



Military and Civilian Pay Services

Performance Metrics

Military and Civilian Pay Services



Customer Service Metrics

DCN: 11559

8/12/2005

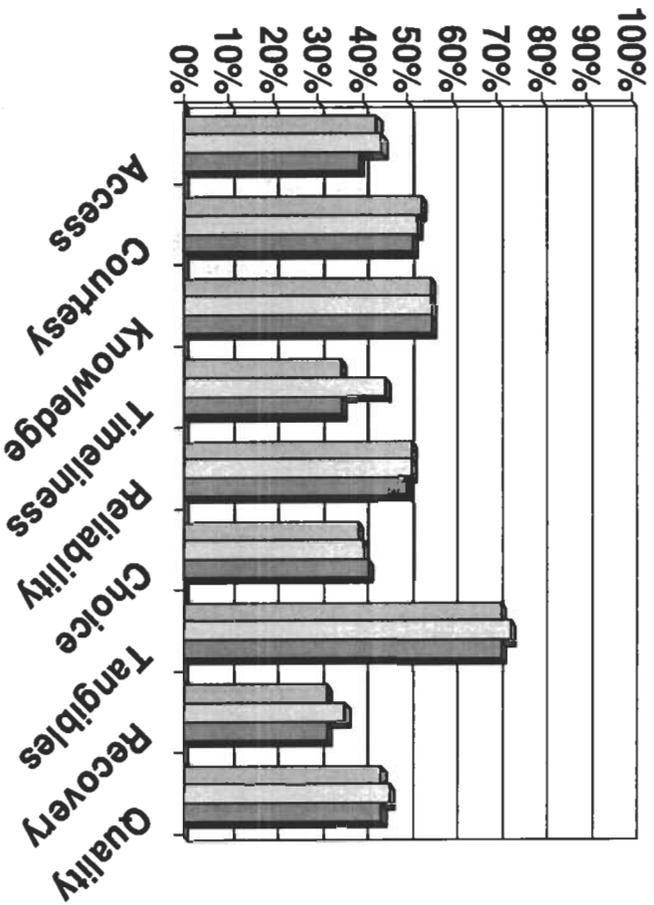
Integrity - Service - Innovation

2 of 19

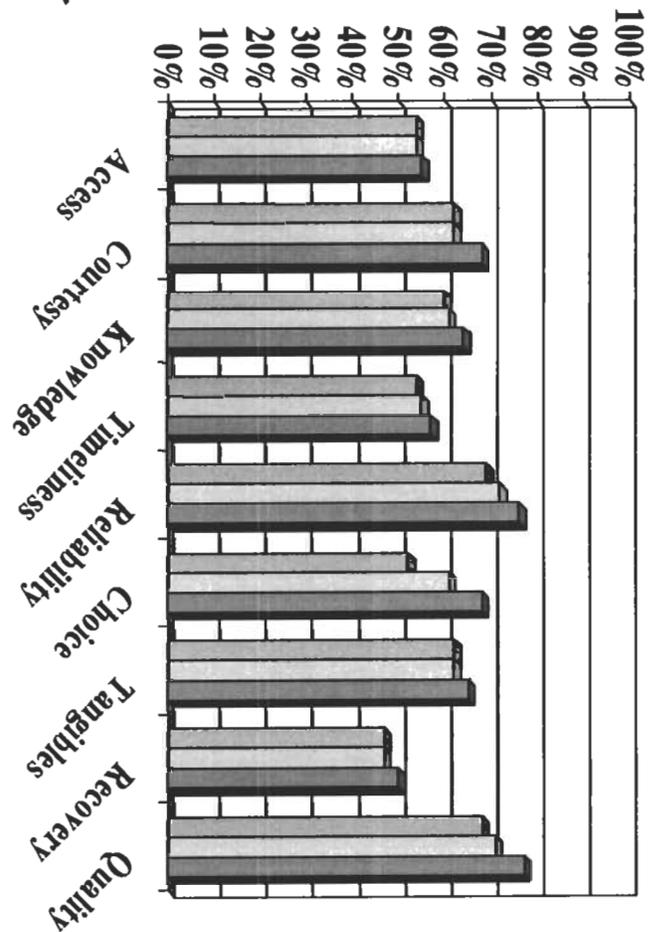
Customer Satisfaction Surveys 2002-2004 (Military Pay)



