

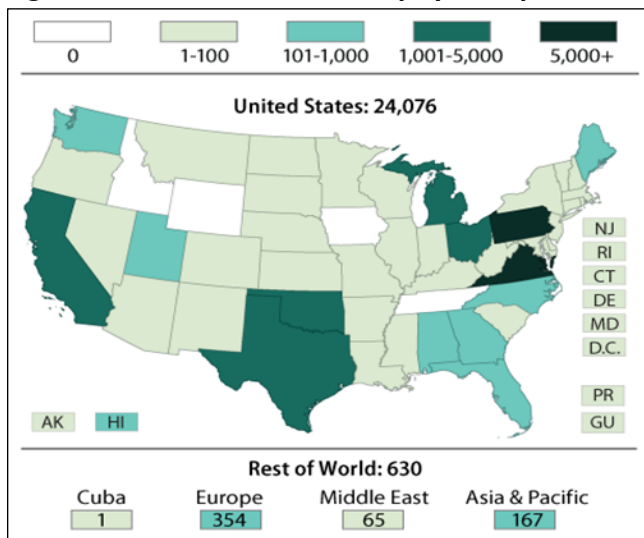


Defense Primer: The Defense Logistics Agency

Established under Title 10, Sections 191 and 192, of the United States Code (U.S.C.), the Defense Logistics Agency (DLA) is a single Department of Defense (DOD) agency responsible for supply or service activities common to all military departments. Section 193 of Title 10 identifies DLA as a combat support agency, a designation that according to DLA, “gives DLA a formal oversight relationship with the chairman of the Joint Chiefs of Staff and allows combatant commanders to request specific support from the agency.” Under these authorities, the agency manages the global supply chain for DOD and its partners by providing procurement, storage, distribution, disposition, and other technical services to its customers. DLA is one of several organizations that are essential to the Joint Logistics Enterprise (see Joint Publication 4-0).

DLA is headquartered in Fort Belvoir, VA, but the agency operates in most U.S. states and territories and in 28 foreign countries (see **Figure 1**). Annually, it provides more than \$37 billion worth of goods and services to DOD, other federal agencies, and partner and allied nations. DLA states it “supplies 86 percent of the military’s spare parts, and nearly 100 percent of fuel and troop support consumables, manages the reutilization of military equipment, provides catalogs and other logistics information products, and offers document automation and production services.” Through established DOD programs, DLA can also support tribal, state, and local government agencies.

Figure 1. Distribution of DLA Employees, April 2020



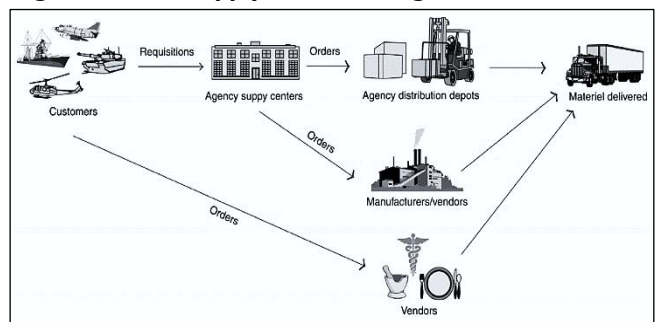
Source: CRS graphic based on DLA data.

Major Responsibilities

DLA’s primary purpose is to meet the logistics requirements of the armed forces for food, clothing, fuel, parts, and other items. Its major responsibilities are to “(1) buy or contract, (2) warehouse when needed and (3)

distribute about 5 million distinct consumable, expendable and repairable items” to its military customers. The agency contracts for high-volume, commercially available items based on customer requirements. It then distributes these items directly to the requesting customer (e.g., a shipyard or maintenance depot), or stores them for later delivery. DLA also allows customers to order supplies directly from integrated supply chain contractors if they are an approved provider through the Prime Vendor Program (see **Figure 2**).

Figure 2. DLA Supply Chain Management Process



Source: Government Accountability Office (GAO-02-776).

DLA delivery of items typically includes supplementary services like warehousing, packaging, and transportation.

Energy Products and Services

DLA exclusively procures and manages energy products for DOD including bulk petroleum-products (i.e., petroleum, oil, and lubricants, or POL), coal, natural gas, electricity, alternative fuels, and missile fuels. DLA Energy (DLA-E) is the DLA subordinate command that performs this function by securing vendor contracts for energy products, managing product inventory, and ensuring the delivery of those products to its customers worldwide. DLA-E also provides energy-related services to military installations including energy acquisition support and utilities contracting. In addition to bulk petroleum fuels and electricity, DLA-E provides propellants, cryogenics, and gases for military weapons systems and space programs.

