

**Fiscal Year 2014 Budget Estimates
Defense Contract Management Agency (DCMA)**



April 2013

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**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2014 Budget Estimates**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity (BA) 4: Administration and Services**

	FY 2012 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2013 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2014 <u>Estimate</u>
DCMA	1,208,965	7,189	77,042	1,293,196	14,149	71,261	1,378,606

* The FY 2012 Actuals column includes \$73.7 thousand of FY 2012 OCO Appropriations funding (PL 112-74 December 23, 2011).

* The FY 2013 Estimate column excludes \$69.8 thousand requested in the FY 2013 Defense-Wide Overseas Contingency Operations Budget Request.

* The FY 2014 Estimate column excludes FY 2014 Defense-Wide OCO Budget Request.

I. Description of Operations Financed:

The DCMA mission is to provide Contract Administration Services to the Department of Defense Acquisition Enterprise and its partners to ensure delivery of quality products and services to the warfighter; on time and on cost. The DCMA has two primary objectives: 1) providing Contract Administration Services (CAS) to Military Services worldwide, and 2) providing contingency contract support in-theater. The Agency has worldwide acquisition impact through three regionally based Field Directorates (Operations, International, and Special Programs). The Agency's civilian and military personnel are located in over 740 locations, managing over 20,143 contractors and more than 340K active contracts. These contracts have a total face value of \$3.8 trillion of which \$1.8B has been obligated. Of the obligated amount, \$237B remains unliquidated. The Agency's responsibilities include managing Acquisition Category (ACAT) I and II programs, \$158B of Government property in-plant, \$13.4B in progress payments, and \$22.4B in performance-based payments.

The DCMA specific contractual responsibilities derive from the Federal Acquisition Regulations (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). The Military Services embed these requirements in the contracts issued, and then delegate them to the DCMA to administer. The DCMA performs work either on a reimbursable basis or

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I. Description of Operations Financed (cont.)

through an international agreement for civilian agencies, foreign governments, and international organizations.

As a Combat Support Agency, the DCMA's role in contingency operations is to perform Contingency Contract Administration Services (CCAS). The DCMA is currently supporting the United States Central Command (USCENTCOM) Area of Responsibility (AOR) for delegated contract administration of the Army Logistics Civil Augmentation Program (LOGCAP) and Air Force Contract Augmentation Program (AFCAP), and supporting additional Systems and Theater Support Contract delegations from CENTCOM Contracting Command (CCC) to include additional support to Combined Security Transition Command-Afghanistan (CSTC-A). The Agency believes that the DCMA will always have a significant role in support of contingency operations and we recommend that after current contingencies have concluded the DCMA maintains a cadre of CCAS trained staff ready to be immediately deployed for the next contingency. Recent CCAS workload increases include:

- CSTC-A support
- Expanded Theater-wide Contracts Awarded by CENTCOM Contracting Command
- Expanded LOGCAP Support
- Expanded AFCAP Support

The DCMA's workforce and business operations area incorporate a wide range of skills and key capabilities needed to provide contract management and acquisition support services such as: Administrative Contracting Officers, Engineers, Property Specialists, and Product Assurance Specialists. These DCMA professionals work directly with the defense suppliers and their customers to help ensure that timely delivery of government supplies and services, at projected cost, and meet all performance requirements. The DCMA provides its customers with unparalleled contract management and acquisition support

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I. Description of Operations Financed (cont.)

services when and wherever needed. The DCMA's business operations area consists primarily of the following functions:

Aircraft Operations (AO):

- Develop contractor flight and ground operations policy for Department of Defense (DoD) and Department of Homeland Security
- Train and certify Government Flight Representatives, Government Ground Representatives, and Aviation Safety Officers
- Conduct annual safety training and aviation mishap prevention
- Perform AO risk assessment inspections at contractor facilities
- Chair Risk Advisory Board - Headquarters oversight of aviation risk being mitigated at Contract Management Offices (CMOs)
- Provide expertise to the Agency's Human Capital Directorate for military aviation billets (pilots, maintainers, etc.)
- Represent the DCMA as advisor to Service aviation mishap investigation boards

