



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

JUL 02 2014

The Honorable Barbara A. Mikulski  
Chairwoman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Madam Chairwoman:

Pursuant to section 2330a of title 10, U.S.C., enclosed is the Inventory of Contracts for Services for Fiscal Year 2013 for the Military Departments, Defense Agencies, and Department of Defense (DoD) Field Activities.

The Department collected inputs from 32 individual DoD components and employed methodologies to calculate contractor full-time equivalents as described in our March 18, 2014, guidance memorandum. Consistent with congressional direction, this year's data set represents a continued improvement over previous submissions. The Department remains committed to continuous and measurable improvements to the inventory of contracts for services related to the collection of direct labor hours and associated costs and the fielding of the Enterprise-wide Contractor Manpower Reporting Application. Upon submission of this report and consistent with section 2330a, Component heads will be reviewing and conducting an analysis of their contracted services.

An identical letter has been sent to the President of the Senate, Speaker of the House, and the other congressional defense committees.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Kendall", is written over a horizontal line.

Frank Kendall

Enclosure:  
As stated

cc:  
The Honorable Richard C. Shelby  
Vice Chairman



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WASHINGTON, DC 20301-3010

ACQUISITION,  
TECHNOLOGY  
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JUL 02 2014

The Honorable Carl Levin  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

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Frank Kendall

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As stated

cc:  
The Honorable James M. Inhofe  
Ranking Member



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JUL 02 2014

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TECHNOLOGY  
AND LOGISTICS

The Honorable Harold Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

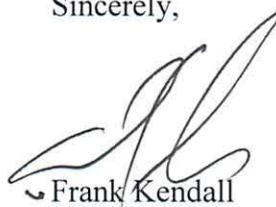
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cc:  
The Honorable Nita M. Lowey  
Ranking Member



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WASHINGTON, DC 20301-3010

ACQUISITION,  
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AND LOGISTICS

JUL 02 2014

The Honorable Howard P. "Buck" McKeon  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,



Frank Kendall

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As stated

cc:  
The Honorable Adam Smith  
Ranking Member



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

JUL 02 2014

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

The Honorable John A. Boehner  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to section 2330a of title 10, U.S.C., enclosed is the Inventory of Contracts for Services for Fiscal Year 2013 for the Military Departments, Defense Agencies, and Department of Defense (DoD) Field Activities.

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AND LOGISTICS

JUL 02 2014

The Honorable Joseph R. Biden, Jr.  
President of the Senate  
United States Senate  
Washington, DC 20510

Dear Mr. President:

Pursuant to section 2330a of title 10, U.S.C., enclosed is the Inventory of Contracts for Services for Fiscal Year 2013 for the Military Departments, Defense Agencies, and Department of Defense (DoD) Field Activities.

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Report to Congress:  
Fiscal Year 2013  
Inventory of Contracts for Services



Office of the Under Secretary of Defense  
for Acquisition, Technology, and Logistics

June 2014

The estimated cost of this report or study for the Department of Defense is approximately \$129,000 for the 2014 Fiscal Year. This includes \$0 in expenses and \$129,000 in DoD labor. Cost estimate generated on June 27, 2014 RefID: 0-80EA700

## Executive Summary

Pursuant to title 10, U.S.C., section 2330a, attached is the required Inventory of Contracts for Services (ICS) report. This inventory is used to assess the service contracts awarded in the preceding fiscal year and to calculate the number of contractor full time equivalents. In addition, the inventory informs budget plans and workforce mix decisions in accordance with title 10, U.S.C., sections 129a, 235, and 2463, respectively.

As of the date of this report, the FY 2013 ICS includes reports from 32 individual Department of Defense (DoD) Components. These DoD Components awarded approximately \$123 billion in Government obligations which supports an estimated 629,114 Contractor Full-Time Equivalents (CFTEs) across the Department.

The following is a summary of the attached FY 2013 ICS report. Note: the ECMRA abbreviation below stands for Enterprise-wide Contractor Manpower Reporting Application.