National Defense Stockpile

The National Defense Stockpile (NDS)—established in 50 U.S.C. §98 et seq.—is a non-fuel, raw materials-based stockpile that “protects against a costly dependence upon foreign and single points of supply for strategic and critical materials needed in times of national emergency.” DOD periodically stockpiles 42 commodities in the NDS—mainly base and precious metals—that are critical to defense needs. DLA Strategic Materials (DLA-SM) is responsible for managing the NDS and is required to provide a report to Congress every two years on stockpile requirements. The last report was submitted to Congress in January 2019.

Organizational Structure

DLA is organized into one headquarters led by a three-star general or flag officer, three regional commands (called “regional headquarters”), and six subordinate commands.

Regional Commands

DLA regional commands provide a unified DLA interface with warfighters in specified areas of responsibility.

- **DLA Europe & Africa.** DLA’s primary liaison to U.S. European Command, U.S. Africa Command, and NATO.
- **DLA CENTCOM & SOCOM.** DLA’s primary liaison to U.S. Central Command and U.S. Special Operations Command.
- **DLA Indo-Pacific.** DLA’s primary liaison to U.S. Pacific Command, U.S. Forces Korea, U.S. Forces Japan, and U.S. Alaskan Command.

Subordinate Commands

DLA subordinate commands provide functional services.

- **DLA Troop Support (Philadelphia, PA).** Manages the global supply chains for food, textiles, construction materials, industrial hardware, repair parts, and medical supplies and equipment including pharmaceuticals.
- **DLA Distribution (New Cumberland, PA).** Provides storage and distribution services and management, and offers planning solutions for logistics and transportation, using a global network of distribution centers and sites.
- **DLA Disposition Services (Battle Creek, MI).** Provides global reverse logistics services, such as the disposal of excess personal property through transfer, reutilization, donation, or public sale; demilitarization of military property; and hazardous waste disposal.
- **DLA Aviation (Richmond, VA).** Manages the global supply chain for aircraft weapons systems including parts and commodities, flight safety equipment, maps, environmental products, and industrial plant equipment.
- **DLA Land and Maritime (Columbus, OH).** Manages the global supply chain for ground-based and maritime weapons systems including parts and commodities, small arms parts, and motors and fluid-handling systems.
- **DLA Energy (Fort Belvoir, VA).** Manages the global supply chain for POL products, alternative fuels and renewable energy, aerospace propellants and gases, and also provides utility services to installations.

DLA Funding

DLA is authorized funding in annual National Defense Authorization Acts and receives budget authority in both the Defense Appropriations and Military Construction, Veterans Affairs, and Related Agencies Acts. Regular appropriations are managed through DLA’s General Fund.

- **DLA General Fund.** Appropriation titles generally include Procurement, Operations & Maintenance; Research, Development, Testing, & Evaluation; Military Construction, and Family Housing (see **Table 1**).

DLA also manages two revolving funds: (1) the DLA Working Capital Fund, and (2) the DLA Transaction Fund.

- **DLA Working Capital Fund.** Used to manage DLA’s global supply chains and subordinate commands. It has three major activity groups: Energy, Supply Chain Management, and Document Services.
- **NDS Transaction Fund.** Established under 50 U.S.C. §98h and managed by DLA, the fund is used for the acquisition and management of materials for the NDS.

Table 1. DLA FY2021 Request (\$ in millions)

Appropriation Title	FY2021 Request
Procurement	417.46
Operations and Maintenance (O&M)	382.08
Research, Development, Test & Evaluation (RDT&E)	206.95
Military Construction (MILCON)	250.30
Total	1,256.79

Source: Department of Defense, <https://comptroller.defense.gov/>.

Considerations for Congress

- **Financial Management.** DOD Agency Financial Reports identify and issue Notices of Findings and Recommendations (NFRs) to help DOD understand, prioritize, and address deficiencies in financial management. DLA received 409 NFRs in FY2018, and closed 35 NFRs in FY2019. DLA received a total of 476 new or reissued NFRs in FY2019, the second highest number of any DOD component audited.
- **Market Volatility.** DLA is susceptible to changes in market prices for oil, gas, and other high demand goods and services that are dependent on market availability. See CRS In Focus IF11202, *Oil Price Volatility and the Department of Defense*, by Heather L. Greenley.
- **Pricing Transparency.** According to a 2019 report by the Government Accountability Office (GAO), military departments claim that DLA lacks transparent pricing and does not provide detailed information on the costs included in its rates, making it difficult for customers to understand and manage their costs (See GAO-20-65).

Relevant Statutes

Title 10, U.S. Code §§191, 192, 193

CRS Products

CRS In Focus IF11233, *Defense Primer: Defense Working Capital Funds*, by G. James Herrera

Other Resources

DOD Directive 5105.22, *Defense Logistics Agency Joint Publication (JP) 4-0, Joint Logistics*

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