Contract Safety

- Conduct ammunition and explosives, aircraft ground, National Aeronautics and Space Agency (NASA) and industrial safety surveillance of contractor operations
- Provide technical consultation and training as required
- Clarify contractual safety requirements for internal and external customers
- Oversee contractor corrective actions, ensuring root cause identification and timeliness
- Participate in pre-award surveys and post-award orientation conferences

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I. Description of Operations Financed (cont.)

- Review specifications and contracts relative to safety requirements
- Conduct oversight of contractors' safety-related investigations or participate in independent investigation as requested by a contracting officer

Contracting:

- Provide pre-award support
- Identify potential performance risks throughout the entire lifecycle of the contract
- Support contract negotiations
- Negotiate and execute Administrative Contracting Office (ACO) mods
- Monitor contract performance
- Review and process progress payments, vouchers and invoices
- Contract closeout duties
- Monitor Cost Accounting Standards compliance
- Resolve contract disputes

Contractor Business Systems:

- Approve or disapprove business systems in coordination with the DCMA functional specialists and Defense Contract Audit Agency (DCAA) auditors
- Implement and track payment withholds when systems are disapproved
- Monitor contractor Corrective Action Plans for mitigating cited significant deficiencies

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I. Description of Operations Financed (cont.)

Cost and Pricing:

- Provide field pricing assistance
- Establish forward and final indirect rates
- Monitor contractor indirect costs
- Perform overhead should cost reviews
- Provide support to negotiations

Earned Value Management:

- Serve as the DoD authority for Earned Value Management System (EVMS) policy
- Develop, test and evaluate "tools" and training for EVMS compliance, surveillance and program analysis functions
- Conduct EVMS compliance reviews, surveillance and program analysis

Engineering:

- Support design reviews, test and evaluation efforts, contract negotiations, and technical system reviews
- Assess contractor performance through tailored, risk-based planning and provide engineering surveillance data and analyses for customers using common "DCMA Branded Engineering Products"
- Analyze contractor Reliability and Maintainability (R&M) and integrated logistics support
- Assist in evaluating and make recommendations for acceptance or rejection of deviations and Engineering Change Proposals (ECPs)

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I. Description of Operations Financed (cont.)

- Review and analyze contractor-proposed engineering and design studies and submit comments and recommendations to the contracting office

Manufacturing and Supply Chain Predictability:

- Provide customers with insight into the contractor's manufacturing, supply chain performance, and provide a predictive analysis to contractor's delivery performance.
- Provide surveillance of the contractor's manufacturing performance for contract cost and schedule
- Provide surveillance of the contractor's manufacturing and supply chain business systems to determine their potential effects on contract success.
- Assess and report contractor manufacturing and supply chain performance, risk, and associated metrics to predict future contract performance

Property and Plant Clearance:

- Conduct Property Management System Analyses (PMSAs)
- Evaluate property loss (includes theft, damage and destruction)
- Perform reutilization screening of excess property; ensure timely disposal
- Accept delegations from other Federal agencies, e.g., NASA
- Support CCAS property administration
- Support CMO contract closeout efforts

Quality Assurance:

- Conduct audits and assess capability of contractor quality systems

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I. Description of Operations Financed (cont.)

- Provide insight to the contractors' Quality Management System past performance
- Ensure product meets quality contract requirements and performance government acceptance

Small Business:

- Conduct subcontracting plan reviews at large businesses with contracts over \$650K
- Provide analysis and recommendations on subcontracting plans at contract award
- Negotiate Master Subcontracting Plans
- Negotiate and manage comprehensive plans under the DoD test program
- Review prime contractors' mentor-protégé agreements, track progress, and develop ROI report for Congress
- Conduct reviews of Procurement Technical Assistance Centers (PTAC)

Software Engineering and Acquisition Management:

- Assess and participate in formal reviews and audits:
 - System Specification Review or System Status Review (SRR)
 - Preliminary Design Review (PDR)
 - Critical Design Review (CDR)
 - Test Readiness Review (TRR)
 - Functional Configuration Audit-Physical Configuration Audit (FCA-PCA)
 - Formal Qualification Testing (FQT)
- Perform process audits and reviews to ensure contractor compliance

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I. Description of Operations Financed (cont.)

