

Fiscal Year 2015 Budget Estimates
Defense Contract Management Agency (DCMA)



March 2014

(This page intentionally left blank)

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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

	FY 2013 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2014 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2015 <u>Estimate</u>
DCMA	1,174,126	11,821	-3,693	1,182,254	13,199	144,921	1,340,374

* The FY 2013 Actual column **includes** \$45.627 million of FY 2013 Overseas Contingency Operations Appropriations funding (PL 133-6, Consolidated and Further Continuing Appropriations Act, 2013).

* The FY 2014 Estimate column **excludes** \$45.746 million of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76, Consolidated Appropriations Act, 2014).

* The FY 2015 Estimate column **excludes** Overseas Contingency Operations.

I. Description of Operations Financed:

DCMA's 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 Field Directorates (Operations, International, and Special Programs). The Agency's Field Directorates are regionally based. The Agency's civilian and military personnel (10,637 and 472, respectively) are located in over 740 locations, managing over 19,000 contractors and nearly 350,000 active contracts. These contracts have a total face value of \$6.7 trillion, of which \$1.8 trillion has been obligated. Of the obligated amount, \$223.8 billion remains unliquidated. The Agency's responsibilities include managing Acquisition Category (ACAT) I and II programs, \$157 billion of Government property in-plant, \$14.7 billion in progress payments, and \$17.9 billion in performance-based payments.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

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 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 recommends that after current contingencies have concluded that the DCMA maintain a cadre of CCAS trained staff ready to be immediately deployed for the next contingency. Recent CCAS workload increases include:

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

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

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 Quality Assurance Specialists. These DCMA professionals work directly with the defense suppliers and their customers to help ensure the 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 services when and wherever needed. The DCMA's business operations area consists primarily of the following functions:

Aircraft Operations (AO) Services:

- 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 semi-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

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

Contract Safety Services

- Conduct ammunition and explosives, aircraft ground, National Aeronautics and Space Agency (NASA) and industrial safety surveillance of contractor operations
- Participate in pre-award surveys and post-award orientation conferences
- Oversee contractor corrective actions, ensuring root cause identification and timeliness
- Conduct oversight of contractors' safety-related investigations or participate in independent investigations as requested by a contracting officer

Contract Administration Support and Services:

- 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
- Cost Accounting Standards compliance
- Resolve contract disputes

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

Contractor Purchasing Systems Reviews:

- Evaluation of contractors' purchasing system on behalf of the Contracting Officer
- Examination of contractors' policies, procedures, processes and methods for subcontracting under government contracts.
- Identification of purchasing system deficiencies and recommend areas of improvement.
- Provide Contracting Officer with information as a basis for determining approval or disapproval of the purchasing system.
- Annual risk assessment to determine contractor's eligibility for review.

Cost and Pricing Services:

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

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

Earned Value Management System Reviews:

- Assigned the Department's Contract Administration Office function for EVMS, including the responsibility for reviewing supplier EVMS plans and verifying initial and continuing compliance with DoD EVMS criteria
- Deploy effective policies, processes, methods, and toolsets to advance the efficient assessment of contractor EVMS implementation
- Provide program managers, integrated product teams, and other acquisition enterprise customers EVMS that provide immediate access to reliable and accurate data and information on program costs, schedule, and technical performance.
- Enhance DCMA/Industry communications and collaboration through recurring exchanges.
- Perform outreach and interface with government, industry, and professional associations.

Engineering and Manufacturing Services:

- 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 DoD.
- Provide customer insight into contractors' manufacturing performance and provide predictive analyses of contractors' delivery performance.
- Provide surveillance of contractors' manufacturing systems to determine potential effects on contract success, risk, and associated metrics to predict future contract performance.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

- Provide surveillance of contractors' manufacturing performance for contract cost and schedule.
- Assist in evaluation of deviations and Engineering Change Proposals

Supply Chain Report:

- Gathers information through assessment of a prime contractors' performance to their supply chain management process
- Provide DCMA customers with information about supply chain risk levels and supplier subcontract performance throughout the acquisition process
- Enable effective and proactive mitigation strategies to minimize supply chain disruptions.
- Promote the delivery of products and services within technical, schedule, and cost expectations.

