

# **FY 2002 Amended Budget Submission**

## **Defense Contract Management Agency (DCMA)**



**June 2001**

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Appropriation Highlights**  
**(\$ in Thousands)**

In March of 2000 the Defense Contract Management Command was named a separate Joint Combat Support Agency and became the Defense Contract Management Agency (DCMA). As an agency, DCMA transferred associated support resources from the Defense Logistics Agency beginning in late FY 2000. As a result of this transition DCMA is now aligned under the Principal Under Secretary of Defense (Acquisition, Technology and Logistics).

The critical requirements that justified establishing DCMA as a separate Agency included: the combat support mission; the size, scope and complexity of the organization; comparable organization placement with Senior Acquisition Executives; the need for independent oversight; and the elimination of a management layer. The Agency's role as a combat support organization is the most important mission. DCMA's combat support responsibilities include: contingency and wartime planning with the CINCs; maintaining effective training and force preparation for deployed operations such as Bosnia and Kosovo; deployment with military forces to support contingency operations; support of joint exercises; and mobilizing defense industry support of CINC operations.

The Defense Contract Management Agency's operation and maintenance appropriation consists of the following activities: Defense Contract Management Districts East, West and International, the Defense Contract Management Agency Headquarters, the Business Support Unit, Special Programs, and the Standard Procurement System (SPS) totaling \$.95 billion and 11,921 full time equivalents. DCMA provides contract management services throughout the acquisition life cycle to include contractor compliance with contract terms; accepting products; providing program and technical support; and ensuring that contractors are paid. The Standard Procurement System is the new DoD-wide standard system that will replace Service and Defense Logistics Agency legacy procurement systems.

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Appropriation Highlights**  
**(\$ in Thousands)**

	FY 2000	Foreign	Price	Program	FY 2001	Foreign	Price	Program	FY 2002
	Actuals	Currency	Growth	Growth	Estimates	Currency	Growth	Growth	Estimates
		Variance				Variance			
Budget									
Activity 4:	963,921		31,699	-77,736	917,884		29,233	1,815	948,932
Admin. & Serv.									
Act.									
<b>Total</b>	<b>963,921</b>		<b>31,699</b>	<b>-77,736</b>	<b>917,884</b>		<b>29,233</b>	<b>1,815</b>	<b>948,932</b>

Budget Activity 4 reflects funding in support of the Contract Management Agency as well as funding in support of the Standard Procurement System. The O&M appropriation funds the contracts, supplies, equipment maintenance, communications, salaries, awards, personnel, benefits, travel, per diem, and training in support of these programs. This budget activity's decreases are primarily attributable to decreases in the civilian personnel workforce. Increases in this budget activity are associated with the Agency's facility support requirements and its equipment replacement initiatives.

Footnote: FY00 actual obligations reflected in this submission are included in the Defense Logistics Agency FY00 base and are therefore also included in the DLA justification materials.

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submit**  
**Summary of Increases and Decreases**

	<u>DCMA</u>	<u>SPS</u>	<u>Total</u>
1. FY 2001 President's Budget	0	0	0
2. Congressional Adjustments (Distributed)			
Total Congressional Adjustments (Distributed)	0	0	0
3. Congressional Adjustments (Undistributed)			
Total Congressional Adjustments (Undistributed)	0	0	0
4. Congressional Earmarks			
Total Congressional Earmarks	0	0	0
5. FY 2001 Appropriated Amount	0	0	0
6. FY 2001 Recission	-2,036	0	-2,036
7. Functional Transfers - In			
Transfer of funding from the Defense Logistics Agency associated with th			
the Defense Contract Management Agency	913,842	11,843	925,685
Total Functional Transfers - In	913,842	11,843	925,685
8. Other Transfers - In (Non-Functional)			
Total Other Transfers - In (Non-Functional)	0		0
9. Functional Transfers - Out			
Total Functional Transfers - Out			0
10. Other Functional Transfers Out			
11. Price Changes	0	0	0
12. Program Increases			
Total Program Increases	0	0	0
13. Program Decreases			
Reduction in civilian personnel funding to reflect a lower cost base	-5,765	0	-5,765
Total Program Decreases	-5,765	0	-5,765

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submit**  
**Summary of Increases and Decreases**

14.	FY 2001 Current Estimate	906,041	11,843	917,884
15.	Price Growth	29,178	55	29,233
16.	Functional Transfers - In Total Functional Transfers - In	0	0	0
17.	Functional Transfers - Out Total Functional Transfers Out	0	0	0
18.	Program Increases			
	a. Stabilization of funding associated with PC replacment and non ADP e	3,878	0	3,878
	b. Increase in SPS product maintenance	0	367	367
	c. Increase in DISA processing costs associated with SPS	0	156	156
	d. Increase in maintenance associated with the Shared Data Warehouse	0	167	167
	e. Increase in contracting costs associated with Command initiatives	2,356	0	2,356
	f. Increase in estimated labor costs	0	4	4
	Total Program Increases	6,234	694	6,928
19.	Program Decreases			
	a. Decrease associated with FTE reductions and projected change in avera e	-2,398	0	-2,398
	b. Decrease in Security Services projection to reflect actual funding le	-7	0	-7
	c. Decrease in other support costs	0	-9	-9
	d. Decrease in mission travel funding for savings initiatives associated	-2,095	0	-2,095
	e. Decrease in mission travel funding for military and civilian pay rais	-600	0	-600
	Total Program Decreases	-5,100	-9	-5,109
20.	FY 2002 Budget Request	936,353	12,583	948,936