- Perform product evaluations of contractor's source code and associated documentation
- Witness testing, accept product, analyze performance for trends, identify and monitor supplier risks, provide independent and objective program status, issue Corrective Action Requests, monitor sub-contractor performance, participate on IPTs and SCCB activities, identify Continuous Improvement Opportunities, and perform predictive analysis

Terminations:

- Conduct post-termination conferences
- Analyze contractors' settlement proposals and obtain technical, audit, and legal evaluations as required
- Approve partial payments
- Approve contractors' settlements with subcontractors
- Negotiate settlements or make determinations and execute settlement agreements

Transportation:

- FOB Origin - all shipments
- FOB Destination - OCONUS destinations
- Customs documentation assistance
- Commercial Duty Free Entry for valid DoD contract purchases imports
- Military Duty Free Entry
 - Consigned to DoD Installations
 - Consigned to Commercial Facilities

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I. Description of Operations Financed (cont.)

This budget submit supports the Agency's plan for acquisition workforce growth as envisioned by the Department for the DCMA to assume a broader acquisition role e.g., price costing, earned value and quality assurance as well as invigorate core competencies with new talent.

II. Force Structure Summary:

N/A

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III. Financial Summary (\$ in thousands)

	FY 2013						FY 2014 Estimate
	FY 2012 Actual	Budget Request	Congressional Action			Current Estimate	
			Amount	Percent	Appropriated		
A. <u>BA Subactivities</u>							
1. <u>Operational Support</u>	1,196,322	1,278,740				1,278,740	1,368,483
Contract Management	1,196,322	1,278,740				1,278,740	1,368,483
2. <u>Training</u>	12,643	14,456				14,456	10,123
Base Support (local training, conferences, tuition assistance)	1,891	3,335				3,335	1,518
Professional Development	1,091	2,801				2,801	911
Specialized Skill Training	9,661	8,320				8,320	7,694
Total	1,208,965	1,293,196				1,293,196	1,378,606

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* The FY 2013 Estimate column excludes \$69.8 thousand requested in the FY 2013 Defense-Wide Overseas Contingency Operations Budget Request.

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change <u>FY 2013/FY 2013</u>	Change <u>FY 2013/FY 2014</u>
Baseline Funding	1,293,196	1,293,196
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	1,293,196	
Fact-of-Life Changes (2013 to 2013 Only)		
Subtotal Baseline Funding	1,293,196	
Supplemental	69,802	
Reprogrammings		
Price Changes		14,149
Functional Transfers		
Program Changes		71,261
Current Estimate	1,362,998	1,378,606
Less: Wartime Supplemental	-69,802	
Normalized Current Estimate	1,293,196	

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III. Financial Summary (\$ in thousands)

	Amount	Totals
C. Reconciliation of Increases and Decreases		
FY 2013 President's Budget Request (Amended, if applicable)		1,293,196
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2013 Appropriated Amount		1,293,196
2. War-Related and Disaster Supplemental Appropriations		69,802
a. OCO Supplemental Funding		
1) Overseas Contingency Operations	69,802	
Overseas Contingency Operations (FY 2013 Baseline \$69,802; +164 FTEs)		
3. Fact-of-Life Changes		
FY 2013 Baseline Funding		1,362,998
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2013 Estimate		1,362,998
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		-69,802
FY 2013 Normalized Current Estimate		1,293,196
6. Price Change		14,149
7. Functional Transfers		
8. Program Increases		75,320
a. Annualization of New FY 2013 Program		
b. One-Time FY 2014 Increases		
c. Program Growth in FY 2014		
1) Personnel Compensation:	49,461	
The increase in personnel compensation reflects an increase of 398 Full Time Equivalent (FTEs) of which 260 FTEs are converting out of the Section 852 into baseline funding. The increased size of the		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases

