



DCMA Manual 4301-02, Volume 1

Budget Formulation and Execution: Budget Formulation

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Purpose: This issuance, in accordance with the authority in DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," implements policy, assigns responsibility, and outlines procedures to formulate DCMA's budget.

TABLE OF CONTENTS

SECTION 1: GENERAL ISSUANCE INFORMATION.....3
 1.1. Applicability.....3
 1.2. Policy.....3
SECTION 2: RESPONSIBILITIES4
 2.1. Director, DCMA.....4
 2.2. Executive Director, Financial and Business Operations/Comptroller4
 2.3. Director, Budget Division4
 2.4. Director, Financial and Business Planning, Programs and Analysis Division.....4
 2.5. Director, Financial and Business International and Federal Business Division Leads5
 2.6. Director, Financial and Business Manpower and Organizational Management Division ...5
 2.7. DCMA Component Heads5
SECTION 3: THE FEDERAL BUDGET PROCESS OVERVIEW6
 3.1. Overview6
 3.2. Budget Formulation.....6
 3.3. Federal Budget Cycle6
 3.4. Federal Agency Budget Guidance.....6
 3.5. Office of Management and Budget Circular No. A-117
 3.6. Federal Budget Formulation Phases7
SECTION 4: DOD BUDGET FORMULATION PROCESS9
 4.1. Overview9
 4.2. Planning, Programming, Budget & Execution Process9
 4.3. Department of Defense Program Budget Review Guidance9
 4.4. Budgeting Regulations by Appropriation.....10
 4.5. The Expense Investment Threshold12
SECTION 5: DCMA BUDGET FORMULATION.....15
 5.1. DCMA Budget Preparation15
 5.2. DCMA Budget Formulation.....16
SECTION 6: ELECTRONIC DATABASES.....18
 6.1. Comptroller Information System.....18
 6.2. Program Resources Collections Process.....18
 6.3. Select & Native Programming.....18
 6.4. Select & Native Programming – Information Technology.....19
 6.5. Exhibit Automation System19
GLOSSARY.....20
 G.1. Acronyms20
REFERENCES.....22

SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to all DCMA employees unless higher-level regulations, policy, guidance, or agreements take precedence.

1.2. POLICY. This issuance provides the policy and responsibilities for budget formulation. The budget formulation process primarily occurs at Headquarters resulting in approved Agency requirements being submitted to the Office of the Secretary of Defense (OSD) and Congress in Budget Justification Books (J-Books.) It is DCMA policy to:

a. Develop and submit annual budgets for all appropriations as directed by DoD Directive (DoDD) 7045.14, “The Planning, Programming, Budgeting, and Execution (PPBE) Process” and be in compliance with the Offices of Management and Budget (OMB) and the Under Secretary of Defense (Comptroller) (OUSD(C)) guidance.

b. Ensure the budgets will support and resource DoD readiness objectives and Agency priorities.

c. Be in compliance with the Chief Financial Officers (CFO) Act, the Government Performance and Results Act (GPRA) and the Anti-Deficiency Act (ADA) to economically, efficiently, and effectively achieve DCMA strategic objectives and performance goals to the maximum benefit of the DoD, within the DoD resource authorization DCMA receives.

d. Reflect Agency leadership’s validated, prioritized, and resourced requirements that have been vetted through the appropriate corporate governance process and appropriately programmed through the Program Budget Review (PBR) process. The DCMA budget formulation process is intended to align these requirements into budget justification documents for congressional review and appropriation processes.

e. Execute this Manual in a safe, efficient, effective and ethical manner.

SECTION 2: RESPONSIBILITIES

2.1. DIRECTOR, DCMA. The DCMA Director or Deputy DCMA Director will articulate the Agency's vision, set program and budget priorities for funding alignment, and approve validation and resourcing requirements for the budget year.

2.2. EXECUTIVE DIRECTOR, FINANCIAL AND BUSINESS OPERATIONS/COMPROLLER (FB). The Executive Director, FB will:

- a. Provide oversight and integration for the development of the annual appropriated budgets.
- b. Advise DCMA leadership and make recommendations on allocation of resources against validated requirements for the budget year.
- c. Represent DCMA leadership in congressional justification meetings.
- d. Chair the Stewardship Board to develop and implement guidance for Agency budgeting.

2.3. DIRECTOR, BUDGET DIVISION (FBB). The Director, FBB will:

- a. Establish Agency policy, guidance, and procedures for budget formulation.
- b. Execute the direction of DCMA leadership to formulate and submit defensible budgets based on validated, resourced requirements.
- c. Maintain and control the list of Agency validated, resourced requirements supporting budgets.
- d. Defend the budget to the OUSD(C) and Congress.
- e. Monitor, assess, and communicate the impact of OSD and congressional adjustments to the budget during the authorization and appropriation process.