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
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 PERSONNEL SUMMARY

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>Change</u> <u>FY 00/FY 01</u>	<u>Change</u> <u>FY 01/FY 02</u>
<u>Civilian End Strength (Total)</u>	12,419	11,894	11,892	(525)	(2)
U.S. Direct Hire	12,312	11,787	11,785	(525)	(2)
Foreign National Direct Hire	88	88	88	0	0
Total Direct Hire	12,400	11,875	11,873	(525)	(2)
Foreign National Indirect Hire	19	19	19	0	0
(Reimbursable Civilians Included Above - Memo)	1,625	1,266	1,183	(359)	(83)
 <u>Civilian Full Time Equivalent (FTE) (Total)</u>	 12,367	 12,099	 11,921	 (268)	 (178)
U.S. Direct Hire	12,260	11,992	11,814	(268)	(178)
Foreign National Direct Hire	88	88	88	0	0
Total Direct Hire	12,348	12,080	11,902	(268)	(178)
Foreign National Indirect Hire	19	19	19	0	0
(Reimbursable Civilians Included Above - Memo)	1,625	1,266	1,183	(359)	(83)

Footnote: FY 00 actuals reflected in this submission are included in the Defense Logistics Agency FY 00 base.

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
 FY 2002 Amended Budget Submission  
 Summary of Price and Program  
 (Dollars in Thousands)

	FY 2000	Foreign	Price Growth	Program	FY 2001		
	Program	Rate	Percent	Growth	Program		
		Difference	Amount				
<u>CIVILIAN PERSONNEL COMPENSATION</u>							
101	Executive, General & Special Schedule	0	0	0.04	0	745,315	745,315
103	Wage Board	0	0	0.04	0	387	387
104	Foreign National Direct Hire (FNDH)	0	0	0.04	0	3,796	3,796
105	Separation Liability (FNDH)	0	0	0.04	0	47	47
106	Benefits to Former Employees	0	0	0.04	0	126	126
111	Disability Compensation	0	0	0.04	0	3,976	3,976
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	0	0		0	753,647	753,647
<u>TRAVEL</u>							
308	Travel of Persons	0	0	0.02	0	32,711	32,711
399	TOTAL TRAVEL	0	0		0	32,711	32,711
<u>SUPPLIES &amp; MATERIALS PURCHASES</u>							
499	TOTAL SUPPLIES & MATERIALS PURCHASES	0	0		0	0	0
<u>EQUIPMENT PURCHASES</u>							
599	TOTAL FUND EQUIPMENT PURCHASES	0	0		0	0	0
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>							
647	DISA Information Services	0	0	-0.10	0	6,098	6,098
650	DLA Information Services	0	0	0.02	0	0	0
671	Communication Services (DISA) Tier 2	0	0	0.16	0	8,819	8,819
673	Defense Finance and Accounting Services	0	0	0.01	0	4,983	4,983
677	Communication Services (DISA) Tier 1	0	0	0.02	0	760	760
678	Defense Security Service	0	0	0.02	0	461	461
699	TOTAL PURCHASES	0	0		0	21,121	21,121
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>							
771	Commercial Transportation	0	0	0.02	0	3,028	3,028
799	TOTAL TRANSPORTATION	0	0		0	3,028	3,028

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base

FY 2000	Foreign	Price Growth	Program	FY 2001
	Currency			
		Percent		

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 (Dollars in Thousands)

	<u>Program</u>	<u>Rate</u>	<u>Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>OTHER PURCHASES</u>							
901	Foreign National Indirect Hire (FNIH)	0	0	0.04	0	845	845
912	Rental Payments to GSA (SLUC)	0	0	0.02	0	16,594	16,594
913	Purchased Utilities (non-Fund)	0	0	0.02	0	414	414
914	Purchased Communications (non-Fund)	0	0	0.02	0	8,428	8,428
915	Rents (non-GSA)	0	0	0.02	0	1,482	1,482
917	Postal Services (U.S.P.S.)	0	0	0.02	0	745	745
920	Supplies & Materials (non-Fund)	0	0	0.02	0	10,791	10,791
921	Printing and Reproduction	0	0	0.02	0	564	564
922	Equipment Maintenance by Contract	0	0	0.02	0	1,125	1,125
923	Facility Maintenance by Contract	0	0	0.02	0	717	717
925	Equipment Purchases (non-Fund)	0	0	0.02	0	27,135	27,135
932	Management & Professional Support Services	0	0	0.02	0	1,196	1,196
933	Studies, Analysis, & Evaluations	0	0	0.02	0	492	492
989	Other Contracts	0	0	0.02	0	36,718	36,718
998	Other Costs	0	0	0.02	0	131	131
999	TOTAL OTHER PURCHASES	0	0		0	107,377	107,377
9999	TOTAL OPERATION & MAINTENANCE	0	0		0	917,884	917,884



DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
 FY 2002 Amended Budget Submission  
 Summary of Price and Program  
 (Dollars in Thousands)