Property Management and Plant Clearance Services:

- 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

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

Quality Assurance Services:

- Conduct audits and assess capability of contractor quality systems
- Provide insight to the contractors' Quality Management System based on past performance
- Ensure product meets quality contract requirements and performance government acceptance

Small Business Support:

- 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)

Major Program Support

- Provide Programmatic Reporting (Contract Performance, Management, and Production) across the Enterprise
- Perform Risk Based Multi-Functional Program Surveillance to maximize the predictive insights of operational surveillance efforts
- Train the DCMA Program Support Team and Program Integration workforce

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

- Perform analysis and assemble metrics, data, and reports that use contract cost, schedule, and technical performance to identify and make recommendations on root causes of anomalies in the contractors' processes

Industrial Base Analysis Services

- Plan and execute strategic customer engagements across the Department
- Perform industrial analysis and economic viability (Industrial Capability Assessments and Analytical Products) on selected suppliers that produce systems, subsystems, components, or sub components to determine risk to current and future weapon systems
- Implement the Defense Critical Infrastructure program for the Defense Industrial Base
- Critical asset identification and prioritization
- Important Capabilities List
- All hazard reporting
- Data vulnerability
- Provide industrial risk and supply chain intelligence to support DAES program assessments

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

I. Description of Operations Financed (cont.)

Contract Termination Services:

- 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 Services:

- Provide customs documentation assistance
- Duty Free Entry support: Validate commercial DoD contract import purchases and Military consigned to DoD installations/commercial facilities
- Develop transportation-related training requirements for entry-thru journeyman-level Traffic Management Specialists.

II. Force Structure Summary:

N/A

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

	<u>FY 2014</u>						
	FY 2013	Budget	<u>Congressional Action</u>			Current	FY 2015
			<u>Actual</u>	<u>Request</u>	<u>Amount</u>		
A. <u>BA Subactivities</u>							
1. <u>Operational Support</u>	1,167,823	1,368,483	-195,813	-14.3	1,172,670	1,172,670	1,334,392
Contract Management	1,167,823	1,368,483	-195,813	-14.3	1,172,670	1,172,670	1,334,392
2. <u>Training</u>	6,303	10,123	-539	-5.3	9,584	9,584	5,982
Base Support (local training, conferences, tuition assistance)	1,051	1,518	81	5.3	1,599	1,599	96
Professional Development	1,310	911	1,081	118.7	1,992	1,992	2,415
Specialized Skill Training	3,942	7,694	-1,701	-22.1	5,993	5,993	3,471
Total	1,174,126	1,378,606	-196,352	-14.2	1,182,254	1,182,254	1,340,374

* The FY 2013 Actual column includes \$45.627 million of FY 2013 Overseas Contingency Operations Appropriations funding (PL 133-6, Consolidated and Further Continuing Appropriations Act, 2013).

* The FY 2014 Estimate column excludes \$45.746 million of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76, Consolidated Appropriations Act, 2014).

* The FY 2015 Estimate column excludes Overseas Contingency Operations.

Defense Contract Management Agency
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2014/FY 2014</u>	<u>FY 2014/FY 2015</u>
Baseline Funding	1,378,606	1,182,254
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent	-183,102	
Congressional Adjustments (General Provisions)	-13,250	
Subtotal Appropriated Amount	1,182,254	
Fact-of-Life Changes (2014 to 2014 Only)		
Subtotal Baseline Funding	1,182,254	
Supplemental	45,746	
Reprogrammings		
Price Changes		13,199
Functional Transfers		
Program Changes		144,921
Current Estimate	1,228,000	1,340,374
Less: Wartime Supplemental	-45,746	
Normalized Current Estimate	1,182,254	

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2014 President's Budget Request (Amended, if applicable)		1,378,606
1. Congressional Adjustments		-196,352
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
1) Adjustments to Meet Congressional Intent	-183,102	
d. General Provisions		
1) Section 8140 - DWCF Excess Cash Balances	-13,250	
FY 2014 Appropriated Amount		1,182,254
2. War-Related and Disaster Supplemental Appropriations		45,746
a. OCO Supplemental Funding		
1) Overseas Contingency Operations	45,746	
Overseas Contingency Operations (FY 2014 Baseline: \$45,746 thousand; +164 FTEs)		
3. Fact-of-Life Changes		
FY 2014 Baseline Funding		1,228,000
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2014 Estimate		1,228,000
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		-45,746
FY 2014 Normalized Current Estimate		1,182,254
6. Price Change		13,199
7. Functional Transfers		
8. Program Increases		148,006
a. Annualization of New FY 2014 Program		
b. One-Time FY 2015 Increases		
c. Program Growth in FY 2015		
1) Personnel Compensation	141,927	
In FY 2015, there is a total increase of 1,036 Full Time Equivalentents (FTE) required to sustain DCMA		