Amount

Totals

acquisition workforce at DCMA will perform the full spectrum of contract management functions (i.e., Engineering, Quality Assurance, Price Cost, etc.) Additionally, the personnel compensation growth reflects a higher than inflationary growth due to an increase in the average annual rate based on FY 2012 actuals. NOTE: 1,299 FTEs are budgeted within the Defense Acquisition Workforce Development Fund in FY 2013.

(FY 2013 Baseline \$1,109,903K; +398 FTEs)

2) Other Contracts

12,287

The increase in other contracts is necessary to support the continuity of the DCMA internal process efficiencies. Initiatives supported in this budget request include the Financial Improvement and Audit Readiness (FIAR) and the Defense Agency Initiative (DAI). FIAR will support Department of Defense (DoD) requirement to obtain a clean audit opinion per the Chief Financial Officers Act of 1990 and the National Defense Act of 2009. DAI will help to transform the budget, finance, and accounting operations of DoD agencies to achieve accurate and reliable financial information in support of financial accountability and sound business decision making. DCMA will need additional resources to migrate from stove-piped feeder systems and manual processes to the new integrated Enterprise Resource Planning (ERP) system. The steps required for implementation are extensive and include: data mapping and conversion, business process reengineering, establishing a help desk, and

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
associated training of personnel. (FY 2013 Baseline \$10,318K; +0 FTEs)		
3) Equipment Purchases Equipment purchases have increased due to acquisition growth, and replacement cycle for Firewalls and Intrusion Detection required by Cyber Command mandates in support of Information Assurance (IA) security. Also, furniture costs have risen with need to outfit additional spaces related to the Agency workforce growth. (FY 2013 Baseline \$28,783K; +0 FTEs)	5,836	
4) Travel The increase in travel is commensurate with the acquisition workforce growth and the Agency's mission. In FY 2014 and beyond, the DCMA has instituted a cost saving initiative by funding travel on an Agency per capita basis. This approach ensures the Agency's compliance with the Secretary of Defense Efficiency Initiative and the President's Campaign to Cut Waste. (FY 2013 Baseline \$23,171K; +0 FTEs)	3,421	
5) Purchased Communications & Postal Services Increase in purchased communications results from enhancing our mobility efforts to better service our workforce (i.e., Quality Assurance and Pricing Representatives) at remote locations to perform the contract administration mission. (FY 2013 Baseline \$10,534K; +0 FTEs)	1,851	
6) GSA Rents (non GSA) Increase in infrastructure cost results from	1,273	

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
acquiring additional leased space in FY 2014 due to the estimated increase in Acquisition workforce and the annual Utility Company unit cost escalations. (FY 2013 Baseline \$23,000K; +0 FTEs)		
7) Voluntary Incentive Pay Voluntary incentive pay is required to balance the workforce skills to that of the workload. The Agency will employ all necessary actions to place displaced employees prior to offering incentives. (FY 2013 Baseline \$600K; +0 FTEs)	700	
8) Permanent Change of Station DCMA will require additional PCS funds to hire personnel to meet recruitment needs across the Agency. Additionally, the Agency will need to realign personnel to support the ever changing contractor workload. (FY 2013 Baseline \$11,623K; +0 FTEs)	486	
9) Foreign National Indirect Hires The increase in cost is based on the FY 2013 projected. (FY 2013 Baseline \$849K; +0 FTEs)	5	
9. Program Decreases		-4,059
a. Annualization of FY 2013 Program Decreases		
b. One-Time FY 2013 Increases		
c. Program Decreases in FY 2014		
1) DISA Telecommunications Services The decrease in DISA telecommunication is a result of no longer having the requirement to pay DISA DSN subscription fees. (FY 2013 Baseline \$8,752K; +0 FTEs)	-2,066	
2) Defense Finance and Accounting Service DFAS efficiencies. (FY 2013 Baseline \$6,342K; +0	-616	