2.4. DIRECTOR, FINANCIAL AND BUSINESS PLANNING, PROGRAMS AND ANALYSIS DIVISION (FBP). The Director, FBP will:

- a. Establish Agency policy, guidance and procedures for programming and resourcing Future Years Defense Program (FYDP) requirements.
- b. Develop the Agency's annual FYDP program position and develop, coordinate, and submit program issue papers and supporting documentation.
- c. Maintain and control the list of Agency validated, resourced requirements supporting FYDP.
- d. Transfer budget year data to FBB in preparation for the annual budget process.

2.5. DIRECTOR, FINANCIAL AND BUSINESS INTERNATIONAL AND FEDERAL BUSINESS DIVISION LEADS (FBR): The Director, FBR will:

- a. Develop FYDP reimbursable earnings estimates for inclusion in the Program and Budget submissions.
- b. Facilitate activities and components in developing and resourcing reimbursable requirements.
- c. Build and submit the reimbursable budgets and rate packages to OUSD(C).
- d. Support FBB in the development of the reimbursable budget pieces.

2.6. DIRECTOR, FINANCIAL AND BUSINESS MANPOWER AND ORGANIZATIONAL MANAGEMENT DIVISION (FBO): The Director, FBO will:

- a. Maintain Fourth Estate Manpower Tracking System (FMTS) and DCMA Unit Manning Document (UMD), which is the source of approved authorizations.
- b. Provide FYDP Authorizations for inclusion in the Program and Budget submissions.
- c. Facilitate activities and components in developing and resourcing Manpower requirements.
- d. Adjust manpower documents as required based on affordability.

2.7. DCMA COMPONENT HEADS. DCMA Component Heads will:

- a. Develop and submit requirements and participate in Agency validation and resourcing efforts, culminating in an approved list of resourced budget requirements.
- b. Comply with all laws, regulations, and policies regarding requirements development and budget formulation.
- c. Create and support multifunctional teams to develop requirements for program and budget.

SECTION 3: THE FEDERAL BUDGET PROCESS OVERVIEW

3.1. OVERVIEW. Budgeting is a planned, disciplined approach to funds management and is a cornerstone of financial resource management. It is the process where planned operations and objectives are quantified into financial requirements for assigning cost to execute those plans. The budget establishes funding amounts and standards of performance from which to evaluate results. The DoD budget process is the process by which DCMA requests and obtains resources to execute the mission. The budget process involves budget formulation and budget execution. This Manual covers budget formulation.

3.2. BUDGET FORMULATION. The primary role of budget formulation is to assign resources to mission priorities, identify the intended execution of those priorities, and request appropriations by Congress.

3.3. FEDERAL BUDGET CYCLE. The U.S. Federal Government budget cycle is initiated in the Executive Branch with budget formulation and is called the President's Budget (PB.) By law, the President submits the budget to Congress on the first Monday in February. Congress reviews the President's plan and then adopts a budget resolution, setting forth its own guidelines for spending and revenues that it plans to follow.

- a. Authorization bills set policies and funding limits for agencies/programs.
- b. Appropriation bills provide the legal authority to obligate and spend funds.
- c. Once these bills are passed by Congress, the President must sign them to become law.

d. The appropriations laws and the laws establishing entitlement programs provide the legal authority for the Federal Government and its agencies to obligate and spend funds. Each appropriations law creates legally binding spending ceilings for the Federal programs it covers, and each law setting up an entitlement program, such as Medicare, establishes and mandates the reasons for, and extent of, Government spending.

3.4. FEDERAL AGENCY BUDGET GUIDANCE. The DoD is a Federal Agency and is subject to the same Federal Agency Budget Guidance as other agencies.

a. As part of the Executive Branch, OMB issues annual guidance for the preparation of the PB.

b. OMB uses OMB Circular No. A-11, "Preparation, Submission and Execution of the Budget."

(1) OMB Circular No. A-11 is issued in the spring or summer for the fiscal year (FY) starting a year from the next October.

(2) For Example: OMB Circular No. A-11 for the FY14 Budget was issued on August 12, 2012.

- c. OMB's Budget Guidance applies to all federal agencies, including DoD.

3.5. OMB CIRCULAR A-11. OMB Circular No. A-11 describes three main phases of the Federal Budget Process:

a. Formulation. During this phase, the Executive Branch prepares the PB.

b. Congressional. During this phase, Congress considers the PB, passes an overall revenue and spending plan called the "budget resolution", and enacts appropriations.

c. Execution. This phase lasts at least five fiscal years and includes two parts:

(1) Apportionment.