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<p>acquisition workforce growth objectives. There is an increase of 239 FTE for positions transitioning from the Defense Acquisition Workforce Development Fund (DAWDF) to being sustained with Operation and Maintenance funding. Additional increases of 759 FTE are to offset one-time decreases in FY 2014. Reimbursable FTE increase by 38 in FY 2015. The increased size of the acquisition workforce at DCMA will perform the full spectrum of contract management functions (e.g., Engineering, Quality Assurance, Price Cost). (FY 2014 Baseline: \$1,006,304 thousand; +9,821 FTEs)</p>		
<p>2) 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 shifting contractor workload and primary contractor locations. (FY 2014 Baseline: \$11,218 thousand; +0 FTEs)</p>	2,241	
<p>3) Equipment Purchases Equipment purchases have increased due to Agency growth and support of Cybersecurity activities. (FY 2014 Baseline: \$25,649 thousand; +0 FTEs)</p>	2,119	
<p>4) Supplies, Utilities, Printing, Equip Maintenance and Interest The increase in reflects changes in rates for utilities and supplies. (FY 2014 Baseline: \$9,107 thousand; +0 FTEs)</p>	1,079	
<p>5) Travel The increase in travel is commensurate with the</p>	360	

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<p>acquisition workforce growth and the Agency's mission. the Agency is in compliance with the Secretary of Defense Efficiency Initiative and the President's campaign to cut waste. (FY 2014 Baseline: \$23,239 thousand; +0 FTEs)</p>		
<p>6) IT Contract Support</p> <p>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. (FY 2014 Baseline: \$28,486 thousand; +0 FTEs)</p>	280	
<p>9. Program Decreases</p> <p>a. Annualization of FY 2014 Program Decreases</p> <p>b. One-Time FY 2014 Increases</p> <p>c. Program Decreases in FY 2015</p>		-3,085
<p>1) Purchased Communications</p> <p>The decrease in Purchased Communications is a result of reducing wireless telephone and data services by</p>	-1,476	

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
aligning contracted capacity to actual Agency usage. (FY 2014 Baseline: \$11,119 thousand; +0 FTEs)		
2) Facility Sustainment, Restoration, and Modernization (FSRM) 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 2014 Baseline: \$4,401 thousand; +0 FTEs)	-443	
3) Foreign National Direct Hires & Indirect Hires The decrease in cost is projected based on the FY 2013 actual and decreased projections for foreign support. (FY 2014 Baseline: \$5,432 thousand; -9 FTEs)	-401	
4) Commercial Transportation The decrease in the funding requirement is a realignment of funds from PCS transportation to PCS labor. (FY 2014 Baseline: \$4,263 thousand; +0 FTEs)	-370	
5) Other Contracts to include DFAS Accounting Services The decrease in cost reflects cost saving measures in FY 2015. (FY 2014 Baseline: \$18,215 thousand; +0 FTEs)	-244	
6) DISA Enterprise Computing Center and Telecommunication Services The decrease in DISA Enterprise Computing Center cost reflects the program stablization and the decrease in DISA telecommunication is a result of no longer having the requirement to pay DISA DSN subscription fees. (FY 2014 Baseline: \$9,733 thousand; +0 FTEs)	-92	

Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
7) GSA Rents (non GSA) and Utilities	-59	
Decrease in infrastructure cost from leased space in FY 2015. (FY 2014 Baseline: \$21,110 thousand; +0 FTEs)		
FY 2015 Budget Request		1,340,374

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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 multi-year 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 DCMA 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

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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: 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 #2: Ensure timely disposition of issues impacting the allowance of contract costs. Notify customers expeditiously of actual and anticipated labor and overhead rate changes.
- Initiative #3: 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 #4: Improve customer satisfaction and develop a methodology to more effectively measure customer satisfaction levels.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

- Initiative #5: Execute our 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: Develop and document policies, processes, competencies, and training needed to drive effectiveness/efficiency in our mission as well as to support business processes.
- Initiative #2: Develop a plan to effectively rebuild and execute our quality assurance capabilities through improved policies, processes, and tools.
- Initiative #3: Develop a plan to effectively execute our engineering analysis capabilities through improved policy, processes, and tools.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

- Initiative #4: 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 #5: Reduce the number of overage contracts.