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
FTEs)		
3) IT Contract Support	-471	
Decrease in IT contract services results from efficiencies realized through implementation of technology that enables help desk personnel to remotely monitor and control troubled computers and systems. (FY 2013 Baseline \$26,106K; +0 FTEs)		
4) Disability Compensation	-396	
Decrease in Disability Compensation reflects the service provider estimate. (FY 2013 Baseline \$4,178K; +0 FTEs)		
5) Facility Sustainment, Restoration, and Modernization (FSRM)	-236	
The decrease in Facility Sustainment, Restoration, and Modernization (FSRM) funding is due to our requirements changing on an annual basis. The DCMA FSRM requirements are dependent upon the number of leases expiring and the required movement of personnel. (FY 2013 Baseline \$5,497K; +0 FTEs)		
6) Foreign National Direct Hires	-126	
The decrease in cost is projected based on the FY 2012 actual. (FY 2013 Baseline \$5,912K; +0 FTEs)		
7) DISA Enterprise Computing Center	-117	
The decrease in cost reflects the program stabilization. (FY 2013 Baseline \$3,500K; +0 FTEs)		
8) Supplies, Utilities, Printing, Equip Maintenance and Interest	-22	
The decrease in cost reflects cost saving measures in		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
FY 2014. (FY 2013 Baseline \$9,937K; +0 FTEs)		
9) Commercial Transportation	-9	
The decrease in the funding requirement is a realignment of funds from PCS transportation to PCS labor. (FY 2013 Baseline \$4,192K; +0 FTEs)		
FY 2014 Budget Request		1,378,606

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IV. Performance Criteria and Evaluation Summary:

Performance Management is an integral component of the DCMA's strategic planning and management philosophy and facilitates the Agency measurement and assessment tools. The Strategic Plan utilizes a series of performance indicators to demonstrate progress in meeting the Strategic End States. The use of indicators is the foundation of how the Agency assesses organizational performance and is used to clearly define performance expectations for the DCMA processes and supplier performance. The plan promotes performance assessment by tracking accomplishment of strategic initiatives, assessing operational capability and capacity, therefore providing the insight needed to improve organizational health, effectiveness and efficiency.

The Agency's Strategic Plan utilizes a "balanced scorecard" approach to align strategies and actions to support the organization's vision. This approach supports planning and assessment of performance around both the internal processes and external outcomes. For the DCMA's strategic plan the four perspectives were refined using language more specific to the Agency environment and terminology. The DCMA Balanced Scorecard perspectives are Acquisition Enterprise, Policies and Processes, Human Capital, and Stewardship. The plan leverages existing the DCMA's capabilities and articulates the Agency's future vision. The Strategic Plan is driven by a number of key focus areas which are:

- Deliver exceptional support to the acquisition system customers
- Grow and retool the workforce
- Enhance policies and processes
- Improve Agency efficiencies

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IV. Performance Criteria and Evaluation Summary:

Acquisition Enterprise Perspective

Strategic End State: - the DCMA's acquisition customers receive excellent CAS and the management information needed to make sound business decisions.

Agency Strategic Priority -Deliver predictive, decision-quality information to buying activities and the Acquisition Enterprise through robust financial, industrial, and supply chain analysis.

Strategic Initiatives

- Initiative #1: Enhance the DCMA's performance as the Department's Executive Agent for Earned Value Management Systems.
- Initiative #2: Continue to build the Manufacturing and Supply Chain Management core competency. Refine the process to ensure timely development and collection of measures and metrics that assess and identify supplier and industrial base risks while recommending mitigating actions to alleviate such risks.
- Initiative #3: Ensure timely disposition of issues impacting the allowance of contract costs. Notify customers expeditiously of actual and anticipated labor and overhead rate changes.
- Initiative #4: Develop a supplier capabilities assessment architecture and operating concept to assemble timely, accurate, and predictive business information while allowing visibility into contractor capabilities across the DoD Acquisition Enterprise.
- Initiative #5: Improve customer satisfaction and develop a methodology to more effectively measure customer satisfaction levels.