(2) Reporting and Outlay.

3.6. FEDERAL BUDGET FORMULATION PHASES. An overview of how the PB is developed includes:

a. OMB issues OMB Circular No. A-11 to all Federal Agencies with detailed instructions for submitting budget data and materials each July.

b. Executive Branch agencies (except those not subject to Executive Branch review) make initial budget submissions to OMB in September.

c. OMB and agencies conduct the fall review from October through November. OMB staff analyzes Agency budget proposals based on Presidential priorities, program performance, and budget constraints. They raise issues and present options to the Director and other OMB policy officials for their decisions.

d. OMB briefs the President and senior advisors on proposed budget policies in late November. The OMB Director recommends a complete set of budget proposals to the President after OMB has reviewed all Agency requests and considered overall budget policies.

e. OMB usually informs all Executive Branch agencies at the same time about the decisions on their budget requests (referred to as passback).

f. All agencies, including Legislative and Judicial Branch agencies, enter information into the OMB's MAX Information System (MAX) computer database and submit print materials and additional data from November to early January. This process begins immediately after passback and continues until OMB must "lock" agencies out of the database in order to meet the printing deadline.

g. Executive Branch agencies may appeal to OMB and the President in December. An Agency head may ask OMB to reverse or modify certain decisions. In most cases, OMB and the Agency head resolve such issues and, if not, work together to present them to the President for a decision.

h. Agencies prepare and OMB reviews congressional budget justification materials in January. Agencies prepare the budget justification materials they need to explain their budget requests to the responsible congressional subcommittees.

i. The President transmits the budget to Congress on the first Monday in February.

SECTION 4: DOD BUDGET FORMULATION PROCESS

4.1. OVERVIEW. The DoD's disciplined method for preparing and submitting budgets to Congress and the DoD guidance provided for this process conveys information about assigning the correct appropriation to DCMA requirements.

4.2. THE PLANNING, PROGRAMMING, BUDGET, AND EXECUTION (PPBE) SYSTEM. The PPBE System is DoD's method of assigning resources against requirements across the FYDP, executing those resources, and evaluating performance of programs. It is an evolving cycle without a definitive start or end to the process. The PPBE phases overlap and no one phase or process may move forward without input from the other. Unexpected events occurring in one phase can significantly impact the other phases and processes (e.g., furlough, major programmatic decisions, supplemental budget requests). The major end products of the beginning phases of the process are the Program Objective Memorandum (POM), the Budget Estimate Submission (BES), and the PB.

a. In preparation for the annual POM submission, the Agency receives higher-level guidance via the Integrated Program/Budget Review Guidance coupled with the POM Fiscal Guidance which establishes DCMA's overall funding ceiling for constructing DCMA program breakouts. FBP reviews and coordinates guidance for forecasting and developing of the Agency's FYDP years with the support of FBB. FBP, in preparation for the internal Planning and Programming (P&P) data call, uses relevant data from the current year (CY) of execution and prior year (PY) PB for the basis of forecasting the baseline labor resources (funding and Full-Time Equivalent (FTEs)) and non-labor funding allocations through the FYDP cycle.

b. The CY, budget year (BY), and BY+1 of the FYDP are organized into the Congressional appropriation structure format and submitted with justification narratives to OUSD(C) and OMB as the annual BES in September. Since the year of execution is not complete, the CY is an estimate of execution. The BY reflects the request from the previous PB. The BY +1 is the current request undergoing OSD review and reflects the proposed distribution of resources against programs and appropriations.

c. The final phase of the FYDP budget cycle is the PB. The PB is submitted by DoD to OMB in January and reflects OSD and OMB formal adjustments, known as decisions, to the BES. The PB is the formal request for appropriations to Congress. The PB now includes PY, the appropriated position of the CY, if an appropriation was enacted, or the previous PB Request, and the BY request.

4.3. DOD PROGRAM BUDGET REVIEW GUIDANCE. The DoD PBR Guidance provides additional guidance to DoD Components for submission of data covering the FYDP and justification material for the budget.

a. This guidance provides procedures to conduct the PBR. It is co-signed by the Director, Cost Assessment and Program Evaluation (CAPE), the OUSD(C) and is usually issued in the late spring/early summer.

b. DoD PBR Submission Guidance contents include assumptions and instructions for developing and submitting program and budget data for all unclassified DoD appropriations and revolving funds.

c. DoD policy is to reflect the most likely or expected full costs (including military and civilian personnel pay) for CY, the biennial budget years and the outyear estimates for all appropriations.

d. Estimated price level changes will be based on indices provided by OUSD(C). These indices, updated as economic conditions warrant, will be used to:

(1) Determine the amount of price escalation for a procurement line item, major Research Development Testing & Evaluation (RDT&E) system or construction item over a given time period.

