

Fiscal Year 2014 Budget Estimates
Department of Defense
Acquisition Workforce Development Fund
(DAWDF)



April 2013

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**Department of Defense Acquisition Workforce Development Fund
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2014 Budget Estimates**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity 1: Acquisition Workforce Development Fund**

	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>
DAWDF	1,112,126	15,891	-184,017	944,000	13,966	-131,418	826,548

* FY 2014 includes estimated Prior Year Carry Forward accounting for the appropriation change from a 1 year to 3 year period of availability (POA).

I. Description of Operations Financed:

\$(000)	FY 2012 Actuals	FY 2013 Estimate	FY 2014 Estimate
Appropriated	105,501	274,198	256,031
Tax (Credit)	614,499	669,802	383,969
Sub-Total*	720,000	944,000	640,000
Prior Year Carry Forward **	392,126	20,753	186,548
Total	1,112,126	964,753	826,548

* The Sub-Total meets the FY 2013 NDAA, Sec 803 (P.L. 112-239) at the 80% minimum required baseline.

** Prior Year Carry Forward cannot be used to meet the minimum required baseline in accordance with FY 2010 NDAA, Sec. 832 (P.L. 111-84).

The purpose of the Defense Acquisition Workforce Development Fund (DAWDF) is to ensure the Department of Defense (DoD) has the capacity in both personnel and skills needed to perform its acquisition mission, provide appropriate oversight of contractor performance, and ensure that the Department receives the best value for expenditure of public resources. The acquisition, technology, and logistics mission in DoD is carried out

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I. Description of Operations Financed (cont.)

primarily by an identified set of personnel in the military departments and defense agencies known as the Defense Acquisition Workforce (DAW).

The FY 2014 budget supports strengthening of the DoD acquisition workforce to ensure the Department achieves and sustains sufficient workforce capacity and capability. Since 2008, DoD has made significant progress towards bolstering workforce capacity. With Congressional support, the strategy has mitigated some of the impacts of downsizing choices made in the 1990's. The concerted efforts made great progress in restoring organic workforce capacity to the levels demanded by the volume and complexity of our research and development, systems acquisition and sustainment programs, and procurement and services contracts. Collectively, the strategy has and will continue to focus on addressing numerous training gaps and capacity shortfalls. A right-sized, requirements based, properly skilled acquisition workforce is vital to the nation's military readiness, achieving increased buying power, and securing substantial long-term savings. A strategic shift will focus from rebuilding workforce capacity to sustaining levels required to perform the acquisition mission with acceptable risk and increase our focus on deliberate training and development of that workforce.

The Department of Defense employs a team of qualified and experienced acquisition professionals to meet the demands of the Warfighters and to protect the fiscal interests of the taxpayers. The DAWDF supported 8,346 cumulative hires through FY 2012; which includes the three hiring initiative categories: rebuilding/growth; advance hire and Highly Qualified Expert (HQE) acquisition positions in critical mission areas such as engineering, contracting, and acquisition management; and audit. Additionally, the DAWDF supported 11,000 recipients of tuition assistance, 850 student loan repayments, and 260 rotational/developmental assignments in FY 2012.

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I. Description of Operations Financed (cont.)

The requested FY 2014 appropriation of \$256 million for the DAWDF will support the Department's shift in focus from primarily recruiting and hiring to training and continuous improvement in the qualifications and experience set of the acquisition workforce. The USD AT&L memorandum dated November 2012, Better Buying Power 2.0 (BBP 2.0), emphasizes continuing the pursuit for greater efficiency and productivity in defense spending. Better Buying Power 2.0 encompasses 36 initiatives organized into seven focus areas, which includes the importance of the acquisition workforce. As outlined in BBP 2.0, four new initiatives have been added to meet this objective:

- Establish higher standards for key leadership positions
- Establish stronger professional qualification requirements for all acquisition specialties
- Increase the recognition of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce - change the culture

Central to the successful training, education, certification and recertification of the acquisition workforce is the Defense Acquisition University (DAU). In FY 2012, training capacity at DAU improved by approximately 61,000 classroom and distance learning graduates combined. Also, DAU will continue to enhance existing training curriculum by integrating new Better Buying Power initiatives into DAU courses. Components will also continue to provide targeted training and development for their workforce.

The goal of these combined efforts is to increase the capabilities of the acquisition workforce, particularly key leaders who implement the system and train and develop the people who will succeed them. This is a long-term effort and the Department is committed

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I. Description of Operations Financed (cont.)

to ensuring that highly-skilled, qualified, and experienced professionals comprise the total acquisition workforce and are well-postured to meet the demands of the Warfighters.