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IV. Performance Criteria and Evaluation Summary:

- Initiative #6: Execute our expanded mission for Contract Contingency Administration Services (CCAS) more effectively and efficiently.

Performance Assessment- Progress towards the end state is assessed with performance indicators such as earned value management system compliance and surveillance reporting, supply chain management, customer satisfaction, and on time delivery.

Policy and Processes Perspective

Strategic End State - Effective policies and process standards are in place to support delivery of consistent and cost effective CAS.

Agency Strategic Priority - Establish policy infrastructure, define policy structure, and promulgate policy and process guidance.

Strategic Initiatives

- Initiative #1: Define and codify our Agency's policy structure to establish clear ownership, a common look and location, and ensure currency.
- Initiative #2: Develop and document policies, processes, competencies, and training needed to drive effectiveness/efficiency in our mission as well as to support business processes.
- Initiative #3: Develop a plan to effectively rebuild and execute our quality assurance capabilities through improved policies, processes, and tools.
- Initiative #4: Develop a plan to effectively execute our engineering analysis capabilities through improved policy, processes, and tools.

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IV. Performance Criteria and Evaluation Summary:

- Initiative #5: In conjunction with buying activities and DCAA, develop a concept for the Agency's future role in contract pricing which optimizes the process and eliminates duplicate efforts.
- Initiative #6: Reduce the number of overage contracts.
- Initiative #7: Establish the Agency Lean Six Sigma (LSS) Program Office to enhance Agency operational performance and ensure a common approach on LSS projects.

Performance Assessment - Progress towards the end state is assessed with performance indicators such as contract closeout timeliness, reducing cancelling funds, forward pricing rates, contract audit follow up reports, Lean Six Sigma implementation, and quality assurance surveillance plans.

Human Capital Perspective

Strategic End State - A diverse, agile, highly performing workforce equipped with the competencies needed to execute current and future missions.

Agency Strategic Priorities

- Priority #1: Grow and retool our Agency workforce through a robust intern program and increased emphasis on external recruitment and internal development.
- Priority #2: Develop and assess functional skills requirements needed to renew workforce competence in core processes starting with contracting, quality, and engineering.

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IV. Performance Criteria and Evaluation Summary:

- Priority #3: Enhance leadership skills across the Agency and ensure that the DCMA workforce, at all levels, has access to, and fully understands, available opportunities to develop and improve these skills.

Strategic Initiatives

- Initiative #1: Attract, recruit, develop, and retain a high-performing and diverse workforce representative of the public it serves.
- Initiative #2: Establish personnel policies that promote inclusiveness and fairness.
- Initiative #3: Leverage competency alignment to deliver effective technical skills training, tailor workforce development initiatives, and foster a culture of mentorship across the workforce.
- Initiative #4: Document and communicate the end-to-end hiring duties and responsibilities that produce a lean and effective hiring process; will result in improved customer service and reduced vacancy fill times.
- Initiative #5: Revitalize the DCMA's leadership development programs into a focused and clearly articulated career guide that identifies, promotes, and encourages appropriate leadership skill development for the entire workforce throughout their careers.
- Initiative #6: Establish and implement an Agency approach for recruiting, retaining, managing, and utilizing the Emergency Essential (EE) personnel needed to support our expanded CCAS Mission.
- Initiative #7: Review all military billets to validate which positions must be performed by military personnel and determine the appropriate rank, service, and specialty. Ensure the validated positions meet the DCMA mission

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IV. Performance Criteria and Evaluation Summary:

requirements, military service needs, and provide the service members with training and development opportunities.