(2) Project inflation in other non-compensation areas of all other appropriations.

4.4. BUDGETING REGULATIONS BY APPROPRIATION. Requirements must be funded by the appropriation for the intended purpose of that requirement to ensure funds are appropriated correctly, ultimately preventing violation in accordance with Section 1301 of Title 31, United States Code (U.S.C), otherwise known as “the Purpose Statute.” Budgets are submitted for each appropriation to enable Congress to see the amounts and justifications for each appropriation separately. Examples of common appropriations and budgetary authority in use at DCMA include:

a. The DoD 7000.14-R, “DoD Financial Management Regulation (FMR),” Volume 2, “Budget Formulation and Presentation,” provides general guidance on the formulation and submission of each appropriation budget request to the OSD and to Congress.

(1) Volume 2 of the DoD 7000.14-R is divided into two books because of the volume size.

(2) Volumes 2A and 2B are both necessary for the formulation and preparation of the budget and are separated into chapters based on appropriation and special topics.

b. Operations & Maintenance (O&M).

(1) O&M makes up the the greatest percentage of DCMA’s budget and is appropriately used for items considered “expenses.” Most DCMA Activities will only execute this type of funding throughout the year, so it's considered a general operating budget.

(2) O&M is a one-year appropriation, meaning these funds are only available to be obligated for expenses incurred during the fiscal year for which they were appropriated. Labor is the largest DCMA O&M expense and consists of basic salaries, awards, overtime, leave, Thrift Savings Plan, and other benefits and pay differentials.

(3) Other O&M costs financed by O&M funds are travel, fuel, training, education, facility maintenance and leases, and sustainment of existing activities. There are also a few special cases where O&M can be used for investment-like purposes.

c. Procurement.

(1) Procurement, Defense Wide (PDW) is a three-year appropriation, meaning these funds can be obligated for items during the fiscal year from which they were appropriated, plus the two following years. Since DCMA receives Procurement funding annually, it is possible to use multiple Procurement appropriations for one investment project as long as the appropriation remains in an open obligation status.

(2) PDW is an investment appropriation DCMA primarily uses to finance purchases of Information Technology (IT) systems, equipment, hardware, and software requirements.

d. RDT&E.

(1) RDT&E is a two-year appropriation, in which funds can be obligated for requirements during the fiscal year from which they were appropriated, plus the following year. Since DCMA receives RDT&E funding annually, it is possible to use multiple RDT&E appropriations for one investment project as long as the appropriation remains in an open obligation status.

(2) RDT&E is a DCMA investment appropriation primarily allocated to the IT Directorate. RDT&E funds provide for the development, testing and evaluation of new or redesigned IT systems and software needed to support DCMA activities.

f. Defense Acquisition Workforce Development Fund (DAWDF).

(1) The DAWDF was established in accordance with (IAW) Section 1705 of Title 10, U.S.C. In the FY16 National Defense Authorization Act (NDAA), the DAWDF became a permanent fund, further enabling critical support for the acquisition workforce developmental initiatives.

(2) The DAWDF is for the recruitment, training, and retention of acquisition personnel. The purpose of the fund is to ensure that the acquisition workforce has the ability and skills needed to execute the mission and provide appropriate oversight of contractor performance. DAWDF is multi-year funding depending on type of appropriation.

g. Reimbursable Authority.

(1) Reimbursable funding authority is legal authority and requirements for one U.S. Government entity to perform work for another. The requesting activity uses its funds to pay DCMA to perform a service; DCMA is the servicing activity. Reimbursable authority is additive to DCMA's O&M appropriated funding authority. The combined reimbursable and direct

authority is called “Total Obligation Authority (TOA).” This Manual does not cover the execution of reimbursable transactions where DCMA is the receiving activity; these are covered in DCMA Manual (DCMA-MAN) 4301-02, Volume 2, “Budget Execution.”

(2) DCMA receives authority through an annual budget request developed and based on anticipated reimbursable orders. OMB apportions reimbursable authority to OSD, who allocates it to DCMA on the O&M funding authorization document (FAD).