The Defense Acquisition Workforce growth initiative is supported by Title 10 U.S.C. 1705 Defense Acquisition Workforce Development Fund (DAWDF). The law states credits to the fund for fiscal year 2013 and 2014 are \$500 million and \$800 million respectively. The credits are a combination of appropriated funding and receipts/taxes from the military services and defense agencies. The law further states the Secretary of Defense may reduce an amount (the Floor) for a fiscal year if the amounts are greater than is reasonably needed for purposes of the fund for a fiscal year, but may not reduce the amount for a fiscal year to an amount that is less than 80 percent of the amount specified in the law.

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I. Description of Operations Financed (cont.)

RECRUITING AND HIRING

(\$ in Millions)

FY 2012	FY 2013	FY 2014
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
\$754.3	\$374.0	\$498.7

Recruiting and Hiring: Research (OSD(AT&L) and RAND) suggests over the next ten years, approximately 58.5 percent of Defense Acquisition Workforce civilians will be eligible for retirement. Approximately 18.1 percent of acquisition workforce civilians are currently eligible for full retirement, 21.0 percent will become eligible in the next five years, and 19.4 percent will become eligible in 6-10 years. Accordingly, the Department has leveraged existing acquisition intern programs and provided funding to develop new, robust acquisition intern, journeymen, and HQE programs. In addition, the DoD has expanded the current Student Career Experience Program (SCEP) participant pool, using the program as a pipeline from which to populate acquisition intern programs and a vehicle through which to increase diversity within the Defense acquisition workforce.

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I. Description of Operations Financed (cont.)

TRAINING AND DEVELOPMENT

(\$ in Millions)

FY 2012	FY 2013	FY 2014
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
\$65.5	\$120.0	\$267.9

Training and Development: DoD components have consistently signaled an annual demand for acquisition training that exceeds the Defense Acquisition University's (DAU's) current capacity. Approximately 19,000 classroom and 100,000 online training seats per year have been added to DAU's annual training capacity as part of the addendum schedule. The Department funded DAU training enhancement and capacity expansion programs to better serve the needs of the Defense acquisition community. The Military Departments and Defense agencies also funded targeted acquisition and leadership training to better prepare their workforces for the future; enhanced information technology capabilities, enabling the Department to quickly analyze, report and react to rapidly changing acquisition career management environments and requirements; and expanded functional skill set development opportunities.

Training capacity increased significantly by hiring 151 Subject Matter Expert (SME) faculty which allowed significant increases in course offerings throughout the United States and strategically selected overseas sites. The DAWDF funds expanded training capacity at the Defense Acquisition University (DAU) for all acquisition courses and classroom graduates by 27,675 through 1,307 course offerings for the entire Defense acquisition workforce.

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I. Description of Operations Financed (cont.)

RECOGNITION, RETENTION and WORKFORCE DEVELOPMENT

(\$ in Millions)

FY2012	FY2013	FY2014
<u>Actuals</u>	<u>Estimate</u>	<u>Estimate</u>
\$292.4	\$450.0	\$59.9

Recognition and Retention: The Department is implementing an employee retention and talent management strategy to retain acquisition employees with expert knowledge in critical and shortage skill areas. These employees include, but are not limited to, individuals filling key leadership positions. These are especially found in major acquisition programs, such as program managers, engineers, senior contracting officers, life cycle logisticians, cost estimators, and other personnel possessing special expertise that is hard to find or retain.

In an effort to encourage retention of and recognition for key acquisition workforce employees with "mission critical" skills, competencies, and certifications, the DAWDF provided funding for: 2,650 tuition assistance incentives; 147 student loan repayments; 86 Permanent Change of Station moves; 1,125 courses towards advanced academic degrees; 12 performance awards; and 14 other miscellaneous recognition incentives. Permanent Change of Station funding will increase the department's ability to fill mission critical positions. This program will also provide developmental opportunities for the enrichment of our workforce and ensure they have a broad range of experience to better understand the intricacies of acquisition.

This funding supports the competency management assessment and the resultant plan will address the critical skills and competencies of the exiting workforce based on expected

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I. Description of Operations Financed (cont.)

losses due to retirement and attrition, skills and training gaps, and other qualifying metrics in the exiting or projected workforce.

II. Force Structure Summary:

Not applicable.

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III. Financial Summary (\$ in thousands)

	FY 2013					Current Estimate	FY 2014 Estimate
	FY 2012 Actual	Budget Request	Congressional Action				
			Amount	Percent	Appropriated		
A. BA Subactivities							
1. Appropriation	105,501	274,198				274,198	256,031
Recruiting and Hiring	105,501	108,527				108,527	256,031
Retention and Recognition	0	34,831				34,831	0
Training and Development	0	130,840				130,840	0
2. Tax (Credit)	614,499	669,802				669,802	383,969
Recruiting and Hiring	256,639	265,105				265,105	56,130
Retention and Recognition	65,468	85,084				85,084	267,899
Training and Development	292,392	319,613				319,613	59,940
3. Prior Year Carry Forward *	392,126	0				0	186,548
Recruiting and Hiring	392,126	0				0	186,548
Retention and Recognition	0	0				0	0
Training and Development	0	0				0	0
Total	1,112,126	944,000				944,000	826,548

* FY 2014 includes estimated Prior Year Carry Forward accounting for the appropriation change from a 1 year to 3 year period of availability (POA).