- Initiative #8: Conduct a realistic assessment of costs to train and develop the workforce to specified competencies; create funding profiles that mirror requirements.

Performance Assessment- Progress towards the end state is assessed with performance indicators such as improving the Defense Acquisition Workforce Improvement Act (DAWIA) certifications, recruitment of Emergency Essential Personnel, improving hiring rates, and increasing Agency interns.

Stewardship Perspective

Strategic End State - An ethical organization with well-defined roles, responsibilities, infrastructure, and management controls fully aligned to effectively and efficiently manage public resources.

Agency Strategic Priority - Ensure the efficient use of Agency resources through disciplined planning and execution of obligations and expenditures.

Strategic Initiatives supporting end state

- Initiative #1: Promulgate policy for our organizations and infrastructure to promote standardization, ensure alignment, and enhance mission performance.
- Initiative #2: Develop and execute an enterprise workload assessment and integration process that specifically addresses short and long-range resource planning, analysis of resources needed to support cross-divisional workload,

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IV. Performance Criteria and Evaluation Summary:

manpower modeling, and execution tracking requirements including labor dollars and FTEs.

- Initiative #3: Strengthen Agency assessment capability and assure effective management controls are implemented throughout the Agency.
- Initiative #4: Continue to improve management controls on Agency financial management systems and processes to improve audit readiness, ensure accountability for all Agency financial resources, and improve access to timely and actionable financial management information.
- Initiative #5: Develop and execute a business process-reengineering plan and IT Enterprise Architecture.
- Initiative #6: Design, develop and implement a streamlined Performance Management System that leverages a more uniform set of performance indicators across the Agency.

Performance Assessment- Progress towards the end state will be assessed with performance indicators such as improving cash management, effective budget execution, FTE management, and reimbursable operations.

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V. <u>Personnel Summary</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	Change FY 2012/ FY 2013	Change FY 2013/ FY 2014
<u>Active Military End Strength (E/S) (Total)</u>	419	562	562	143	0
Officer	348	493	493	145	0
Enlisted	71	69	69	-2	0
<u>Reserve Drill Strength (E/S) (Total)</u>	41	41	41	0	0
Officer	33	33	33	0	0
Enlisted	8	8	8	0	0
<u>Civilian End Strength (Total)</u>	9,576	13,036	11,590	3,460	-1,446
U.S. Direct Hire	9,492	12,948	11,502	3,456	-1,446
Foreign National Direct Hire	71	75	75	4	0
Total Direct Hire	9,563	13,023	11,577	3,460	-1,446
Foreign National Indirect Hire	13	13	13	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	419	562	562	143	0
Officer	348	493	493	145	0
Enlisted	71	69	69	-2	0
<u>Reserve Drill Strength (A/S) (Total)</u>	41	41	41	0	0
Officer	33	33	33	0	0
Enlisted	8	8	8	0	0
<u>Civilian FTEs (Total)</u>	9,114	10,742	11,089	1,628	347
U.S. Direct Hire	9,030	10,653	11,000	1,623	347
Foreign National Direct Hire	71	75	75	4	0
Total Direct Hire	9,101	10,728	11,075	1,627	347
Foreign National Indirect Hire	13	14	14	1	0
Memo: Reimbursable Civilians Included	671	744	693	73	-51
Average Annual Civilian Salary (\$ in thousands)	116.4	113.3	114.8	-3.1	1.5

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 Fiscal Year (FY) 2014 Budget Estimates**

DAWDF and OCO Personnel Summary	FY 2012	FY 2013	FY 2014	Change FY 2012/ FY 2013	Change FY 2013/ FY 2014
DAWDF End Strength (Total)	1,033	1,213	1,293	180	80
OCO End Strength (Total)	205	250	164	45	-86
DAWDF and OCO End Strength Total	1,238	1,463	1,457	225	-6
DAWDF FTEs (Total)	1,354	1,090	1,299	-264	209
OCO FTEs (Total)	271	241	164	-30	-77