4.5. THE EXPENSE INVESTMENT THRESHOLD. The expense investment threshold is one of the most important concepts in determining appropriation usage. IAW DoD 7000.14-R Volume 2A, Chapter 1, Section 010201 B.2., the Criteria for Determining Expense and Investment provides overarching guidance about when an item has exceeded the threshold and an investment appropriation needs to be used. During the requirement review and validation process, the Agency uses the investment expense determination criteria to align the correct funding type (appropriation) to validated requirements.

a. The criteria for cost definitions consider the intrinsic or innate qualities of the item such as durability, expected life-span of asset, and use of item in the case of an investment cost and consumability in the case of an operating cost. In all cases where the definitions appear to conflict, the conditional circumstances will prevail and erring on the side of investment is preferred. All costs are classified as either an expense or an investment.

b. Expenses are the costs incurred to operate and maintain the organization, such as personnel, services, supplies, and utilities.

c. Investments are the costs that result in the acquisition of, or an addition to, end items. These costs benefit future periods and generally are of a long-term character such as real property and personal property. When costs generally considered as expenses are included in the production or construction of an investment item, they shall be classified as investment costs.

d. Policy for Expense and Investment Costs.

(1) DoD policy requires cost definition criteria that can be used in determining the content of the programs and activities that comprise the defense budget. The primary reasons for these distinctions are to allow for more informed resource allocation decisions and to establish criteria for determining which costs are appropriate to the various defense appropriations.

(2) The cost definition criteria contained in this policy are only applicable to the determination of the appropriation to be used for budgeting and execution. Cost definitions for accounting purposes are contained in Volume 1 of the DoD 7000.14-R.

(3) Expenses may be budgeted in the O&M and Military Personnel appropriations. Investment items (items where we have a useful life or exceed the thresholds) may be budgeted in the Procurement and Military Construction appropriations. Costs for development and testing of new capabilities, systems, or significant technology refresh may be in the RDT&E appropriations.

(4) Items procured from the Defense Working Capital Fund (DWCF) will be treated as expenses in all cases except when intended for use in weapon system outfitting, government furnished material on new procurement contracts, or for installation as part of a weapon system modification, major reactivation, or major service life extension. Definitions for costs within the DWCF are provided in the DoD 7000.14-R Volume 2B, Chapter 9.

(5) Equipment such as assemblies, spares and repair parts, that cost less than \$250,000 for expense and investment determination, will not be designated for centralized item management and asset control. This criterion is applied on the basis of the unit cost of a complete system rather than on individual items of equipment or components that, when aggregated, become a system. The concept of a system must be considered in evaluating the procurement of an individual end item. A system is comprised of a number of components that are part of and function within the context of a whole to satisfy a documented requirement. In this case, system unit cost applies to the aggregate cost of all components being acquired as a new system.

(6) Planning and design costs for facilities sustainment, O&M-funded restoration and modernization projects are excluded from the cost determination for purposes of determining compliance with the amounts established IAW Section 2805 of Title 10 U.S.C, for minor construction projects; however, design costs are not excluded from capitalization. Construction (including the cost of land and rights therein (other than leasehold)) includes real property equipment installed and made an integral part of such facilities, related site preparation, and other land improvements.

(7) The costs of modification kits, assemblies, equipment, and material for modernization programs, ship conversions, major reactivations, major remanufacture programs, major service life extension programs, and the labor associated with incorporating these efforts into or as part of the end item are considered investments. All items included in the modification kit are considered investment even though some of the individual items may otherwise be considered as an expense. Components that were not part of the modification content at the outset and which are subsequently needed for repair are expenses. The cost of labor for the installation of modification kits and assemblies is an investment.

(8) Continuous technology refreshment is the intentional, incremental insertion of newer technology to improve reliability, improve maintainability, reduce cost, and/or add minor performance enhancement, typically in conjunction with depot or field level maintenance. The insertion of such technology into end items as part of maintenance is funded by O&M appropriations. However, technology refreshment that significantly changes the performance envelope of the end item is considered a modification and, therefore, an investment. This definition applies equally to technology insertion by commercial firms as part of contractor logistics support, prime vendor, and similar arrangements and to technology insertion that is performed internally by the department.

(9) The cost of civilian personnel compensation and other direct costs (e.g., travel, office equipment leasing, maintenance, printing and reproduction) incurred in support of procurement

and/or production programs by departmental headquarters staff, contracting offices, contract audit offices, system project offices, and acquisition managers are expenses. Procurement and/or production direct support costs such as production testing, quality assurance, production engineering, and equipment assembly, whether performed under contract or by in-house personnel funded on a reimbursable basis are investments.

SECTION 5: DCMA BUDGET FORMULATION

5.1. DCMA BUDGET PREPARATION. DCMA-FBB prepares and formulates the BES and the PB annually. The BES is a draft PB and is submitted for OSD and OMB review in September of each year. OMB and OSD provide changes as positive or negative adjustments through formal published decisions, such as Resource Management Decisions (RMDs) or Program Budget Decisions (PBDs). The final PB is submitted through OSD and OMB to Congress on the first Monday of February, barring any schedule adjustments.