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.
- 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.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

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 personnel needed to support our expanded CCAS Mission.
- Initiative #7: Conduct a realistic assessment of costs to train and develop the workforce to specified competencies; create funding profiles that mirror requirements.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

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, 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.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

- 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.

In order to supplement the multi-year Strategic Plan, the DCMA has begun adopting a two-year Strategic Management Plan (SMP) that identifies ten specific priorities for the Agency to focus on during a two year period. The SMP continues to endorse the DCMA's alignment to the Quadrennial Defense Review, the DOD Strategic Management Plan, and the USD(AT&L)'s initiative Better Buying Power 2.0. The SMP also follows the balanced scorecard approach for ease of tracking.

In support of the Acquisition Enterprise quadrant of the scorecard, the DCMA has established priorities to achieve affordability, reliability, and predictability for the DoD Acquisition Enterprise. These three priorities target the Agency's efforts to:

- Enhance DoD buying power by increasing affordability

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

- Deliver actionable, predictive acquisition insight to the DoD enterprise
- Provide reliable, risk-based contract oversight to ensure customers receive conforming products and services

In support of the policy and processes quadrant, the DCMA has set a business process reengineering goal that drives the Agency to:

- Implement an Enterprise Architecture framework to support comprehensive mapping of agency processes
- Develop an integrated workflow management system that will provide records, workflow, and workload management, situational awareness and e-capability integration
- Promote enterprise-wide Lean Six Sigma projects aimed to reduce transaction times, drive down costs, and improve service.

The Human Capital quadrant of the SMP focuses on recruiting, hiring, developing, and retaining a highly skilled, highly diverse workforce that is capable of accomplishing the Agency's mission. This is a critical area as the DCMA faces a significant number of employees retiring and reaching retirement eligibility from FY14 - FY19. Some of the specific target areas under these four priorities include:

- Targeted recruiting efforts
- Full implementation of the Pathways Program
- Full utilization of the Defense Acquisition Workforce Development Fund
- Implementation of position-based training
- Implementation of a mentoring program

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

IV. Performance Criteria and Evaluation Summary:

In the final quadrant of the Agency's Strategic Management Plan are the efforts in support of Stewardship. As an individual agency, the DCMA will attain and maintain a clean audit opinion. As a service provider to the military services, the DCMA will meet all assertion requirements in order that our DoD customers can obtain clean audit opinions on their financial statement

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

V. <u>Personnel Summary</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Change FY 2013/ FY 2014</u>	<u>Change FY 2014/ FY 2015</u>
<u>Active Military End Strength (E/S) (Total)</u>	<u>431</u>	<u>562</u>	<u>535</u>	<u>131</u>	<u>-27</u>
Officer	362	493	468	131	-25
Enlisted	69	69	67	0	-2
<u>Reserve Drill Strength (E/S) (Total)</u>	<u>41</u>	<u>41</u>	<u>33</u>	<u>0</u>	<u>-8</u>
Officer	33	33	27	0	-6
Enlisted	8	8	6	0	-2
<u>Civilian End Strength (Total)</u>	<u>10,637</u>	<u>11,130</u>	<u>11,291</u>	<u>493</u>	<u>161</u>
U.S. Direct Hire	10,565	11,041	11,211	476	170
Foreign National Direct Hire	61	75	67	14	-8
Total Direct Hire	10,626	11,116	11,278	490	162
Foreign National Indirect Hire	11	14	13	3	-1
<u>Active Military Average Strength (A/S) (Total)</u>	<u>431</u>	<u>562</u>	<u>535</u>	<u>131</u>	<u>-27</u>
Officer	362	493	468	131	-25
Enlisted	69	69	67	0	-2
<u>Reserve Drill Strength (A/S) (Total)</u>	<u>41</u>	<u>41</u>	<u>33</u>	<u>0</u>	<u>-8</u>
Officer	33	33	27	0	-6
Enlisted	8	8	6	0	-2
<u>Civilian FTEs (Total)</u>	<u>9,633</u>	<u>9,821</u>	<u>10,857</u>	<u>188</u>	<u>1,036</u>
U.S. Direct Hire	9,561	9,732	10,777	171	1,045
Foreign National Direct Hire	61	75	67	14	-8
Total Direct Hire	9,622	9,807	10,844	185	1,037
Foreign National Indirect Hire	11	14	13	3	-1
Memo: Reimbursable Civilians Included	650	658	696	8	38
Average Annual Civilian Salary (\$ in thousands)	111.2	112.1	116.2	.9	4.1

**Defense Contract Management Agency
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2015 Budget Estimates**

DAWDF and OCO Personnel Summary	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Change FY 2013/ FY 2014</u>	<u>Change FY 2014/ FY 2015</u>
DAWDF End Strength (Total)	918				
OCO End Strength (Total)	182	164		-18	
DAWDF and OCO End Strength Total	1,060				
DAWDF FTEs (Total)	918	1,059	861	141	-198
OCO FTEs (Total)	182	164		-18	

Note: Adjustment to FY 2014 U.S. Direct Hire FTEs approved after database locked.

