



# Defense Pricing and Contracting YEAR IN REVIEW REPORT 2023

## DoD Pricing and Contracting Professionals,

In 2023, you collectively demonstrated thoughtful resolve and a keen ability to adapt and address emerging challenges on the Department's purchasing power. Your creativity and responsiveness to mission needs resulted in delivery of affordable defense capabilities to support our Nation's warfighters as well as our international allies and partners.

In looking ahead to the significant contributions we expect will make in 2024 as the DoD Contracting and Pricing workforce, I encourage you to reflect on the successes we enjoyed in 2023, as captured in this Year in Review. We'll look back on 2023 as the year we recognized reciprocity between DoD and civilian agency Contracting certifications. We anticipate reciprocity between the two certifications will foster talent mobility for the civilian and defense contracting workforce and provide maximum flexibility in hiring qualified contracting professionals. Most of the critical 2023 initiatives chronicled herein continue on in with our full attention into 2024. This includes our following through on the recommendations we carefully developed and published in the DoD Contract Finance Study—toward improving timely contract payments to small businesses and other suppliers amongst the other tenets of our Study. We will continue to honor our duty to provide the workforce with enterprise contract writing and other modernized e-business capabilities that enable your day-to-day activities. We will continue to engage stakeholder experts in the deliberate issuance of FAR and DFARS rules to carefully implement requirements for supply chain risk management, small business utilization, and other policy objectives. We will continue to collaborate with requiring and acquiring leaders to improve the Department's acquisition of vital services, and we will continue to champion the principles of category management.

Our vision to lead acquisition excellence through our values-- partnership, integrity, empowerment, and transparency, continues to drive initiatives Defense Pricing and Contracting (DPC) undertakes on your behalf.



**John M. Tenaglia**

Principal Director, Defense Pricing and Contracting  
Office of the Under Secretary of Defense  
(Acquisition and Sustainment)



**Partnership**



**Integrity**



**Empowerment**



**Transparency**



# DPC MISSION

Enable DoD Components, through the Contracting functional community, to **effectively and affordably deliver** goods and services that meet the **needs of the warfighter**, ensuring a fair and reasonable business deal; by formulating **Federal-and DoD-wide contracting regulations, policies, and strategies**; and providing eBusiness capabilities.



Partnership



Integrity



Empowerment



Transparency

# FOCUS AREAS

## DPC focused on the following initiatives in 2023



Strengthening and empowering the DoD Contracting Workforce



Improving eBusiness systems and processes that support efficiencies and enable data-driven decision making



Securing and maintaining authorities that enable DoD Contracting Officers to timely execute contracting actions



Cultivating improvements in DoD's use of contract financing



Advancing and adapting policies to enable DoD access to entities and capabilities that fulfill warfighting and other requirements



Enhancing international procurement partnerships



Providing regulatory framework for conducting the business of government with the private sector



Advising USD A&S on major programs



Partnership



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# CONTRACT POLICY

## Workforce Development

DPC remains dedicated to strengthening and empowering the DoD Contracting Workforce by leading development of workforce certification standards.

### *Reciprocity with Office of Management and Budget (OMB)*

In October 2023, DoD and the Office of Federal Procurement Policy (OFPP) recognized parity between Defense Acquisition Workforce Improvement Act (DAWIA) contracting certifications and the Federal Acquisition Certification in Contracting (FACC-C) (Professional) as they signed an MOU to formally recognize reciprocity between the FAC-C (Professional), and the DoD Contracting Professional Certification. Read the memo in full [here](#).

### *Continuous Learning Guidance*

In October 2023, DPC issued "[Contracting Workforce Development and Continuous Learning](#)," which provides guidance and highlights key resources developed by the DoD CON FIT, in collaboration with the Defense Acquisition University (DAU), to assist the workforce in identifying developmental activities beyond mandatory certification.

## Services Acquisition

In November 2023, DPC resumed lead policy matters related to the Acquisition of Services. For more information, visit the [DPC Services Acquisition webpage](#).

## International Contracting

### *Reciprocal Defense Procurement (RDP) Agreements and Reciprocal Government Quality Assurance (RGQA) Services Agreement*

In 2023, the RDP with Poland was renewed, affording both nations certain continued benefits on a reciprocal basis, consistent with national laws and regulation of both nations, and providing a framework for ongoing communication between DoD and its respective Polish counterparts regarding market access and procurement matters.

In April 2023, the Department signed a RGQA Services Agreement with Japan's Ministry of Defense. The RGQA Services Agreement promotes the use of common quality assurance standards whereby each government supports purchases of defense equipment from its industry by the other government, as well as by defense contractors performing for the other Government.