- a. The DCMA budget must comply with the fiscal control top lines provided by OSD Acquisition and Sustainment (A&S).
- b. DCMA must follow the Integrated Program and Budget Submission Guidance in both substance and form. Guidance includes budget material due dates and instructions for preparing estimates for the PY, CY, BY, and the outyears.
- c. The FBB Budget Formulation Division guides, coordinates, prepares, and submits the BES and the PB on behalf of DCMA leadership. The budget formulation process is a continuous effort to align proper appropriated resources to Agency requirements to maximize strategic and mission goals.
- d. The DCMA Strategic workforce plan consists of multiple requirement inputs from Agency Workload and Resources Room, FBO Resource Workload Models, manpower workload assessments, staffing studies, employee data for DAWDF (and O&M Keystone (O&M-K) with activity locations and turnover ratios) from Human Capital (HC), and data from FBR that provides activity locations of reimbursable employees.

(1) The strategic workforce plan data is the input that begins the process for the development of the DCMA Program Control Document (PCD) that establishes funding and manpower authorizations.

(a) FBO will collaborate with FBB to provide current FMTS extract of FYDP requirements and authorizations to FBP for coordination with Component Heads. FMTS extract will be categorized and aggregated by Component Head and billet type (O&M, DAWDF-Sustainment, O&M-K, and Management Headquarters Activity) for the "as is" baseline. Component Heads will recommend adjustments to both FTE and Authorizations, by category, for their respective organization.

(b) FBP receives the Fiscal guidance from OSD, CAPE, A&S and retrieves current funding and manpower controls from the OSD Comptroller Information System (CIS) Database and Standard Data Collection System (SDCS). This information is the basis for the affordability of DCMA's strategic workforce plan and prioritized non-labor requirements.

(c) FBP/FBB/FBO/HC review recommended Component Head adjustments for resource impacts and feasibility. FBP prepares a draft decision package for FB Executive Director and/or Agency Director review. Resource impacts are based on validated requirements that fall below the alignment of funding over the FYDP. Feasibility recommendation are based on the affordability from current fiscal guidance, trade space available from Component Head submissions, emerging requirements, and historical data on the Component's ability to execute labor dollars.

(d) FBP uses the validated requirements short fall list to align to programs and produce program change requests (PCR) as part of the POM and DCMA programming phase. Any internal realignment will be coordinated with FBB, FBP, and FBO and approved by any effected Capability board and the DCMA Requirements Oversight Council (DROC).

(e) FBB uses the recommended authorizations from FBO, the HC Director, and FBR to align FTEs to authorizations, taking into consideration the Agency's hiring plan, attrition rate, and hire lag. These recommended authorizations and FTEs will be used for the execution of labor. The approved FTE's will be used to calculate labor costs, which will be used as the basis for manpower funding in the BES and PB.

(2) FBO reviews the UMD and coordinates with FBB, HC, and FBP to make proposed updates to draft a consolidated UMD. This draft identifies impacts that may require executive decisions. FBP coordinates the review of the draft UMD and any resource impacts and prepares a draft decision package for FB Executive Director and/or Agency Director review. Resource impacts are based on validated requirements that fall below the alignment of funding over the FYDP.

e. The DCMA PCD is a tool or the framework which DCMA uses to develop its future resourcing strategies and prepare its budget submission to both OSD and Congress. The PCD covers the PY and BY along with data covering the FYDP outyears also known as the POM years. The PCD is applicable to all of DCMA, Regions, Commands, Directorates, and Headquarters/Centers Executive Directorates.

(1) The PCD is developed and maintained starting in the September timeframe by Corporate Operations (DC) and FBP, in conjunction with the FB Division Directorates. FBP in coordination with FBO applies the projected funding and manpower authorizations to a separate expense forecasting resource workload model to determine FTE and additional costs necessary for DCMA to meet operational requirements. The results of this modeling exercise are incorporated in the component/activity requirement plan.

(2) The PCD includes guidance for budget formulation, labor and non-labor budget ceilings, reimbursable projections, pay raises, non-labor inflation factors, Object Class Requirements Plans, and FTE performance goal targets for the next POM and budget cycle. It is the tool used to input the data. It explains/contains the supporting factors that were used to develop the budget.