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

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

<u>OP 32 Line</u>	<u>FY 2013</u> <u>Actual</u>	<u>Change</u> <u>FY 2013/FY 2014</u>		<u>FY 2014</u> <u>Estimate</u>	<u>Change</u> <u>FY 2014/FY 2015</u>		<u>FY 2015</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	976,615	7,325	22,124	1,006,064	10,061	141,940	1,158,065
103 Wage Board	144	1	95	240	2	-13	229
104 FN Direct Hire (FNDH)	4,747	36	-1	4,782	48	-394	4,436
111 Disability Compensation	3,994	0	-212	3,782	0	0	3,782
121 PCS Benefits	12,929	0	-1,711	11,218	0	2,241	13,459
199 Total Civ Compensation	998,429	7,362	20,295	1,026,086	10,111	143,774	1,179,971
308 Travel of Persons	21,045	400	1,794	23,239	418	360	24,017
399 Total Travel	21,045	400	1,794	23,239	418	360	24,017
647 DISA Enterprise Computing Centers	3,733	125	-358	3,500	-26	26	3,500
677 DISA Telecomm Svcs - Reimbursable	6,116	522	-405	6,233	486	-118	6,601
696 DFAS Financial Operation (Other Defense Agencies)	5,993	780	-222	6,551	115	-115	6,551
699 Total DWCF Purchases	15,842	1,427	-985	16,284	575	-207	16,652
771 Commercial Transport	4,820	92	-649	4,263	77	-370	3,970
799 Total Transportation	4,820	92	-649	4,263	77	-370	3,970
901 Foreign National Indirect Hire (FNIH)	602	5	43	650	7	-7	650
912 Rental Payments to GSA (SLUC)	17,608	335	-343	17,600	317	-23	17,894
913 Purchased Utilities (Non-Fund)	2,317	44	150	2,511	45	590	3,146
914 Purchased Communications (Non-Fund)	12,080	230	-1,191	11,119	200	-1,476	9,843
915 Rents (Non-GSA)	2,038	39	1,433	3,510	63	-36	3,537
917 Postal Services (U.S.P.S)	174	3	-11	166	3	0	169
920 Supplies & Materials (Non-Fund)	4,130	78	-78	4,130	74	508	4,712
921 Printing & Reproduction	106	2	2	110	2	34	146
922 Equipment Maintenance By Contract	65	1	2,290	2,356	42	-53	2,345
923 Facilities Sust, Rest, & Mod by Contract	4,401	84	-84	4,401	79	-443	4,037
925 Equipment Purchases (Non-Fund)	43,570	828	-18,749	25,649	462	2,119	28,230

**Defense Contract Management Agency
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2015 Budget Estimates**

<u>OP 32 Line</u>	FY 2013	Change		FY 2014	Change		FY 2015
	<u>Actual</u>	<u>FY 2013/FY 2014</u>		<u>Estimate</u>	<u>FY 2014/FY 2015</u>		<u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
960 Other Costs (Interest and Dividends)	18	0	12	30	1	0	31
989 Other Services	7,137	136	4,391	11,664	210	-129	11,745
990 IT Contract Support Services	39,744	755	-12,013	28,486	513	280	29,279
999 Total Other Purchases	133,990	2,540	-24,148	112,382	2,018	1,364	115,764
Total	1,174,126	11,821	-3,693	1,182,254	13,199	144,921	1,340,374

* The FY 2013 Actual column **includes** \$45.627 million of FY 2013 Overseas Contingency Operations Appropriations funding (PL 133-6, Consolidated and Further Continuing Appropriations Act, 2013).

* The FY 2014 Estimate column **excludes** \$45.746 million of FY 2014 Overseas Contingency Operations Appropriations funding (PL 113-76, Consolidated Appropriations Act, 2014).

* The FY 2015 Estimate column **excludes** Overseas Contingency Operations.