## Category Management

Principal Director, DPC, serves as DoD Senior Accountable Official for the Office of Management and Budget (OMB) CM Leadership Council. In that capacity, DPC and ODAM established the first CM plan for the Fourth Estate and implemented Department-wide goals for 2024,



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# Contingency Contracting Corner

## Conflict in Ukraine

### *Class Deviation 2024-00005 Temporary Authorization for Covered Contracts Related to Ukraine, Taiwan, and Israel*

Upon enactment of the FY 2024 NDAA, DPC swiftly worked to implement section 1244(a) and (c) of FY 2023 the NDAA, as amended by section 1242 of the FY 2024 NDAA, to expand flexibilities to covered contracts which replenish stocks of critical munitions and other defense articles of DoD, or support Taiwan or Israel. This authority is a critical enabler for the rapid acquisition of systems, munitions, and defense articles designed to bolster wartime defense of allies and partners across multiple Combatant Commands

## Afghan Special Immigrant Visa (ASIV) Support

In 2023, DPC partnered with the National Security Council sub-group for Afghan Relocations, the Department of State (DoS) ASIV Team, OUSD Policy, the Defense Logistics Agency (DLA), and Defense Digital Services (DDS) to expand and streamline DoD support for Afghan employees of DoD contracts in Afghanistan. The DoD team processed 11,721 cases, secured \$7.2 million in budget authority, and transitioned the web-based Rabbit Portal from DDS to a \$2M DLA contract. Taken together, improvements increase manning support levels 530 percent in 2024. DoD's partnership with DoS ensured employment verification for roughly 26,000 ASIV applicants who worked for the DoD in Afghanistan.

# Acquisition Innovation

The Department continues to leverage innovative contracting techniques such as Other Transactions (OTs) and Commercial Solutions Openings (CSOs) to access innovative companies and technologies.

## Other Transactions

DPC continued guidance and advocacy for the use of OTs with the July 2023 publication of the highly anticipated update to the [DoD OT Guide](#). Addressing changes in statute and regulation, along with DoD Inspector General and U.S. Government Accountability Office recommendations since its previous release in 2018, the OT Guide provides additional administrative guidance and best practices, as well as considerations for use of the OT consortia business model.

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**In FY22, \$10.7B in OTA obligations were awarded.**

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## Commercial Solutions Openings

After demonstrated success of the pilot program to acquire innovative commercial products and commercial services through a CSOs, Section 803 of the FY22 NDAA granted DoD permanent authority for their use.

This permanent authority was implemented in 2023 with the Department's publication of the final rule, *Defense Commercial Solutions Opening (DFARS Case 2022-D006)*, amending the DFARS.

## Expanding Statutory Authorities

### *"Never Contract with the Enemy (NCWE)"*

In 2023, DPC issued an updated Class Deviation to ensure Combatant Commands continue to have authorities to mitigate vendor threats in any environment as granted by sections 841 and 842 of the FY 2015 NDAA and extended by section 820 of the FY 2023 NDAA. Additionally, DPC partnered with Deputy Assistance Secretary of Defense (DASD) Logistics to expand NCWE scope through Section 823 of the 2024 NDAA, extending the authority from declared contingencies to gray zone operations across all Combatant Commands.

### *"Special Emergency Procurement Authority (SEPA)"*

DPC partnered with U.S. European Command (EUCOM) and the Joint Staff J4 to create and submit a Legislative Proposal expanding SEPA to include Humanitarian Assistance, Peacekeeping Operations, and Combatant Commander-directed operations to protecting U.S. national security interests during directed operations that fall below the level of armed conflict. Section 843 of the 2024 NDAA included Combatant Commander authorities, paving the way for contracting officers to leverage contingency-like authorities to support allies, partners, and U.S. partners across a wider range of combat operations.

# CONTRACTING EBUSINESS

## Procure to Pay (P2P) Initiatives and Data Standards

Procure to Pay (P2P) encompasses all business functions necessary to obtain goods and services using procurement processes and procedures including: executing procurement requirements, strategy, procurement award and management, receipt and acceptance, entitlement, disbursement, and closeout. In 2023, DPC partnered with Office of the Under Secretary of Defense (Comptroller) to finalize and further improve the standard procedures, data formats, and associated compliance measures for financial interchanges in the P2P business process. DPC published updated P2P Capability Summaries, or one-page overviews of P2P enablers, on its [website](#) in FY 2023.

### Government Furnished Property (GFP) Module

The GFP Module in the Procurement Integrated Enterprise Environment (PIEE) provides end-to-end accountability for all Government Furnished Property transactions within a single, secure, and integrated system.