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VI. OP 32 Line Items as Applicable (Dollars in thousands):

<u>OP 32 Line</u>	<u>FY 2012</u> <u>Actual</u>	<u>Change</u> <u>FY 2012/FY 2013</u>		<u>FY 2013</u> <u>Estimate</u>	<u>Change</u> <u>FY 2013/FY 2014</u>		<u>FY 2014</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	963,759	2,323	143,607	1,109,689	9,710	49,437	1,168,836
103 Wage Board	201	0	13	214	2	24	240
104 FN Direct Hire (FNDH)	4,924	12	976	5,912	52	-126	5,838
107 Voluntary Sep Incentives	1,447	0	-847	600	0	700	1,300
111 Disability Compensation	4,091	0	87	4,178	0	-396	3,782
121 PCS Benefits	8,033	0	3,590	11,623	0	486	12,109
199 Total Civ Compensation	982,455	2,335	147,426	1,132,216	9,764	50,125	1,192,105
308 Travel of Persons	32,024	640	-9,493	23,171	440	3,421	27,032
399 Total Travel	32,024	640	-9,493	23,171	440	3,421	27,032
647 DISA Enterprise Computing Centers	3,500	60	-60	3,500	117	-117	3,500
677 DISA Telecomm Svcs - Reimbursable	5,506	-191	3,437	8,752	747	-2,066	7,433
696 DFAS Financial Operation (Other Defense Agencies)	4,436	735	1,171	6,342	825	-616	6,551
699 Total DWCF Purchases	13,442	604	4,548	18,594	1,689	-2,799	17,484
771 Commercial Transport	3,170	63	959	4,192	80	-9	4,263
799 Total Transportation	3,170	63	959	4,192	80	-9	4,263
901 Foreign National Indirect Hire (FNIH)	547	1	301	849	7	5	861
912 Rental Payments to GSA (SLUC)	17,919	358	2,214	20,491	389	320	21,200
913 Purchased Utilities (Non-Fund)	2,476	50	435	2,961	56	-6	3,011
914 Purchased Communications (Non-Fund)	11,229	224	-1,047	10,406	198	1,815	12,419
915 Rents (Non-GSA)	2,156	44	309	2,509	48	953	3,510
917 Postal Services (U.S.P.S)	217	4	-93	128	2	36	166
920 Supplies & Materials (Non-Fund)	5,189	104	-804	4,489	85	-9	4,565
921 Printing & Reproduction	152	3	-15	140	3	-1	142
922 Equipment Maintenance By Contract	792	16	1,509	2,317	44	-5	2,356
923 Facilities Sust, Rest, & Mod by Contract	4,373	87	1,037	5,497	104	-236	5,365

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<u>OP 32 Line</u>	FY 2012	Change		FY 2013	Change		FY 2014
	<u>Actual</u>	<u>FY 2012/FY 2013</u>		<u>Estimate</u>	<u>FY 2013/FY 2014</u>		<u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
925 Equipment Purchases (Non-Fund)	46,681	934	-18,832	28,783	547	5,836	35,166
960 Other Costs (Interest and Dividends)	22	0	8	30	1	-1	30
989 Other Services	38,212	764	-28,658	10,318	196	12,287	22,801
990 IT Contract Support Services	47,909	958	-22,762	26,105	496	-471	26,130
999 Total Other Purchases	177,874	3,547	-66,398	115,023	2,176	20,523	137,722
Total	1,208,965	7,189	77,042	1,293,196	14,149	71,261	1,378,606

* The FY 2012 Actuals column includes \$73.7 thousand of FY 2012 OCO Appropriations funding (PL 112-74 December 23, 2011).

* The FY 2013 Estimate column excludes \$69.8 thousand requested in the FY 2013 Defense-Wide Overseas Contingency Operations Budget Request.

* The FY 2014 Estimate column excludes FY 2014 Defense-Wide OCO Budget Request.