		Foreign Currency		<u>Price Growth</u>		Program	FY 2002
	<u>FY 2001</u>	<u>Rate Difference</u>		<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>
<u>CIVILIAN PERSONNEL COMPENSATION</u>							
101	Executive, General & Special Schedule	745,315	0	0.04	27,017	(2,398)	769,934
103	Wage Board	387	0	0.04	14	0	401
104	Foreign National Direct Hire (FNDH)	3,796	0	0.04	138	0	3,934
105	Separation Liability (FNDH)	47	0	0.04	2	0	49
106	Benefits to Former Employees	126	0	0.00	0	0	126
111	Disability Compensation	3,976	0	0.00	0	0	3,976
199	TOTAL CIVILIAN PERSONNEL COMPENSATION	753,647	0		27,171	(2,398)	778,420
<u>TRAVEL</u>							
308	Travel of Persons	32,711	0	0.02	524	(2,695)	30,540
399	TOTAL TRAVEL	32,711	0		524	(2,695)	30,540
<u>SUPPLIES &amp; MATERIALS PURCHASES</u>							
499	TOTAL SUPPLIES & MATERIAL PURCHASES	0	0		0	0	0
<u>EQUIPMENT PURCHASES</u>							
599	TOTAL FUND EQUIPMENT PURCHASES	0	0		0	0	0
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>							
647	DISA Information Services	6,098	0	-0.06	(969)	156	5,285
650	DLA Information Services	0	0	0.00	0	0	0
671	Communication Services (DISA) Tier 2	8,819	0	0.00	1,217	0	10,036
673	Defense Finance and Accounting Services	4,983	0	0.05	(234)	0	4,749
677	Communication Services (DISA) Tier 1	760	0	0.00	0	0	760
678	Defense Security Service	461	0	0.00	7	(7)	461
699	TOTAL PURCHASES	21,121	0		21	149	21,291
<u>CIVILIAN PERSONNEL COMPENSATION (TRANSPORTATION)</u>							
771	Commercial Transportation	3,028	0	0.02	48	0	3,076
799	TOTAL TRANSPORTATION	3,028	0		48	0	3,076

FY 2001	Foreign Currency		<u>Price Growth</u>		Program	FY 2002
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 (Dollars in Thousands)

	<u>Program</u>	<u>Rate Difference</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>	<u>Program</u>	
<u>OTHER PURCHASES</u>							
901	Foreign National Indirect Hire (FNIH)	845	0	0.04	31	0	876
912	Rental Payments to GSA (SLUC)	16,594	0	0.15	0	0	16,594
913	Purchased Utilities (non-Fund)	414	0	0.02	7	0	421
914	Purchased Communications (non-Fund)	8,428	0	0.02	135	0	8,563
915	Rents (non-GSA)	1,482	0	0.02	24	0	1,506
917	Postal Services (U.S.P.S.)	745	0	0.00	12	0	757
920	Supplies & Materials (non-Fund)	10,791	0	0.02	172	0	10,963
921	Printing and Reproduction	564	0	0.02	9	0	573
922	Equipment Maintenance by Contract	1,125	0	0.02	18	167	1,310
923	Facility Maintenance by Contract	717	0	0.02	11	0	728
925	Equipment Purchases (non-Fund)	27,135	0	0.02	434	4,245	31,814
932	Management & Professional Support Services	1,196	0	0.02	19	0	1,215
933	Studies, Analysis, & Evaluations	492	0	0.02	8	0	500
989	Other Contracts	36,718	0	0.02	587	2,347	39,652
998	Other Costs	131	0	0.02	2	0	133
999	TOTAL OTHER PURCHASES	107,377	0		1,469	6,759	115,605
9999	TOTAL OPERATION & MAINTENANCE	917,884	0		29,233	1,815	948,932

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2002 President's Budget**  
**Budget Activity 4: Contract Management**

**I. Description of Operations Financed:**

Contract Management Services (CMS):

In March of 2000 the Defense Contract Management Command was named a separate Joint Combat Support Agency and became the Defense Contract Management Agency (DCMA). As an agency, DCMA transferred associated support resources from the Defense Logistics Agency beginning in late FY 2000. As a result of this transition DCMA is now aligned under the Principal Under Secretary of Defense (Acquisition, Technology and Logistics).

The critical requirements that justified establishing DCMA as a separate Agency included: the combat support mission; the size, scope and complexity of the organization; comparable organization placement with Senior Acquisition Executives; the need for independent oversight; and the elimination of a management layer. The Agency's role as a combat support organization is the most important mission. DCMA's combat support responsibilities include: contingency and wartime planning with the CINCs; maintaining effective training and force preparation for deployed operations such as Bosnia and Kosovo; deployment with military forces to support contingency operations; support of joint exercises; and mobilizing defense industry support of CINC operations.

The Defense Contract Management Agency (DCMA) provides customer-focused contract management services throughout the acquisition life cycle, around the clock, around the world. As DoD's independent CMS agent, DCMA represents the interests of the Government with industry, thereby protecting the rights of the Government, obtaining maximum value for taxpayers' dollars and providing responsive support to the Military Departments as well as to civilian agency customers. DCMA's major responsibilities are: ensuring contractor compliance with cost, delivery, technical, quality and other terms of contracts assigned for administration; accepting products and services on behalf of the Government; providing program and technical support; and ensuring that contractors are paid. DCMA serves as DoD's information broker in contractors' plants worldwide, providing the Military Departments and civilian agency customers with invaluable insight in both preaward and postaward contract management.

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
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**Fiscal Year (FY) 2002 President's Budget**  
**Budget Activity 4: Contract Management**

**I. Description of Operations Financed (con't):**

DCMA aims to be the provider of choice for contract management for the Department of Defense and a valued customer to our suppliers. DCMA's strategic objectives include: providing the right item at the right time for the right price, teaming with our business partners to achieve customer results, accelerating acquisition excellence by applying commercial processes and practices, leveraging information technology to improve business results, investing to develop and sustain the right talent, and building and maintaining a positive work environment.