In December 2023, DPC published DFARS final rule 2020-D029, "Consolidation of DoD Government Property Clauses," effective 22 January 2024. The DFARS change consolidates DoD Government property contract clauses while explicitly requiring use of the GFP module. The new consolidated clause, DFARS 252.245-7005, updates references to forms incorporated into electronic processes via the GFP module. The clause also updates references to applications used to report receipt, shipment, transfer, or loss of Government property, or excess Government property.

The DPC's Contracting eBusiness Directorate championed broader DPC efforts of strengthening and empowering the DoD Contracting Workforce by offering live GFP training webinars throughout 2023. With over 20 webinars already scheduled for 2024, GFP training topics and dates are posted to the [DoD Procurement Toolbox landing page](#) and updated quarterly.

### Enterprise Contract Writing

Built to natively support modern P2P data interchange formats such as the Purchase Request Data Standard (PRDS) and the Procurement Data Standard (PDS), the Enterprise Contract Writing Module (ECWM) provides modern contract writing capabilities to the Fourth Estate.

In FY 2023, DPC collaborated with cross-functional and interagency partners to deploy the Enterprise Contract Writing System for the Fourth Estate, culminating in U.S. Special Operations Command (SOCOM) and DoD Education Activity (DoDEA) successfully awarding the Fourth Estate's first contracts through the new system. Tremendous work was done to configure the system to interface with partnering systems and to provide Single Sign On (SSO) capabilities within PIEE. In 2024, DPC will work with Other Defense Agencies and DLA to further deploy ECWM throughout the Fourth Estate.

### Procurement Data Standards (PDS)

In November 2023, DPC published PDS version 2.7 enabling business systems to capture the Standard Line of Accounting (SLOA) as discrete

data elements. Version 2.7 also allows contract writing systems to provide traceability of line item applicability to contract clauses, increasing clarity in contracts' terms and conditions and further facilitating financing payments.

PDS version 2.7 is available on the [DPC Contracting eBusiness webpage](#)

## Governmentwide Commercial Purchase Card (GPC) Standardized Purchase Log

To support disbursement and other acquisition and financial management objectives, as well as consistent Department-wide reporting, data integrity, and auditability, Cardholders are required to create purchase log entries for all GPC purchases.

In 2023 DPC launched a phased deployment of the GPC Standardized Purchase Log, implemented by eleven Defense Agencies/Activities. DPC continues to work with remaining Defense Agencies/Activities and the Services to implement it during 2024.

## Surveillance and Performance Monitoring (SPM) Module

SPM provides management, oversight, surveillance, and performance monitoring for contracts appointed a Contracting Officer's Representative (COR).

In June 2023, DPC introduced the COR Compliance Report which provides each Service and Defense Agency with a list of contract actions in Joint Appointment Module (JAM) and the SPM Module that may require a COR. It indicates whether a COR was appointed, waived, or exempted, in accordance with DFARS clause 252.201-7000.

Future enhancements will allow each agency to view COR Compliance Rates on a monthly, quarterly, or FY basis.

## Line Item Guide

In June 2023, DPC published version 1.0 of the Line Item Guide. Composed in partnership with Component representatives of the Procurement Business Operations Requirements Group (PBORG), the Line Item Guide provides comprehensive guidance and assistance in developing clearly defined line items for contracts written pursuant to the FAR and DFARS.

The Line Item Guide aims to improve contract quality and auditability. Designed as a living document, updates will be released as needed.

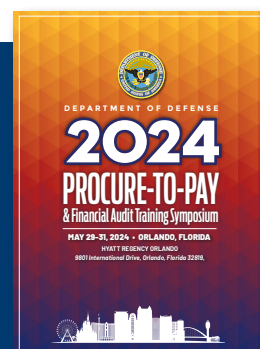
The Line Item Guide is published on the [DPC website](#).



Ms. Lisa Romney (center left), and former Director, CeB, Ms. LeAntha Sumpter (center right), bid farewell to recent DPC retirees Mae Bartley (far right) and former Deputy Director, Bruce Probert (far left)

## P2P and Financial Training Symposium

In partnership with Comptroller, DPC is hosting its annual P2P and Financial Training Symposium in Orlando, FL from May 29-31, 2024. If interested in attending, the 2024 Symposium, visit the [P2P webpage](#).





# DEFENSE ACQUISITION REGULATION SYSTEM

The Defense Acquisition Regulations System (DARS) develops and maintains acquisition rules and guidance to facilitate the Acquisition workforce as they acquire the goods and services DoD requires to ensure America's Warfighters continued worldwide success.

In 2023, **DARS published 46** FAR, DFARS, and DFARS PGI revisions.

