



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
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111 ARMY PENTAGON
WASHINGTON, DC 20310-0111

SAMR-FM

17 APR 2013

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance for Services Contract Spending Reductions

1. References:

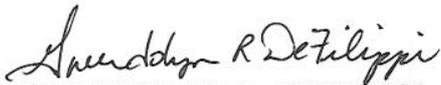
- a. Fiscal Year (FY) 2012 National Defense Authorization Act (NDAA) Section 808, Public Law 112-81.
- b. Memorandum, Deputy Secretary of Defense, 3 June 2012, subject: Guidance for Limitation on Aggregate Annual Amount Available for Contracted Services.
- c. Memorandum, Deputy Secretary of Defense, 10 January 2013, subject: Handling Budgetary Uncertainty in Fiscal Year 2013.
- d. Memorandum, Under Secretary of Defense (Acquisition, Technology and Logistics) and Under Secretary of Defense (Personnel and Readiness), 4 February 2012, subject: Guidance for the Submission and Review of the Fiscal Year 2012 Inventory of Contracts for Services.
- e. Memorandum, Chief of Staff of the Army and Secretary of the Army, 16 January 2013, subject: Risk Mitigation in the Face of Fiscal Uncertainty.
- f. Memorandum, Deputy Assistant Secretary of the Army (Force Management, Manpower and Resources), 10 August 2012, subject: Contractor Inventory Review and Certification Requirement.
- g. Memorandum, Assistant Secretary of the Army Financial Management and Comptroller, 16 January 2013, subject: Fiscal Planning Guidance for Budgetary Uncertainty.

2. References 1a and 1b establish two constraints on contract services spending in Fiscal Year 2013 (FY13). The first constraint limits total obligations for contract services in FY13 to the amounts specified in DOD guidance at ref 1b. The second constraint reduces by 10% the amount spent in FY13 for contract services providing closely associated with inherently government functions. Enclosure 1 contains the required 10% reduction of contract services closely associated with inherently governmental functions for each Command.

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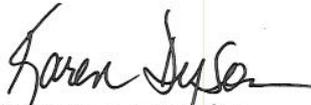
3. To ensure obligations for contract services in FY13 do not exceed the DOD limit, the Army Budget Office (ABO) provided guidance in the FY13 OMA appropriation funding letter to each Command to limit execution of FY13 contract service dollars to 10% below their FY12 levels. In addition, ABO developed contract service execution targets for the Procurement appropriation accounts (Enclosure 2). Those targets were based on FY12 execution and are not to be exceeded in FY13.
4. Commands should review their contracts for services and adjust their projections for contract services spending in the Panel for Documentation of Contractors tool to reflect contract service reductions planned for FY13. Commands should discuss their FY13 contract service reduction plans on a monthly basis in conjunction with discussion of the total force in the workforce shaping VTCs hosted by ASA(M&RA) and ASA(FM&C).
5. Points of contact for this action are Mr. Dennis Schmidt, ODASA(P), (703) 617-0370; Ms. Dru Wyckoff, ABO, (703) 614-5009; and Mr. Paul Rupprecht, ODASA(FMMR), (703) 693-2123.



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SUBJECT: Service Contract Spending Reduction

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