The Defense Contract Management Agency (DCMA) has made major reductions in staffing between FY 1991 and FY 2000. This budget continues that trend and reflects a reduction of 450 full-time equivalents (FTEs) from FY 2000 to FY 2002. These reductions are possible through efficiencies DCMA has achieved as a result of our activity-based management and risk management efforts. These efforts allow DCMA to recognize and resource critical mission increases, such as requirements resulting from the Space BAR, at the same time total resources are reduced. This budget also reflects changes to the cost of labor driven by locality pay increases and workforce demographics.

In FY 2001 funding associated with the transfer of DCMA reimbursed resources from DLA to DCMA resulted in the realignment of funding from the labor object class to several nonlabor categories. This adjustment has resulted in the shift of approximately \$14M from the corporate subactivity group to labor, travel, supplies, and other contracts. Also reflected in the DCMA current estimate is the substantial reduction in reimbursable earnings from FY 2000 to FY 2002 driven by decreases in Foreign Military Sales.

DCMA Initiatives:

To better support the nation's warfighters, DCMA strives to continually improve efficiency and effectiveness of its business processes. The use of Information Technology (IT) is a

**DEFENSE CONTRACT MANAGEMENT AGENCY  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2002 President's Budget  
Budget Activity 4: Contract Management**

**I. Description of Operations Financed (con't):**

major component of DCMA's success in this area. DCMA must provide the IT tools its workforce require to perform their job and produce superior results.

Specifically, these efforts include applications that impact such vital DoD acquisition business matters as Preaward Surveys of prospective contractors, contract price negotiation, material acceptances, contractor payment, and workload assignments and management. Visibility of key data and information at the team level supports performance based management, allowing teams to self direct the application of limited resources to the appropriate priorities.

Ultimately, DCMA's customers, the Military Departments and Agencies, benefit from these efforts because of increased access to information such as contractor delivery status, manufacturing progress, quality assurance metrics, status of negotiations with contractors, and faster and more accurate payments to contractors. DCMA customers will be better able to anticipate contract performance difficulties and work with DCMA to resolve them before they impact the war fighter.

The most significant change in the IT initiatives budget is the FY 2001 realignment of funds from Operation and Maintenance (O&M) to Research, Development, Test and Evaluation (RDT&E) and Procurement Defense-Wide (PDW). The realignment of funds was necessary to conform to Information Technology (IT) budgeting policy language contained in the FY 2000 House Appropriations Committee Report (106-244).

**DCMA Infrastructure:**

IT infrastructure is vital to DCMA's mission and successful implementation of its initiatives. DCMA's technical architecture defines the computing and communications environment required to meet these goals. As new mission needs and business requirements are identified, DCMA updates its technical architecture.

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2002 President's Budget**  
**Budget Activity 4: Contract Management**

**I. Description of Operations Financed (con't):**

IT Infrastructure covers the technical architecture (e.g., desktop computers, Local Area Networks (LANs), LAN servers, operating systems, wide area telecommunications, and system management utilities) needed to deploy, run, and productively use DoD-wide and DCMA-unique mission software applications, the Defense Messaging System, office productivity applications (e.g., Microsoft Office), and Knowledge Management and workgroup collaboration tools. As new mission needs and business requirements are identified, DCMA updates its technical architecture. An illustrative example of just such a technical architecture update is the Agency's migration from client/server applications and systems to Worldwide Web-based applications supported by a DCMA Integrated Database/Data Mart. This change will allow us to improve our Information Assurance capabilities, implement DoD's mandated X.509 Public Key Infrastructure (i.e., digital identification and signature certificates and tokens, with secure data transmission protocols), support DoD's Electronic Business/Electronic Commerce initiatives, and successfully manage the transition mandated by Defense Reform Initiative Directive (DRID) #53 from the legacy Mechanization of Contract Administration Services (MOCAS) contract management and payment environment to the "To Be" Cross Functional Procurement and Financial Management Process.

This update will also lower our database administration requirements, reduce our software deployment and maintenance costs, increase our adaptability to rapidly changing business and mission requirements, and dramatically reduce the time needed to field new functionalities. Additionally, this update will allow us to better centrally manage our systems resources for improved reliability and reduced maintenance expenses.

To keep up with the increases in computing power necessitated by successive new generations of operating systems and Commercial-Off-The-Shelf (COTS) software, as well as to facilitate our transition to Web-based applications and improved central system management, DCMA has embarked on a program to replace one-third of its desktop personal computers and LAN servers each year. This replacement cycle is completely in line with industry experience and practice, where it has been found to dramatically lower maintenance costs, improve system and

**DEFENSE CONTRACT MANAGEMENT AGENCY  
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Fiscal Year (FY) 2002 President's Budget  
Budget Activity 4: Contract Management**

**I. Description of Operations Financed (con't):**

network reliability, and keeps up with increases in computing power required by new and expanded software missions and functionalities. (Also, many IT systems components begin routinely failing at the three year mark. By then, the replacements for the "failed" parts often represent obsolete products or technologies—which has the perverse effect of raising the replacements' prices, since they are almost always out of production and therefore relatively scarce. On the other hand, new systems usually feature three-year warranties, parts and labor included.)

**DLA Corporate Allocation:**

The DLA was made up of six different business areas, one of which was the DCMA. In addition to budgeting for the core mission, each business area must budgeted for an allocation of the costs for DLA's corporate organizations. The corporate organizations included the Office of the Comptroller, Civilian Personnel, Administrative Support Center, and General Council. The allocation of corporate costs was based on each business areas "earnings". In the case of DCMA, the Operations and Maintenance appropriation is considered the earnings. DCMA budgeted for 6.3 percent of DLA's corporate costs. Starting in late FY 2000, due to transfer of these support FTEs from DLA to DCMA, DCMA will no longer reimburse DLA for these costs. These costs will be encompassed within the CMS subactivity operating budget.