Key areas include cybersecurity, supply chain risk management, small business utilization, market research, acquisition of services, and international acquisition. Maximized public participation in rulemaking.

Conducted  
**4 Public Meetings**  
associated with FAR and DFARS regulations development.

Conducted  
**4 Quarterly**  
DPC/Industry Association meetings.



# PRICE, COST AND FINANCE

## Defense Contract Finance Study

In April 2023, the Department published the highly anticipated Defense Contract Finance Study, which examined defense industry financial performance over a twenty-year timeframe. Led by DPC, the study effort was the first comprehensive review of contract financing since 1985. DPC collaborated with three universities and a Federally Funded Research and Development Center (FFRDC), conducted its own analysis, obtained public comments, and ultimately synthesized inputs from these various elements. Composed of a report and appendices, the Study is available on the [DPC website](#).

### Tenets

The Study has seven tenets with associated actions:

1. Recognize the role of profit and cash flow in a healthy defense industrial base;
2. Improve means to ensure timely payments to subcontractors;
3. Ensure progress payment rates reflect the business environment;
4. Assist small businesses on defense contracts with financing;
5. Address perceived challenges with government accounting system;
6. Determine effectiveness of performance-based payments; and
7. Understand the role of interest.

### Congressional Interest

Congress requested GAO review DoD's Contract Finance Study and report on its assessment in 2024. DoD, with DPC as the focal point, has been supporting that GAO engagement since June 2023.

Congress requested DoD provide briefings in 2024 on certain Study areas: the cash flow model, payment delays, and performance-based payments. DoD's analysis in 2023 is the baseline for these forthcoming submissions to Congress.

### Implementation

With continued action throughout 2024, notable progress in the following Study areas occurred in 2023:

**DoD Contract Cash Flow Model (Tenet 1)** | DPC disseminated the model to DoD users, who evaluated the Beta version, confirmed it works as described, and offered suggestions for future enhancements. Broader dissemination is expected in 2024, so this educational resource can help users better understand the financial aspects of the deals they are negotiating.

**Subcontractor (and Small Business) Payment Improvement (Tenet 2)** | DPC published a [Federal Register notice](#) to solicit public comments on actions that may be taken to improve timely payments to subcontractors. DoD received about 50 comment submissions, many from small businesses, between July -September.

**Progress Payment Rate (Tenet 3)** | DPC published a Class Deviation in May 2023 that reinstated the customary progress payment rate of 80% for large businesses, in accordance with the President's termination of the national emergency in April. The Deviation retains the temporary rate of 95% for small businesses to enable their continued access to cash flow through this financing method.

*"The foundational principle of this study is that a financially healthy defense industry is essential to ensure that the DoD can procure the goods and services U.S. war fighters need to effectively defend our nation."*

JANICE MUSKOPF, Director, Price, Cost and Finance

## Peer Review Program

DPC conducts thorough reviews of major procurements throughout the solicitation, source selection, and negotiation process. Sharing lessons learned and best practices ensures policies and regulations are implemented in a consistent manner, resulting in improved quality of Departmental contracting processes.

In FY23, the DPC team conducted 34 sole source peer reviews representing 28 acquisitions valued at \$13.8B and led competitive peer reviews with an estimated total value of \$50B. Through this process, DPC provided expert advice engaging 665 participants with representation spanning Air Force, Army, Navy, Space Force, DLA and Missile Defense Agency (MDA).

The Department's Peer Review program, run by DPC, is the model for one of the prongs in the Administration's Better Contracting Initiative (BCI), which OMB launched in November 2023.

## Pricing Colloquium

In April 2023, DPC's Ms. Janice Muskopf hosted the DoD Pricing Colloquium, a government-only, in-person gathering of about 170 pricing and contracting professionals. It had been several years since our Government Contract Pricing Community gathered together, which made the 2023 event very special! Participating organizations included the Services, U.S. Transportation Command (TRANSCOM), MDA, Defense Contract Audit Agency, Defense Contract Management Agency (DCMA), Cost Assessment and Program Evaluation (CAPE), DAU. A mix of individual speakers, panels, and tool demonstrations occurred over three days addressing a wide range of topics, including data analytics, streamlining, contract financing, incentives, inflation/economic price adjustment (EPA) clauses, and sustainment. The Defense Contract Finance Study's recommended DoD Contract Cash Flow Model was a featured demonstration. This first annual "Pricing Side Car"

at the Procure-to-Pay and Financial Audit Training Symposium was a resounding success!

## Alternatives to Certified Cost or Pricing Data Study

March was a busy month for looking at certified cost or pricing data authorities.

