



(Background Photo) Stack of dollar bills
(Photo courtesy of istockphoto.com)



“Show me the Money!”

Agency Plans Ways to Maintain key Programs During an Austere Year

By Dick Cole, Chief, DCMA Public Affairs

An additional appropriation of \$17 million from the Department of Defense may make fiscal year 2008 a bit less painful for the Defense Contract Management Agency, but it is still going to be an “austere” year according to Jim Russell, executive director of the agency’s financial and budget directorate.

“It’s definitely going to be a really tough year for us, no doubt about it,” said Russell. “Even with some additional relief from Congress, fiscal year ’08 will be a challenge.”

Russell has been talking with commanders for several months about the challenges and working with them through the agency program objective memorandum process to formulate a solid budget strategy. “We have an executable strategy in place, but it calls for some pretty serious reductions in

labor dollars and in training and travel,” he said.

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The Training Budget

According to Russell, the availability of funds for training is the portion of the budget that concerns most DCMA employees. “We’re taking a much bigger reduction in our training budget than we’d like to, and the senior leadership team’s top priority is

to figure out a way to channel any additional funds that become available toward fully funding training,” he explained. “No doubt that will be a top consideration for any additional funds Congress may authorize for us.”

The agency can manage through the travel and supply funding issues, but training is the shortfall that causes the SLT the greatest concerns. “Our strategy is that we want to fund as much training early in the year as we can, and then any money that we can free up during the year, or get additionally during the year, we want to put toward training, first,” said Russell. “There are two ways that we think we may be able to add to that, so, our execution strategy is to ‘front-load’ as much training as possible early in the fiscal year.”

What are the two reasons that Russell’s team and the SLT believe they will have sufficient funds

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for training in '08? First, “There is a proposal today to add \$17 million to our budget for next year,” explained Russell. “Congress has expressed a willingness to help with a potential ‘plus-up’ to [the Defense Contract Audit Agency], DCMA and the DoD [inspector general]. I suspect it’s because they believe they may have cut these important surveillance organizations too much in a time of increasing workload,” he said. “A big chunk of what we would do with that money, if it doesn’t come with a lot of very specific restrictions in how we can spend it, would be to put it toward training first and toward additional staffing at organizations that we’ve identified where we think our customers may be at the greatest risk. But, we don’t have those dollars yet, so it’s a little early to start spending them.”

The other way that funds may become available for training is by a proposal sponsored by Defense Acquisition University to help underwrite the costs of training

the workforce of the future. “We are working very closely with Frank Anderson at the Defense Acquisition University on a combined acquisition workforce proposal,” Russell said, and explained that DAU is studying how DoD is grooming its future workforce.

They are preparing a proposal to go to Congress for “supplemental money to help do things that we normally do through our workforce development and training budget,” Russell said. “This includes such things as hiring keystone interns and training them, funding our Tomorrow’s Leaders initiative, and similar programs that help us prepare for the wave of retirements we will be facing in the coming years. What we want to do is get additional funding to cover those kinds of investments in our future so we can redirect current

mission dollars and put those back toward people and travel today.”

The SLT has also been looking at how human resources — the central managers of all training funds for the agency — is allocating training funds. The training funds managed by HR also include dollars to conduct conferences. “There are some innovative ways that we can find savings. We have some discretion, and we feel like we have some flexibility,” Russell said confidently.

“The major targets this year will be conferences and the more discretionary kinds of training,” Russell said. He explained that tuition assistance is one program that the SLT really wants to keep the funding in place for. “That’s one of those programs that seems to be a litmus test for our workforce on how much the



Financial Management and Budget Executive Director Jim Russell says fiscal year 2008 will be a “tough year.” (Photo by Julia Wyant, DCMA Public Affairs)

Fiscal Facts

Fiscal year 2008’s “austere” budget will result in several reductions for the agency:

- 47 percent reduction in training funds
- 19 percent reduction in travel funds
- 19 – 20 percent reduction in funds for supplies
- Labor dollar reduction that will cause a corresponding five percent “headcount” reduction

agency supports training — even for the people who don’t take advantage of it.” Russell was quick to add that DCMA will continue to provide tuition assistance, “but we may be forced to look for ways to reduce the total cost of tuition assistance as a program.”

The Employee’s Perspective

So, how should we as employees look at the ’08 budget shortfall?

“I want people to take it seriously and avoid expenses that are not directly contributing to our ability to serve our customers. We really have to cut or postpone the ‘nice to haves’ and focus on the ‘need to haves.’ But, I also think we have a remarkable record of being prudent budget execution managers and knocking things off our unfunded lists,” replied Russell.

Other Programs

What about the implementation of the national security personnel system — NSPS — or the move to

Fort Lee, Va. Will they be affected by the reduced ’08 budget? Will the funding shortage in ’08 affect either of these important programs?

“NSPS is supposed to be budget neutral to us. We’re not going to get any additional funds,” stated Russell. “Our concern, as we have watched other activities implement pay-for-performance systems, is that it hasn’t been. In fact, it has put upward pressure on their budget as the average cost of their workforce has increased faster than inflation. Since our top line is not increasing and we’re going to have to stay within that, if salary costs grow too quickly, the only way to manage that shortfall is to have fewer people.”

The funding for the move to Fort Lee comes from a completely different appropriation — base realignment and closure appropriations — that is specifically earmarked for that purpose and is managed separately. Therefore, the budget shortfall should not have any impact on the agency headquarters’ impending move.

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Facing the Future

Russell summed it all up: “The potential reduction in training is a big deal ... a really big deal. We’ll use more computer-based training, which should allow us to be more cost effective. We have made some serious reductions in our budget plan for ’08, but our execution strategy is solid, and we’re committed to meeting our commitments to our customers. We’ve faced some tough budget years in the past, but I know our agency leadership is up to the challenge, and our workforce consistently finds innovative ideas that help us become more cost effective.”