**Contingency Operations:**

Since 1993, DCMA has deployed over 400 people to efforts in Haiti, Rwanda, Bosnia, Kosovo, and many other locations. DCMA oversees the Brown and Root Sustainment contract, which provides base camp construction and maintenance in both Bosnia and Kosovo as well as surrounding countries. This contract covers water, latrines, food services, laundry, base camp maintenance, cargo and mail handling, power generation, waste management, and vehicle maintenance. Contingency funding supports civilian overtime, TDY, and pre-deployment training.

**DEFENSE CONTRACT MANAGEMENT AGENCY  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2002 President's Budget  
Budget Activity 4: Contract Management**

**I. Description of Operations Financed (con't):**

Reimbursable Earnings:

DCMA performs Contract Management Services (CMS) on a reimbursable basis for non-DoD customers. Most of this reimbursable work, including support of Foreign Military Sales (FMS), the National Aeronautical Space Administration (NASA) and other civilian agency customers, is billed monthly at a standard annual rate. Outside CONUS (OCONUS) reimbursable work (limited in scope) is primarily reimbursed on an actual cost basis.

Contract Management Services (CMS) hours in support of FMS in the Continental United States (CONUS) are computed based on an annual ratio of FMS contract disbursements to total contract disbursements and account for 52 percent of the DCMA's reimbursable budget. In FY 1999 the FMS annual ratio was 13.23 percent. The ratio decreased to 10.2 percent in FY 2000, resulting in a decrease of approximately 400 personnel. In FY 2001, the approved FMS annual ratio is 7.27 percent less and results in further decreases in FMS earnings of approximately \$28 million between FYs 2000 and 2001. We anticipate that the FMS annual ratio for FY 2002 will continue the declining trend, resulting in further significant decreases in FMS earnings. The majority of the decrease in our FMS earnings tracks back to significant reductions in FMS disbursements on FMS sales to Saudi Arabia.

DCMA hours worked in support of the National Aeronautical Space Administration (NASA) and associated DCMC reimbursable earnings are expected to decrease in the FY 2002 budget year.

**II. Force Structure Summary: N/A**



**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2002 President's Budget**  
**Budget Activity 4: Contract Management**

**Financial Summary (O&M: \$ in thousands):**

A. Subactivities:	FY 2000 Actual	FY 2001		FY 2002 Estimate
		Budget Request	Current Appropriate Estimate d	
1. Contract Management Services				
Personnel Comp & Benefits	829,969		840,652	857,861
Voluntary Separation Incentive	3,104		0	0
Pay	14,574		13,982	14,103
PCS	25,267		27,994	28,544
Travel	14,976		13,359	13,504
Training	9,161		9,982	11,755
Information Svcs - DISA Tele Communications	5,891		6,549	5,742
Information Svcs - DISA Processing	7,424		5,546	5,263
Finance and Accounting Services	65,831		76,213	76,533
2. Other Operating Support Costs	976,197		994,277	1,013,305
3. Subtotal	8,277		4,614	6,970
4. DCMC Initiatives	47,051		32,150	34,246
5. Infrastructure	3,414		0	0
Contingency Operations Support	22,415		0	0
DLA Corporate Allocation				

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III. Financial Summary (O&M: \$ in thousands)(con't):

Total		1,031,041	1,054,52
	1,057,354		1
Reimbursable Earnings	163,561	125,000	118,172
Operation and Maintenance	893,793	906,041	936,349
Total			

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base

B. Reconciliation Summary:

	<u>Change</u> <u>FY 2001 /</u> <u>FY 2001</u>	<u>Change</u> <u>FY 2001 /</u> <u>FY 2002</u>
1. Baseline Funding	0	906,041
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Congressional Earmarks Billpayer		
Adjustments to Meet Congressional Intent		
2. Subtotal Appropriated Amount	0	906,041
FY 2001 Rescission	-2,036	0
Approved Reprogrammings/Transfers	913,842	0
3. Price Change	0	29,178
4. Program Changes	-5,765	1,130
5. Current Estimate	906,041	936,349

DEFENSE CONTRACT MANAGEMENT AGENCY  
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**C. Reconciliation of Increases and Decreases:**

**(\$ in Thousands)**

FY 2001 President's Budget Request		0
1. Congressional Adjustment (Distributed)		
Total Congressional Adjustment (Distributed)		
2. Congressional Adjustment (Undistributed)		
Total Congressional Adjustment (Undistributed)		
3. Congressional Adjustments (General Provisions)		
Total Congressional Adjustments (General Provisions)		
4. Congressional Earmarks		
Total Congressional Earmarks		
FY 2001 Appropriated Amount (subtotal)		0
5. FY 2001 Rescission		-2,036
6. Functional Transfers-In		
Transfer of funding from the Defense Logistics	913,842	
Agency associated with the establishment of the		
Defense Contract Management Agency		
Total Functional Transfers-In		913,842
7. Program Decreases		
Reduction in civilian personnel funding due to the	-5,765	
Restructuring of the Agency's workforce plan		
Total Program Decreases		-5,765

DEFENSE CONTRACT MANAGEMENT AGENCY  
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**C. Reconciliation of Increases and Decreases: (con't)**