<b>Reporting Component</b>	<b>Derived and/or ECMRA Reported Total CFTEs</b>	<b>Total Obligated and/or Total Invoiced Amount</b>	<b>Notes</b>
Department of the Army (Army)	199,661	\$35,969,138,995	
Department of the Navy (Navy)	197,093	\$36,480,772,629	
Department of the Air Force (Air Force)	136,168	\$24,614,515,155	
United States Africa Command (AFRICOM)	102	\$10,905,846	
United States Central Command (CENTCOM)			NOTE 1
Defense Advanced Research Projects Agency (DARPA)	534	\$76,291,906	
Defense Contract Audit Agency (DCAA)	50	\$9,486,806	
Defense Contract Management Agency (DCMA)	370	\$60,987,523	
Defense Commissary Agency (DeCA)	6,490	\$479,183,685	
Defense Finance and Accounting Service (DFAS)	384	\$67,571,744	
Defense Human Resource Activity (DHRA)	1,245	\$194,745,701	
Defense Intelligence Agency (DIA)			NOTE 1
Defense Information Systems Agency (DISA)	13,778	\$2,573,370,876	
Defense Logistics Agency (DLA)	12,969	\$1,749,392,943	
Defense Legal Services Agency (DLSA)	221	\$40,436,860	
Defense Media Activity (DMA)			NOTE 3
Defense Micro-Electronics Activity (DMEA)	48	\$10,910,058	

Department of Defense Education Activity (DoDEA)	1,361	\$129,800,000	
Defense Security Cooperation Agency (DSCA)	345	\$59,423,692	
Defense Security Service (DSS)	373	\$73,572,426	
Defense Threat Reduction Agency (DTRA)	4,693	\$967,559,454	
United States European Command (EUCOM)	163	\$33,507,570	
Joint Chiefs of Staff (JCS)	1,461	\$292,422,771	
Missile Defense Agency (MDA)	22,277	\$3,878,514,708	
National Geospatial-Intelligence Agency (NGA)			NOTE 3
United States North Command (NORTHCOM)	389	\$68,607,304	
Office of the Director Administration and Management (ODA&M) (OSD)	5,497	\$969,371,590	NOTE 2
United States Pacific Command (USPACOM)			NOTE 1
United States Special Operations Command (SOCOM)	8,742	\$1,522,644,408	
United States Southern Command (SOUTHCOM)	323	\$185,710,641	
United States Strategic Command (STRATCOM)	1,363	\$221,205,839	
TRICARE Management Activity (TMA)	12,032	\$12,056,638,263	
United States Transportation Command (TRANSCOM)	883	\$166,244,572	
United States Forces Korea (USFK)	100	\$20,461,065	
<b>Total</b>	<b>629,114</b>	<b>\$122,983,395,030</b>	NOTE 3

NOTE 1 – Information only available in a Classified Annex. This data not included in the totals above.

NOTE 2 – Aggregated Component includes Office of the Secretary of Defense (OSD), Washington Headquarters Services, and Pentagon Force Protection Agency contracted services.

NOTE 3 – Input for Defense Media Activity (DMA) and National Geospatial-Intelligence Agency (NGA) not included. The Department will update the Report and Inventory data made available to the public when DMA and NGA complete their actions.

### **Background**

The Department has monitored the size of the contractor workforce since 2001 in various ways. In FY 2008, title 10, U.S.C., section 2330a, was modified by section 807 of the National Defense Authorization Act for Fiscal Year 2008 to require the Department to submit to Congress

a report of the service contracts awarded by the Department in the preceding year and an estimate of the number of CFTEs.

The ICS is used to integrate total workforce planning into the budget process. DoD Components can use the ICS to perform contract reviews to identify services for divestiture or conversion to Government performance per applicable title 10 provisions. These reviews can assist in assessing and, as appropriate, identifying services performed by contractor personnel that are inherently governmental functions, that are closely associated with inherently governmental functions, or which constitute unauthorized personal services. This is consistent with title 10, U.S.C., section 2463.

