

Library Routing Slip 2005 BRAC Commission Materials

Title of Item: DFAS Rock Island Summary

Installation or Community: Rock Island Arsenal

Source: Commission

Classified Material? yes no

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

BASE SUMMARY SHEET

Defense Finance and Accounting Service (DFAS) – Rock Island, IL

INSTALLATION MISSION

- DFAS provides professional, responsive finance and accounting services to DoD and other federal agencies. It delivers mission essential payroll, contract and vendor pay, and accounting services to support America's national security. DFAS is a Working Capital Fund agency, which means rather than receiving direct appropriations, DFAS earns operating revenue for products and services provided to its customers.

DOD RECOMMENDATION

- **Close DFAS sites at Rock Island, IL; Pensacola Saufley Field, FL; Norfolk Naval Station, VA; Lawton, OK; Pensacola Naval Air Station, FL, Omaha, NE; Dayton, OH; St. Louis, MO; San Antonio, TX; San Diego, CA; Pacific Ford Island, HI; Patuxent River, MD; Limestone, ME; Charleston, SC; Orlando, FL; Rome, NY; Lexington, KY; Kansas City, MO; Seaside, CA; San Bernardino, CA; and Oakland, CA. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN.**
- Realign DFAS Arlington, VA by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain a minimum essential DFAS liaison staff to support the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Military Service Chief Financial Officers, and Congressional requirements.
- Realign DFAS Cleveland, OH, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain an enclave for the Military Retired and Annuitant Pay Services contract function and government oversight.
- Realign DFAS Columbus, OH, by relocating up to 55 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Denver, CO, or DFAS Indianapolis, IN, and up to 30 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.
- Realign DFAS Denver, CO, by relocating up to 25 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH, or DFAS Indianapolis, IN, and up to 35 percent of the Military Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.
- Realign DFAS Indianapolis, IN, by relocating up to 10 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH or DFAS Denver, CO, and up to 20 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Columbus, OH, for strategic redundancy.

DOD JUSTIFICATION

- This action accomplishes a major facilities reduction and business line mission realignment, transforming the current DFAS organization into an optimum facilities configuration, which includes strategic redundancy to minimize risks associated with man-made or natural disasters/challenges. All three of the gaining sites meet DoD Antiterrorism/Force Protection (AT/FP) Standards. The current number of business line operating locations (26) inhibits the ability of DFAS to reduce unnecessary redundancy and leverage benefits from economies of scale and synergistic efficiencies. Overall excess facility capacity includes approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space with many locations lacking adequate threat protection as defined in DoD AT/FP Standards. Finally, the three locations have potential to evolve into separate Business Line Centers of Excellence and further enhance “unit cost” reductions beyond the BRAC facilities/personnel savings aspect.

The three gaining locations were identified through a process that used Capacity Analysis, Military Value, Optimization Modeling, and knowledge of the DFAS organization, and business line mission functions. The Military Value analysis, of 26 business operating locations, ranked the Buckley AFB Annex, CO, the Defense Supply Center-Columbus, OH, and the MG Emmett J. Bean Federal Center, Indianapolis, IN, as 3, 7, and 9 respectively. The Optimization analysis not only included the factors of available capacity and expansion capability, but also included business line process and business operational considerations in identifying the three-location combination as providing the optimal facilities approach to hosting DFAS business line missions/functions.

Subject matter knowledge of DFAS’s three business line missions and its operational components, along with business process review considerations and scenario basing strategy, was used to focus reduction of the 26 locations and identification of the three gaining locations. The scenario basing strategy included reducing the number of locations to the maximum extent possible, while balancing the requirements for an environment meeting DoD Antiterrorist and Force Protection standards, strategic business line redundancy, area workforce availability, and to include an anchor entity for each business line and thus retain necessary organizational integrity to support DoD customer needs while the DFAS organization relocation is executed.

COST CONSIDERATIONS DEVELOPED BY DOD

- One-Time Costs: \$282.1 M
- Net Savings (Cost) during Implementation: \$158.1 M
- Annual Recurring Savings: \$120.5 M
- Expected Payback: 0 years
- Net Present Value over 20 Years: \$1,313.8 M

TOTAL MANPOWER IMPLICATIONS OF THIS RECOMMENDATION (EXCLUDES CONTRACTORS)

The total number of jobs affected by this action is **6239** civilian and **205** military. Due to force future force reduction projections and BRAC savings gained from combining locations it is anticipated that there will be a reduction of **1931** positions. This leaves a net of **4513** positions that will be moving to one of the three designated DFAS locations.

MANPOWER IMPLICATIONS FOR DFAS ROCK ISLAND, IL - REALIGN

	Out	
	<u>Military</u>	<u>Civilian</u>
Reductions	0	235*

The following table indicates the number of spaces DFAS Rock Island will be losing and the number of spaces to the gaining locations. At this point in time the gaining location numbers are just estimated projections as DFAS has not developed its implementation plan.

LOSING LOCATION	GAINING LOCATION	MILITARY	CIVILIAN	TOTAL
DFAS Rock Island IL	DFAS Columbus OH	0	0	0
DFAS Rock Island IL	DFAS Denver CO	0	234	234
DFAS Rock Island IL	DFAS Indianapolis IN	0	0	0

* Total relocated staff does not match total manpower at the location due to future program workload changes and savings from the BRAC process.

ENVIRONMENTAL CONSIDERATIONS

- No major issues. An air conformity analysis may be needed at Buckley AF Base Annex. This recommendation will require spending approximately \$0.01M for environmental compliance activities.

REPRESENTATION

Governor: Gov. Rod R. Blagojevich (D - IL)
 Senators: Sen. Richard Durbin (D - IL)
 Sen. Barack Obama (D - IL)
 Representative: Rep. Lane Evans (D- IL -17)

ECONOMIC IMPACT

Rock Island, IL

- Potential Employment Loss: 440 jobs
- (235 direct and 205 indirect)
- MSA Job Base: 229,053 jobs
- Percentage for this action -0.19 %
- Percentage for actions in MSA -1.1%

MILITARY ISSUES

- None

COMMUNITY CONCERNS/ISSUES

- To be added.

ITEMS OF SPECIAL EMPHASIS

- None at this time.

Marilyn Wasleski, Interagency, May 27, 2005