FY 2001 Current Estimate		906,041
8. Price Growth		29,178
9. Program Increases		
a. Increase in purchased equipment to fully fund the Agency's equipment replacement requirements	3,878	
b. Increase in contracts associated with Command initiatives	2,356	6,234
Total Program Increase		
10. Program Decreases		
a. Reduction in civilian personnel funding associated with FTE reductions and projected changes in the average annual rate	-2,402	
b. Decrease security services to reflect actual funding level	-7	
c. Decrease in mission travel funding	-2,695	
Total Program Decreases		-5,104
FY 2002 Budget Request		936,349

**DEFENSE CONTRACT MANAGEMENT AGENCY  
Operation and Maintenance, Defense-Wide  
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Budget Activity 4: Contract Management**

**IV. Performance Criteria and Evaluation Summary:**

The Draft FY 2002 Performance Contract contains eight goals for the DCMA that are associated with the Agency mission. The eight goals are as follows:

Cost Management - Reduce the cost per unit of output for contract administration by three percent annually from the FY 1998 baseline through improvements in productivity. DCMA has implemented a unit cost and activity-based management system. The forecast assumes stable contract workload and no major changes in delegation of contract authority from the military services.

Customer Responsiveness - Achieve a rating of five or greater, on a six point scale, on 90 percent of the responses on overall customer satisfaction. DCMA will conduct customer surveys each month. Primary customers to be surveyed are Acquisition Category I, II and III program managers, their respective Procurement Contracting Officers (PCOs), service logistics and item managers, and their respective PCOs. Problems identified in the surveys will be assessed for corrective action.

Contract Closeout - Improve the percentage of contracts closed out to eighty eight percent in accordance with Federal Acquisition Regulation/Defense Federal Acquisition Regulation Supplement goals. Much of the documentation required to close out contracts is provided by other organizations (i.e., Defense Contract Audit Agency, Defense Finance and Accounting Service, and program offices). To attain this goal, DCMA teams with these other organizations to work systemic issues that would otherwise delay closeout.

Canceling Funds - Ensure that eighty eight percent of canceling funds to not cancel. DCMA performs the canceling funds process to ensure that customers do not pay for prior contractual obligations with funds drawn from current year's obligations. To attain this goal, DCMA teams with DFAS and the program offices to work systemic problems arising from last minute adjustments.

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**IV. Performance Criteria and Evaluation Summary (con't):**

On-Time Delivery - Increase on-time deliveries by five percent per year. The baseline for this is the on-time rate at the start of FY 2000. DCMA is successfully engaging all customers in improving the entire end-to-end delivery management process.

DAWIA Certifications - Increase the personnel who are DAWIA certified to Level II to ninety percent and Level III to ninety-two percent. To achieve this DAU is providing DAWIA course opportunities to DCMA employees at or above the FY 2000 levels. DCMA receives travel funding from DAU at or above the FY 2000 levels to enable employee attendance at DAWIA classes.

Training Hours Per Employee - Achieve a benchmark standard of 40 training hours per employee per year.

Standard Procurement System (SPS) Transactions Tracking - Identify the number of actions created, and dollars obligated using the SPS. DCMA relies on the Services as well as other defense agencies to provide monthly data regarding SPS usage. DCMA assumes that the current levels of responsiveness from these organizations will continue.

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
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<b>V. <u>Personnel Summary:</u></b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>Change FY 2000/ <u>FY 2001</u></b>	<b>Change FY 2001/ <u>FY 2002</u></b>
<u>Active Mil End Strength (Total)</u>	626	626	625	0	-1
Officer	529	529	528	0	-1
Enlisted	97	97	97	0	0
 <u>Civilian End Strength (Total)</u>	 12,414	 11,885	 11,883	 -529	 -2
U.S. Direct Hire	12,307	11,778	11,776	-529	-2
Foreign National Direct Hire	88	88	88	0	0
Total Direct Hire	12,395	11,866	11,864	-529	-2
Foreign National Indirect Hire	19	19	19	0	0
(Reimbursable Civilians -Memo)	1,625	1,266	1,183	-359	-83
 <u>Active Mil FTEs (Total)</u>	 626	 626	 626	 626	 0
Officer	529	529	529	529	0
Enlisted	97	97	97	97	0
 <u>Civilian FTEs (Total)</u>	 12,362	 12,090	 11,912	 -272	 -178
U.S. Direct Hire	12,255	11,983	11,805	-272	-178
Foreign National Direct Hire	88	88	88	0	0
Total Direct Hire	12,343	12,071	11,893	-272	-178
Foreign National Indirect Hire	19	19	19	0	0
(Reimbursable Civilians -Memo)	1,625	1,266	1,183	-359	-83

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
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**VI. OP 32 Line Items (Dollars in Thousands):**

	<u>Change FY2000/2001</u>			<u>Change FY2001/2002</u>			FY 2002 <u>Est</u>
	FY 2000 <u>Act</u>	Price <u>Growth</u>	Prog <u>Growth</u>	FY 2001 <u>Est</u>	Price <u>Growth</u>	Prog <u>Growth</u>	
Executive, General & Special Schedule	733,402	29,153	-18,355	744,200	26,977	-2,402	768,775
Wage Board	372	15	0	387	14	0	401
Foreign National Direct Hire	3,651	145	0	3,796	138	0	3,934
Separation Liability (FNDH)	45	2	0	47	2	0	49
Benefits to Former Employees	1,055	0	-929	126	0		126
Voluntary Separation Incentive Pay	3,104	0	-3,104	0	0	0	0
Disability Compensation	4,038	0	-62	3,976	0	0	3,976
Total Civilian Personnel Compensation	745,667	29,315	-22,450	752,532	27,131	-2,402	777,261
Travel Of Persons	29,686	356	2,244	32,286	517	-2,695	30,108
Total Travel	29,686	356	2,244	32,286	517	-2,695	30,108
DISA Information Services	4,979	-314	538	5,203	-827	0	4,376
Communication Svcs (DISA) Tier 2	7,994	-32	857	8,819	1,217	0	10,036
Defense Finance & Accounting Svcs	6,479	317	-1,813	4,983	-234	0	4,749