5.2. DCMA BUDGET FORMULATION. The process for building J-Books begins with a handoff of validated, approved and prioritized requirements. It is extremely important that FBB work closely with the Strategic Planning and Analysis Branch (DCA) and FBP staff during the PBR cycle in establishing and identifying program and budget requirements. These requirements are the basis for building multiple exhibits that make up the J-Book submission.

a. FBB collects and consolidates the results to begin the build of the Operation and Maintenance Detail by Subactivity Group (OP-5) based on guidance in DoD 7000.14-R, Volume 2A. The OP-5 exhibit is the most comprehensive of all exhibits, it includes DCMA's entire O&M budget broken out by object class with narratives that support the funding allocation and how they align to Agency goals and mission accomplishment. The OP-5 provides essential justification of the budget estimates that are submitted to OSD and the President.

b. The OP-5 consists of three fiscal years: PY, CY and BY. Factors required in the build of the OP-5 exhibit in addition to validated requirements include inflation rates, Compensable Days, congressional marks if any, and justification for increases and decreases. The Reconciliation of Increases and Decreases portions of Section III of the OP-5 shows all changes from fiscal year to fiscal year, and for the CY, and tracks the estimate requested in the previous PB. Performance criteria and justification must be provided for all changes and may support the dollar amounts being requested. Completing the OP-5 exhibit provides the data necessary for the completion of many of the required exhibits identified in the DoD 7000.14-R, Volume 2A, Chapter 3.

c. J-Books for O&M appropriations for DCMA will be organized into three volumes and two additional supplemental submittals that will not be included in any of the J-Books submitted to Congress. Per the DoD 7000.14-R, Volume 2A, Chapter 3, exhibits will be ordered in a specific sequence.

d. J-Books for Procurement appropriations for DCMA will be organized and submitted in a separate binder. DCMA's PDW appropriation can be used for Investments necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts. DCMA primarily uses this appropriation to fund the procurement of Passenger Carrier vehicles used overseas in areas where Government Services Administration leased vehicles are not available, and IT equipment, software, and hardware. It is important to keep the investment expense threshold listed in the current NDAA in mind when making the determination to use O&M for expenses and PDW for Investments. If any questions exist on whether to use O&M over PDW, please work with a Certified Defense Financial Managers and Office of General Counsel to make the determination. If there is still doubt after seeking internal legal counsel, one has the right as a Certifying Officer and Warranted Contracting Officer to request a decision from the Comptroller General pursuant to Section 3529 of Title 31, U.S.C.

e. J-Books for RDT&E appropriations for DCMA will be organized and submitted in a separate binder. DCMA uses RDT&E for "expenses necessary for basic and applied scientific RDT&E, including maintenance, rehabilitation, lease, and operation of facilities and equipment." DCMA's RDT&E is used primarily for the development, test and evaluation of new IT system requirements. The key in determining if RDT&E funding may be used for the requirement is whether any new capability is being developed, tested, or evaluated. (Automated submissions that are required are marked with *).

f. Several publications on the reference page dictate how DCMA will prepare and submit the PB.

SECTION 6: ELECTRONIC DATABASES

6.1. COMPTROLLER INFORMATION SYSTEM (CIS). CIS is the official OSD record of the budget estimates as submitted by DCMA. Data contained in the CIS is the base for data required for the OMB MAX Budget System, as required by OMB Circular No. A-11. FBB is responsible for input and oversight of the data in CIS.

a. CIS data is electronically transmitted to OMB for preparation of the PB. In addition, CIS is used to prepare a comprehensive set of management information summaries to support the budget press release, statements to Congress and other information requirements. Financial data, military end strength, and civilian FTE data are provided.

b. PBR Submissions are entered in the system through electronic submissions from the DoD Components or through on-line interaction with the system. During the joint OMB/OSD PBR, program and budget decision documents are recorded into CIS and the current status of the program and budget review is readily available soon after the data are processed.

c. The CIS produces Out-year Impact Status Reports on a recurring basis throughout the program and budget review. These reports, which are available to the applicable DoD Components, show TOA and manpower data by appropriation, special program code and personnel category for the budget submission base and all adjustments to the base resulting from decisions made during the budget review. The final reports at the conclusion of the budget review reflect the out-year numbers (TOA and manpower) which are the control numbers for the PB update of the FYDP.

6.2. PROGRAM RESOURCES COLLECTIONS PROCESS (PRCP). PRCP is a DoD web-based application designed to prepare and manage direct program budget details pertaining to the PDW, RDT&E, Construction, O&M, Military Personnel Programs, Summary of Price and Program Growth (OP-32), Total Civilian Personnel Costs (OP-8), and Major Department of Defense Headquarters Activities (PB-22) Exhibits. FBB in coordination with FBP is responsible for input and oversight of the data in the PRCP system.

a. The system also documents funding on such projects as the overseas contingency operations. Once the final budget numbers are reached, PRCP is populated with the final budget information.

b. Components are required to submit adjustments by Issue Number at the budget line item and program element level of detail in the PRCP update process.

c. Components are required to ensure all budget justification materials reconcile to the PRCP data system, which will agree with the locked CIS database. This also includes data entered for object classes. This requirement is a key element of the Department's strategy to satisfy the service contract funding requirement of the NDAA (Sections 802, 803 and 808) and remain compliant with Executive Order 13589.