DPC completed its "Alternatives to Certified Cost or Pricing Data" study, in response to an NDAA request. The submittal to Congress included an academic study that DoD contracted for, and the Department's own analysis. It has a comprehensive history of the Truth in Negotiations Act (TINA)--now renamed Truthful Cost or Pricing Data--and its value in protecting taxpayer interests.

The Study also highlighted the significance of DoD pilot authority originally enacted with Section 890 of the FY 2019 NDA for FY 2019. This "TINA Lite" pilot authority is available for select acquisitions to reduce certified cost and pricing data submissions.

DPC also conducted a "TINA Lite" Crosstalk with DoD contracting officers and pricers who have used this authority. The Department continues to collect feedback on the pilot and is optimistic that the concept behind the section 890 authority strikes a balance between the extremes of (1) requiring a company to provide all available certified cost or pricing data and (2) completely abrogating the Government's right to obtain certified cost and pricing data through a full TINA waiver.



Mr. John Tenaglia and Ms. Janice Muskopf taking time for photos with "Dolly Parton" between their speaking segments at the NCMA World Congress in Nashville, TN, July 2023.

# AWARDS

## DPC Awards

To recognize excellence, DPC sponsors two annual awards:

### *The Pricing and Contracting Legends Award*

The Pricing and Contracting Legends Award recognizes leaders at all levels in the DoD acquisition/contracting community who inspire us to be our best every day, in every situation, by developing, motivating, and inspiring others through formal and informal initiatives.

### *The Ginman Contingency Contracting Officer Excellence Award*

The Ginman Contingency Contracting Officer Excellence Award is named after Richard 'Dick' Ginman, a retired Navy Supply Corps Admiral and former Director of Defense Procurement and Acquisition Policy. This annual award honors those whose actions as a Contingency Contracting Officer are truly inspirational.

The 2023 Pricing and Contracting Legends Award and the 2023 Ginman Contingency Contracting Officer Excellence Award recipients will be awarded and presented at the March 2024 Senior Leader Meeting. To find out more about our awards and nomination instructions, visit the [DPC Awards webpage](#).

## Defense Acquisition Workforce Awards

DPC partners with Human Capital Initiatives on the Defense Acquisition Workforce Awards sponsored by A&S. Among other 2023 Defense Acquisition Workforce Awards recipients, DPC recognizes recipients of the following awards:



### *Contracting and Procurement Achievement Award*

David Sharp, Space Force, Chantilly, VA



### *Services Acquisition Award*

Rhonda Link, Navy, Cherry Point, NC

### *Flexibility in Contracting Award*

The Flexibility in Contracting Award recognizes defense acquisition programs and acquisition workforce professionals that make best use of flexibilities and authorities, and teams who demonstrate "innovation and local adaptation" granted by the FAR and the DoD Instruction 5000.02 (Operation of the Defense Acquisition System).

### *Flexibility in Contracting Individual Achievement Award*

Captain Nixie Mistri, National Reconnaissance Office, Chantilly, VA.



### *Flexibility in Contracting Team Award*

Advanced Combat Systems / Multi-Domain C3 Contracting Team, Air Force, Washington, DC.



Yvette Krasts (center), one of two recipients of the 2023 Pricing and Contracting Legends Award, is congratulated by Ms. Meg Dake (left) and Mr. John Tenaglia (right) at the Senior Leader Meeting, March 2023.



# ACQUISITION EXCHANGE PROGRAM

The DPC Acquisition Exchange Program (AEP) provides a unique career developmental experience for high-caliber individuals in acquisition and acquisition-related career fields. The program provides participants insight into, and experience in, the development and implementation of DoD-wide acquisition policy.

## 2023 AEP Cadre

Ten acquisition professionals participated in the program in 2023. The program has been in place since 2001 and 347 candidates have participated from the Services as well as Defense Agencies.

## 2024 Outlook

Thirteen acquisition professionals representing the Services, DCAA, DCMA, and Defense Commissary Agency (DeCA), have been selected to participate in the 2024 AEP cohort. We welcome all participants in January 2024 for in-person orientation.

## Have you ever wondered how acquisition policies are made?

Are you interested in how functional process, policy, and data requirements are incorporated in procurement-related business systems? Would you like to participate in the review of procurements over \$500 million? Does the implementation of regulations interest you? Applications for the FY25 cohort will be accepted fall 2024. Find out more about the program by visiting the [AEP webpage](#).



Mr. John Tenaglia (center) and Ms. MaryKate Robinson (third from right) along with DPC staff and members of the 2023 AEP Cohort at the NCMA World Congress in Nashville, TN, July 2023.



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