**DEFENSE CONTRACT MANAGEMENT AGENCY  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2002 President's Budget  
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**VII. OP 32 Line Items (Dollars in Thousands) (Cont'd):**

	FY 2000 <u>Act</u>	<u>Change FY2000/2001</u>		FY 2001 <u>Est</u>	<u>Change FY2001/2002</u>		FY 2002 <u>Est</u>
		<u>Price Growth</u>	<u>Prog Growth</u>		<u>Price Growth</u>	<u>Prog Growth</u>	
Communication Svcs (DISA) Tier 1	0	0	760	760	0	0	760
Defense Security Svc	0	0	461	461	7	-7	461
Total Purchases	19,452	-29	803	20,226	163	-7	20,382
Commercial Transportation	2,735	33	260	3,028	48	0	3,076
Total Transportation	2,735	33	260	3,028	48	0	3,076
Foreign National Indirect Hire (FNIH)	813	32	0	845	31	0	876
SLUC (GSA Leases)	13,789	0	2,805	16,594	0	0	16,594
Purchased Utilities (non fund)	389	5	20	414	7	0	421
Purchased Communications (non IF)	8,353	100	-25	8,428	135	0	8,563
Rents and Leases (non GSA)	815	10	657	1,482	24	0	1,506
Postal Service (U.S.P.S)	668	8	69	745	12	0	757
Supplies and Materials (non SF)	12,375	149	-1,759	10,765	172	0	10,937
Printing & Reproduction	382	5	177	564	9	0	573
Equipment Maintenance	847	10	68	925	15	0	940
Facility Maintenance	686	8	23	717	11	0	728
Equipment Purchases & COTS	26,882	323	-5,804	21,401	342	3,878	25,621

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VI. OP 32 Line Items (Dollars in Thousands) (Cont'd):

	FY 2000 <u>Act</u>	<u>Change FY2000/2001</u>		FY 2001 <u>Est</u>	<u>Change FY2001/2002</u>		
		<u>Price Growth</u>	<u>Prog Growth</u>		<u>Price Growth</u>	<u>Prog Growth</u>	<u>FY 2002 Est</u>
Mngt & Professional Svcs	904	11	-23	892	14	0	906
Studies, Analysis, & Evaluation	676	8	-192	492	8	0	500
Other Contracts	28,632	344	4,598	33,574	537	2,356	36,467
Foreign Currency Variance		0	0	0	0	0	0
Other Costs	42	1	88	131	2	0	133
Total Other Purchases	96,253	1,014	702	97,969	1,319	6,234	105,522
Total	893,793	30,689	-18,441	906,041	29,178	1,130	936,349

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Budget Activity 4: Standard Procurement System**

**I. Description of Operations Financed:**

The Standard Procurement System (SPS) program objective is deploying SPS to users in the functional area of defense contracting. There are approximately 43,000 users at approximately 1,100 sites worldwide, and the full operational capability threshold schedule date is the end of fourth quarter FY 2003. The purpose of SPS is to standardize the automated procurement functions across the Army, Navy, Air Force, Marine Corps, Defense Logistics Agency, Defense Contract Management Agency, and the other Defense Agencies. Over 745 sites and 20,894 personal computers were installed with SPS as of December 31, 2000. 17,949 users are formally trained and 16,207 are Component declared operational users. SPS provides Electronic Document Access and Electronic Data Interchange capabilities to meet paperless contracting goals.

The Program Office is responsible for: installation of the product (Procurement Defense Desktop (PD2)), licenses, training, enhancements to the Shared Data Warehouse (SDW), interfaces to the financial and other legacy systems, data conversion, and enhancements to the product to meet mission critical procurement functions.

The program decrease from FY 2000 to FY 2001 results from the realignment of funds from Operation and Maintenance to Research, Development, Test and Evaluation (RDT&E) and Procurement appropriations and the completion of most of the enhancement effort to the product. The realignment was necessary to conform to recent Information Technology budgeting policy. The decrease is also attributed to the completion of deployment to the base level contracting procurement community in FY 2000. The program now focuses on completing the remaining enhancements to fulfill weapon system and inventory control point procurement capabilities and the deployments to those communities to achieve full operational capability across DoD by end of FY 2003. In order to expand into these other DoD procurement communities, interfaces and data conversions must be created and achieved to connect with logistics and finance communities.