6.3. SELECT & NATIVE PROGRAMMING (SNaP). SNaP is a mature, web-based application used to collect non-standard program and budget data requirements. It is managed by OSD and the CAPE. FBP is responsible for input and oversight of data in the SNaP system.

6.4. SELECT & NATIVE PROGRAMMING – INFORMATION TECHNOLOGY (SNaP-IT). SNaP-IT is the electronic system used by Office of Assistant Secretary of Defense (OASD) Networks and Information Integration/DoD Chief Information Officer (CIO) to collect information and generate reports mandated by OMB and Congress for IT. FBB in coordination with IT and FBP is responsible for input and oversight of data in the SNaP-IT system.

a. SNaP-IT is a database application to plan, coordinate, edit, publish, and disseminate IT budget J-Books required by the OMB and Congress.

b. SNaP-IT generates all forms, summaries, and pages used to complete the publishing of the IT Congressional Justification materials (the IT-1, overviews, Selected Capital Investment Reports and OMB submissions), such as the Exhibit 53 and the Exhibit 300s. SNaP-IT provides users the ability to gain access to critical information needed to monitor and analyze the IT budget submitted by the Services and Agencies.

6.5. EXHIBIT AUTOMATION SYSTEM (EAS). EAS is a web-based budget justification and exhibit generation tool utilized by OUSD(C). FBB is responsible for the input and oversight of data in the EAS.

a. EAS is designed to support the production of the O&M J-Books for both the PBR and the PB cycles.

b. EAS automates the O&M J-Books process.

c. EAS was developed as a web-based system to help reduce the time budget analysts spend manually formatting their budget exhibits, which provides budget analysts more time to justify the budget data.

d. EAS reduces the amount of effort that goes into producing exhibits for the J-Books, improves exhibit standardization and appearance, and increases the accuracy of connecting/balancing Budget Justification material to overall TOA and object class detail in CIS and PRCP.

GLOSSARY

G.1. ACRONYMS.

A&S	Acquisition and Sustainment
BES	Budget Estimate Submission
BY	Budget Year
CAPE	Cost Assessment and Program Evaluation
CIS	Comptroller Information System
CY	Current Year
DAWDF	Defense Acquisition Workforce Fund
DWCF	Defense Working Capital Fund
EAS	Exhibit Automation System
FB	Financial and Business Operations
FBB	Financial Business Budget Division
FBO	Financial Business Manpower Division
FBP	Financial and Business Planning, Program and Analysis Division
FBR	Financial Business International and Federal Business Division
FMTS	Fourth Estate Manpower Tracking System
FTE	Full-Time Equivalents
FY	fiscal year
FYDP	Future Years Defense Program
HC	Human Capital
IAW	In Accordance With
IT	Information Technology
J-BOOK	Justification Book
MAX	OMB Budget System
NDA	National Defense Authorization Act
O&M	Operations and Maintenance
O&M-K	Operations and Maintenance – Keystone Program
OMB	Office of Management and Budget
OP-5	Operation and Maintenance Detail by Subactivity Group
OSD	Office of the Secretary of Defense
OUSDC	Office of Undersecretary of Defense Comptroller

PB	President's Budget
PBR	Program and Budget Review
PCD	Program Control Document
PDW	Procurement, Defense Wide
POM	Program Objective Memorandum
PPBE	Planning, Programming, Budgeting and Execution
PRCP	Program Resources Collections Process
PY	Prior Year
RDT&E	Research, Development, Test and Evaluation
SNaP	Selective & Native Programming
SNaP-IT	Selective & Native Programming – Information Technology
TOA	Total Obligation Authority
UMD	Unit Manning Document
U.S.C.	United States Code

REFERENCES

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- DoD Directive 7045.14 “The Planning, Programming, Budgeting, and Execution (PPBE)
Process”, January 25 2013
- DoD 7000.14-R, Financial Management Regulation (FMR), Volume 2A “Budget Formulation
and Presentation”, January 2011
- DoD 7000.14-R, Financial Management Regulation (FMR), Volume 2B “Budget Formulation
and Presentation”, December 2014
- Executive Order 13589, “Promoting Efficient Spending”, November 9, 2011
- National Defense Authorization Act- 803, “Performance of Incurred Cost Audits”, 2014
- Office of Management and Budget (OMB) Circular No. A-11, “Preparation, Submission and
Execution of the Budget”, July 29 2018
- Public Law 101-576, “Chief Financial Officers Act of 1990”, November 15, 1990
- Public Law 103-62, “Government Performance and Results Act of 1993”, August 3, 1993
- United States Code, Title 10
- United States Code, Title 31