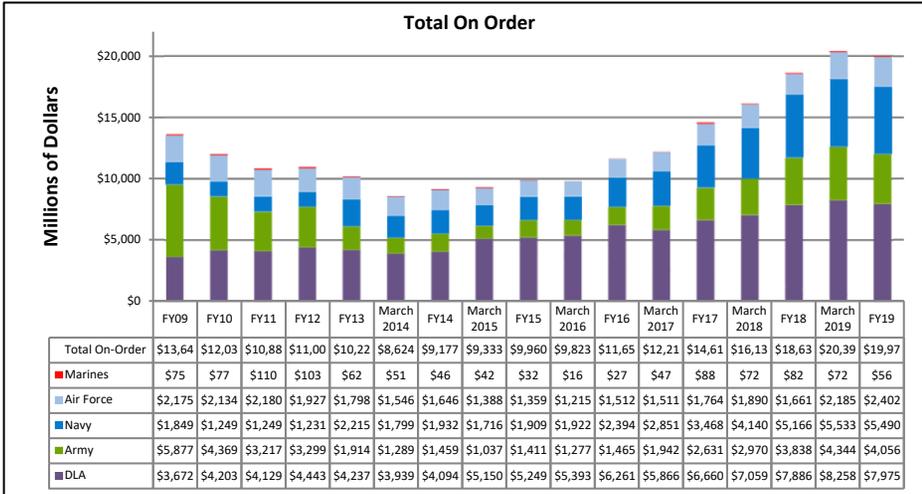
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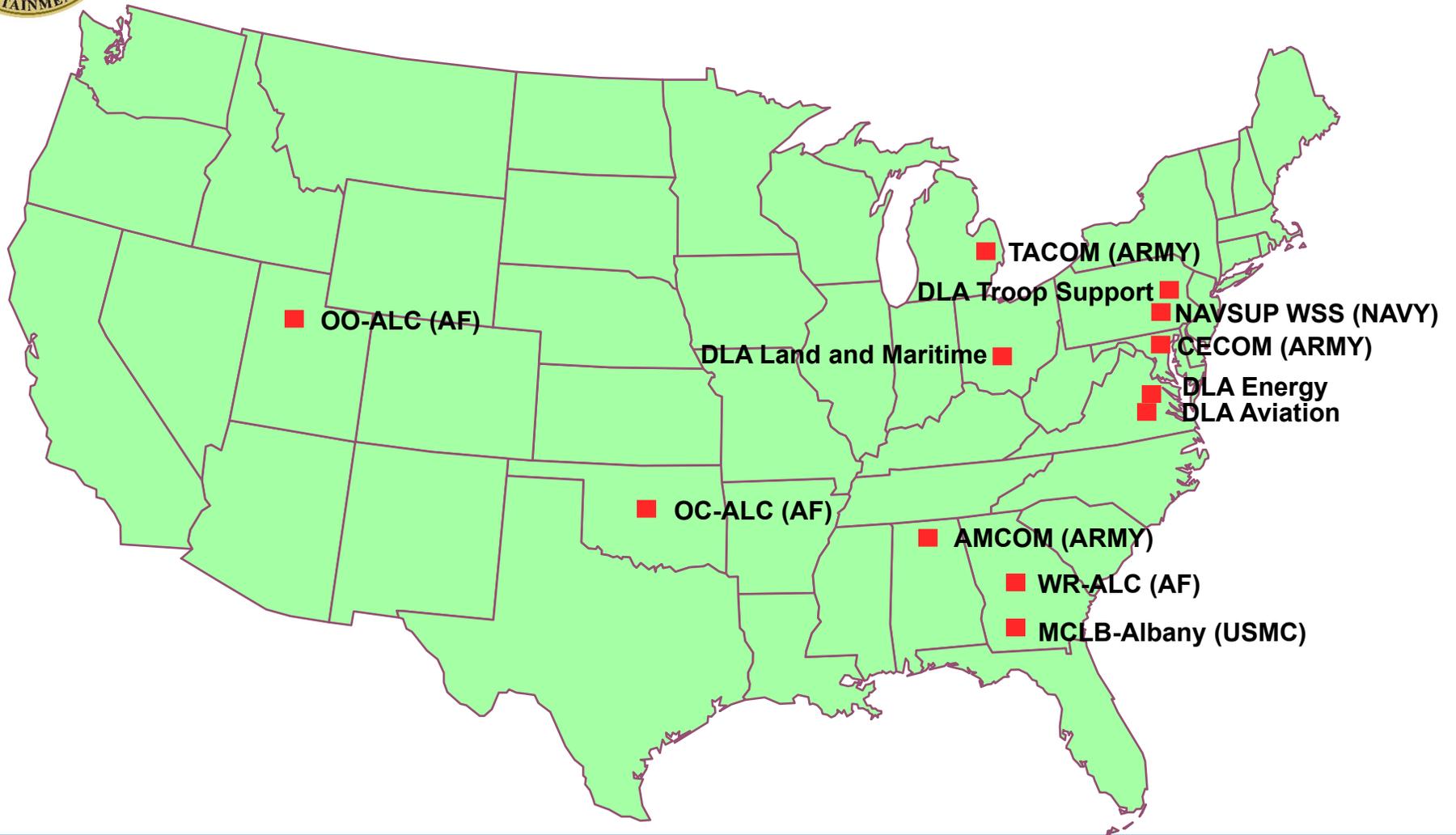
DoD On-Order Inventory

Due-in Long Supply





Supply Management Inventory Control Point Locations



Note: As of the end of FY 2019



Distribution Depot Locations



Note: As of the end of FY 2019