**II. Force Structure Summary: N/A**

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
 FY 2002 Amended Budget Submission  
 Budget Activity 4: Standard Procurement System

**III. Financial Summary (O&M: \$ in thousands):**

A. Subactivities:	FY 2000 Estimate	FY 2001		Current Estimate	FY 2002 Estimate
		Budget Request	Appropriated		
1. Personnel Comp & Benefits	596			1,115	1,159
2. Travel	412			425	432
3. Processing Charges	789			895	909
4. Supplies & Materials	110			26	26
5. Equipment Maintenance	163			200	370
6. Equipment Purchases & Comm Off the Shelf	11,186			5,734	6,193
7. Software Dev. & Maintenance	27,416			1,272	1,293
8. Software Conversion	7,667			0	0
9. Trng/Tstng/Studies & Implementation	21,393			1,677	1,701
8. Other Operating Support Costs	397			498	499
<b>Total</b>	<b>70,128</b>			<b>11,843</b>	<b>12,583</b>

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
 FY 2002 Amended Budget Submission  
 Budget Activity 4: Standard Procurement System

**B. Reconciliation Summary:**

	<u>Change</u> <u>FY 2001/2001</u>	<u>Change</u> <u>FY 2001/2002</u>
1. Baseline Funding	0	11,843
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Congressional Adjustments (General Provision)		
Adjustments to Meet Congressional Intent		
2. Subtotal Appropriated Amount	0	11,843
FY 2001 Rescission		
Approved Reprogrammings/Transfers	11,843	
4. Price Change		55
5. Program Changes		685
6. Current Estimate	11,843	12,583

**C. Reconciliation of Increases and Decreases:**

	<u>(\$ in Thousands)</u>	
FY 2001 President's Budget Request		0
1. Congressional Adjustment (Distributed)		
Total Congressional Adjustment (Distributed)		
2. Congressional Adjustment (Undistributed)		
Total Congressional Adjustment (Undistributed)		
3. Congressional Adjustments (General Provisions)		
Total Congressional Adjustments (General Provisions)		
4. Congressional Earmarks		
Total Congressional Earmarks		
FY 2001 Appropriated Amount (subtotal)		0

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
 FY 2002 Amended Budget Submission  
 Budget Activity 4: Standard Procurement System

**C. Reconciliation of Increases and Decreases: (con't)**

5.	FY 2001 Rescission		
6.	Functional Transfers-In		
	Transfer of funding from the Defense Logistics Agency associated with the establishment of the Defense Contract Management Agency	11,843	
	Total Functional Transfers-In		11,843
	FY 2001 Current Estimate		11,843
2.	Price Change		55
3.	Program Increases		
	a. Adjustment to Paid Days	4	
	b. Increase in product maintenance	367	
	c. Increase in maintenance of the Shared Data Warehouse	167	
	d. Increase in estimated DISA processing costs	156	
	Total Program Increases		694
4.	Program Decreases		
	Reduction in other support costs	-9	
	Total Program Decreases		-9
	FY 2002 Budget Request		12,583

**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Budget Activity 4: Standard Procurement System**

**IV. Performance Criteria and Evaluation Summary:**

The SPS will prepare legacy procurement system users to operationally use SPS and enable retirement decisions to be made for the 14 designated major legacy systems. The SPS funding supports functional enhancement, installation, training, data conversion and interfaces to procurement users at approved sites.

The PMO collects deployment metrics to manage performance and work load data in these major categories: users, sites, and systems. The following table presents the performance parameters identified in the SPS Acquisition Program Baseline. The values represent the percent complete to Full Operational Capability (FOC).

FY	1999	2000	2001	2002	2003
Users	34%	48%	64%	88%	100%
Sites	42%	74%	87%	97%	100%
Systems	14%	29%	43%	64%	100%

With most sites reporting, from October 1999 through December 2000, SPS users have completed 400,000 contract awards/modifications totaling \$45 billion.

DEFENSE CONTRACT MANAGEMENT AGENCY  
 Operation and Maintenance, Defense-Wide  
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 Budget Activity 4: Standard Procurement System

<b>V. <u>Personnel Summary:</u></b>	FY 2000	FY 2001	FY 2002	<u>Change FY 2000/ FY 2001</u>	<u>Change FY 2001/ FY 2002</u>
<u>Active Mil End Strength (Total)</u>	0	0	0	0	0
Officer					
Enlisted					
<u>Civilian End Strength (Total)</u>	5	9	9	4	0
U.S. Direct Hire	5	9	9	4	
<u>Active Mil FTEs (Total)</u>	0	0	0	0	0
Officer					
Enlisted					
<u>Civilian FTEs (Total)</u>	5	9	9	4	0
U.S. Direct Hire	5	9	9	4	

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base



**DEFENSE CONTRACT MANAGEMENT AGENCY**  
**Operation and Maintenance, Defense-Wide**  
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**Budget Activity 4: Standard Procurement System**

**VI. OP 32 Line Items (Dollars in Thousands):**

	<u>Change FY 2000/2001</u>			<u>Change FY 2001/2002</u>			
	FY 2000	Price	Prog	FY 2001	Price	Prog	
	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	<u>Est</u>	<u>Growth</u>	<u>Growth</u>	
101 Executive, General & Special Schedule	596	24	495	1,115	40	4	1,159
103 Wage Board	0	0	0	0	0	0	0
199 Total Civilian Personnel Compensation	596	24	495	1,115	40	4	1,159
308 Travel Of Persons	412	6	7	425	7	0	432
399 Total Travel	412	6	7	425	7	0	432
647 DISA Information Services	736	-46	205	895	-142	156	909
699 Total Purchases	736	-46	205	895	-142	156	909
920 Supplies and Materials (non SF)	110	2	-86	26	0	0	26
922 Equipment Maintenance	163	2	35	200	3	167	370
925 Equipment Purchases & COTS	11,186	168	-5,620	5,734	92	367	6,193
932 Mngt & Professional Svcs	359	5	-60	304	5	0	309
989 Other Contracts	56,566	849	-54,271	3,144	50	-9	3,185
999 Total Other Purchases	68,384	1,026	-60,002	9,408	150	525	10,083
9999 Total	70,128	1,010	-59,295	11,843	55	685	12,583

Footnote: FY00 actuals reflected in this submission are included in the Defense Logistics Agency FY00 base