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2013/FY 2013</u>	<u>FY 2013/FY 2014</u>
Baseline Funding	944,000	944,000
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	944,000	
Fact-of-Life Changes (2013 to 2013 Only)		
Subtotal Baseline Funding	944,000	
Supplemental		
Reprogrammings		
Price Changes		13,966
Functional Transfers		
Program Changes		-131,418
Current Estimate	944,000	826,548
Less: Wartime Supplemental		
Normalized Current Estimate	944,000	

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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)		944,000
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2013 Appropriated Amount		944,000
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2013 Baseline Funding		944,000
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2013 Estimate		944,000
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2013 Normalized Current Estimate		944,000
6. Price Change		13,966
7. Functional Transfers		
8. Program Increases		186,548
a. Annualization of New FY 2013 Program		
b. One-Time FY 2014 Increases		
1) Estimated Prior Year Carry Over	186,548	
c. Program Growth in FY 2014		
9. Program Decreases		-317,966
a. Annualization of FY 2013 Program Decreases		
b. One-Time FY 2013 Increases		
c. Program Decreases in FY 2014		
1) Decrease gross overall amount of funds	-234,234	
The decrease represents an overall reduction for the DAWDF program as the Department achieves the acquisition workforce capacity and capability. The		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
decrease acknowledges the new statutory level as outlined in the FY 2013 National Defense Authorization Act, Section 803 (H.R. 4310). (FY 2013 Baseline \$0; +0 FTEs)		
2) Civilian Full Time Equivalents Reduction Reduction of 785 civilian FTEs in recognition, retention and training initiatives with the Department meeting the planned acquisition workforce hiring requirement. The reduction in FTEs follows the Department's shift to focus on training and continuous improvement in the qualifications and experience of the acquisition workforce. (FY 2013 Baseline \$0; +0 FTEs)	-74,732	
3) Travel savings Meets the requirement to reduce travel cost and provide alternatives methods for training initiatives. (FY 2013 Baseline \$0; +0 FTEs)	-9,000	
FY 2014 Budget Request		826,548

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IV. Performance Criteria and Evaluation Summary:

Not Applicable

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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>Civilian End Strength (Total)</u>	5,105	3,918	3,614	-1,187	-304
U.S. Direct Hire	5,105	3,918	3,614	-1,187	-304
Total Direct Hire	5,105	3,918	3,614	-1,187	-304
<u>Civilian FTEs (Total)</u>	3,812	4,064	3,279	252	-785
U.S. Direct Hire	3,812	4,064	3,279	252	-785
Total Direct Hire	3,812	4,064	3,279	252	-785
Average Annual Civilian Salary (\$ in thousands)	95.0	95.2	95.2	.2	0

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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	362,140	873	24,017	387,030	3,387	-78,145	312,272
199 Total Civ Compensation	362,140	873	24,017	387,030	3,387	-78,145	312,272
308 Travel of Persons	28,333	567	45,548	74,448	1,415	-49,488	26,375
399 Total Travel	28,333	567	45,548	74,448	1,415	-49,488	26,375
633 DLA Document Services	429	27	-214	242	0	71	313
699 Total DWCF Purchases	429	27	-214	242	0	71	313
912 Rental Payments to GSA (SLUC)	4,394	88	-1,022	3,460	66	-318	3,208
914 Purchased Communications (Non-Fund)	0	0	5	5	0	-5	0
915 Rents (Non-GSA)	151	3	-149	5	0	105	110
920 Supplies & Materials (Non-Fund)	996	20	-173	843	16	213,516	214,375
921 Printing & Reproduction	625	13	-328	310	6	140	456
922 Equipment Maintenance By Contract	3,803	76	-2,882	997	19	1,761	2,777
923 Facilities Sust, Rest, & Mod by Contract	218	4	3,443	3,665	70	-3,576	159
925 Equipment Purchases (Non-Fund)	1,621	32	6,738	8,391	159	-7,367	1,183
932 Mgt Prof Support Svcs	7,317	146	3,714	11,177	212	137,294	148,683
957 Other Costs (Land and Structures)	4,120	82	-4,202	0	0	7,206	7,206
987 Other Intra-Govt Purch	241	5	2,733	2,979	57	72,451	75,487
988 Grants	10	0	-10	0	0	0	0
989 Other Services	697,728	13,955	-299,129	412,554	7,839	-386,449	33,944
990 IT Contract Support Services	0	0	37,894	37,894	720	-38,614	0
999 Total Other Purchases	721,224	14,424	-253,368	482,280	9,164	-3,856	487,588
Total	1,112,126	15,891	-184,017	944,000	13,966	-131,418	826,548