### **Methodology**

In March 2014, the Department provided each Component guidance for developing its submission of FY 2013 ICS in accordance with the applicable statutes. Inventories were to be submitted electronically by May with a signed transmittal memorandum containing a narrative describing the methodology used for collecting and populating the inventory.

Components submitted their inventory corresponding to a template provided by the Department containing field descriptions and requirements. The Department provided each Component a data set of the Federal Procurement Data System-Next Generation as a base-line used to cross check against data fields compiled by Components for their inventory.

The Department compiled the inventories submitted by the Components to prepare this report to Congress. As outlined in the guidance, following the Department's inventory submission, each Component shall complete a review of its ICS in accordance with title 10, U.S.C., section 2330a, subsection (e). Each Component Head shall submit a letter to the Under Secretary of Defense for Personnel and Readiness, certifying completion of the review, delineating the results in accordance with all applicable title 10 provisions and this guidance.

For the ICS, the function data field is reported as the four-digit Product or Service Code (PSC) description. The PSC is an alphanumeric categorization of the basic type of service provided, as captured in the Federal Procurement Data System. Each PSC corresponds to a unique location; period of performance; and unique contract, task order, delivery order, or interagency acquisition agreement listed individually.

For the purposes of the ICS, the "mission" generally refers to an operational task. Existing fields in DoD databases do not provide for the "mission of the contractor" as required by title 10, U.S.C., section 2330a. In August 2012, the Director, Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, issued a memo regarding the "Taxonomy for the Acquisition of Services." This guidance categorizing PSCs for services contracts into nine "portfolio groups" that include 40 more specific "portfolios" describing the types of services procured. Each Component populated its "mission of the contractor" field with one of the 40 portfolio names in its ICS.

Title 10, U.S.C., section 2330a requires Components collect direct labor hours and associated costs from contractors to calculate CFTEs. A CFTE is defined as a standard measure

of labor that equates to 1 year of full-time work (labor hours as defined by the Office of Management and Budget Circular A-11 each year) to support a mission requirement. Most Components do not currently collect direct labor hours, so the Department provided guidance allowing for several methodologies – singularly or in combination – as a surrogate for this data in their ICS. Each Component was instructed to submit a narrative describing its methodology for collecting, estimating, or calculating CFTE, along with a justification for using that method, with a transmittal memo. The following were the five allowable methodologies used by Components for estimating CFTEs in submitting their ICS:

1. Collect direct labor hour information from contractors, as required by title 10, U.S.C., section 2330a, DoD policies, and applicable regulations.
2. Collect direct labor hours as reported by the Contracting Officer's Representatives or Contracting Officer's Technical Representative for the service during FY 2013.
3. Reference the independent government estimate or contractor technical proposals to extrapolate hours for services provided in FY 2013.
4. Report information collected from contract invoices.
5. Calculate CFTE using a formula and factors provided by the Army.

### **Conclusion**

The Department is committed to improving our process for the collection, analysis, and reporting of contracts for services. We consider the ICS an effective tool used to inform budget plans and workforce mix decisions and that is continuing to enhance the process from previous year submissions.

In addition, the Department recognizes the need and benefit of collecting direct labor and cost data from contractors to account for and report CFTEs with greater accuracy. To that end, in November 2012, the Department issued implementing guidance to improve visibility into and accountability of contracted services. This guidance established requirements to implement the ECMRA and support improved data collection and reporting.

On June 5, 2014, DoD issued a proposed rule in the Federal Register (79FR32522) for Service Contract Reporting (DFARS Case 2012-D051) that would require contractors to report, using an online DoD database (Enterprise-wide Contractor Manpower Reporting Application (ECMRA)), service contract data annually or at the end of contract performance, whichever comes first. Public comments on the rule are due before August 4, 2014.

Attachment:  
As stated (CD-ROM)