Military Pay Service Providers (base level finance offices)



Military Pay End Users

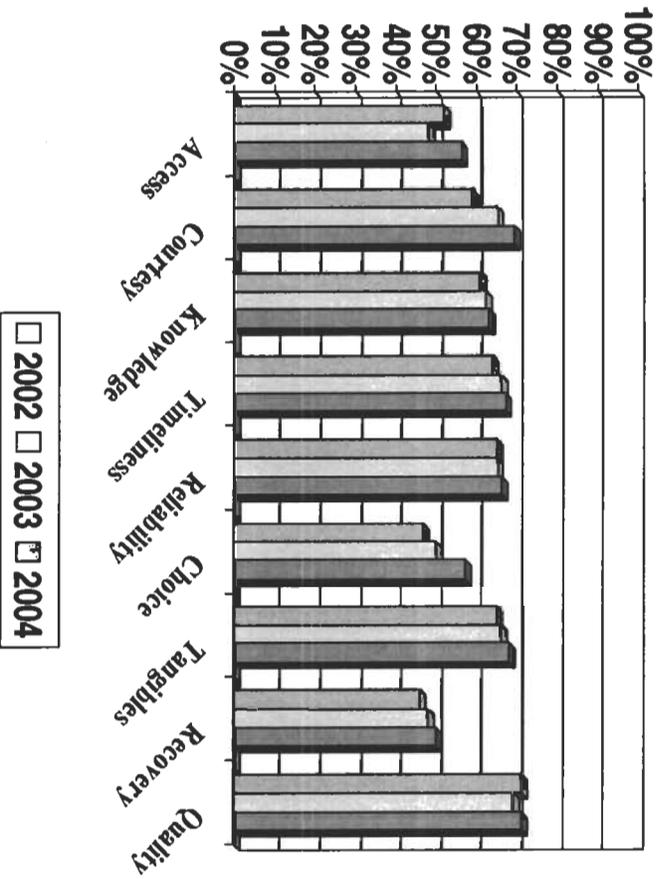


Represents survey responses of "favorable" and "very favorable."

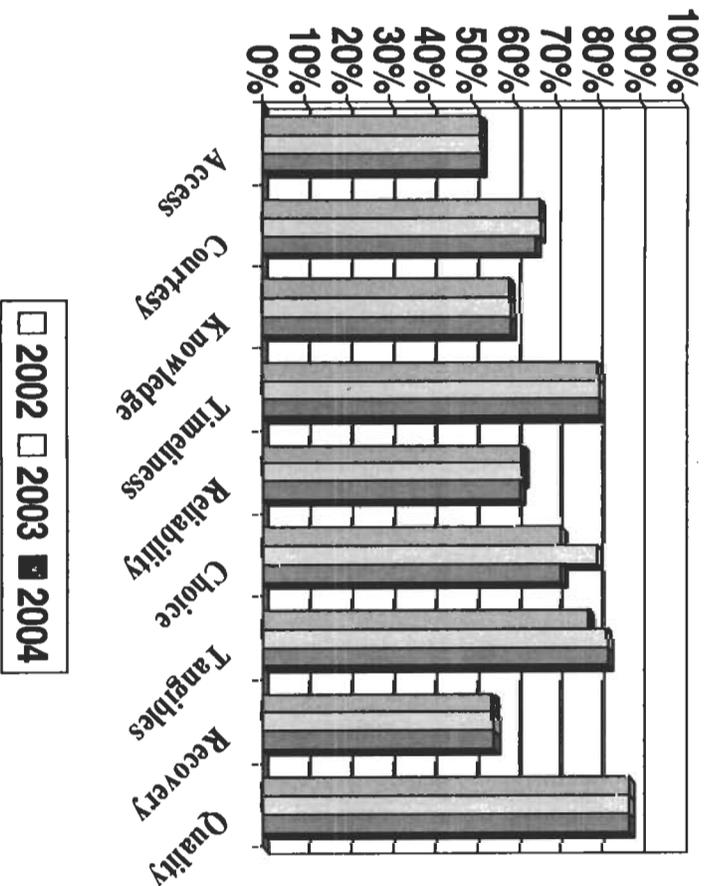
Customer Satisfaction Surveys 2002-2004 (Civilian Pay)



Civilian Pay Customer Service (base level customer service reps)



Civilian Pay End Users

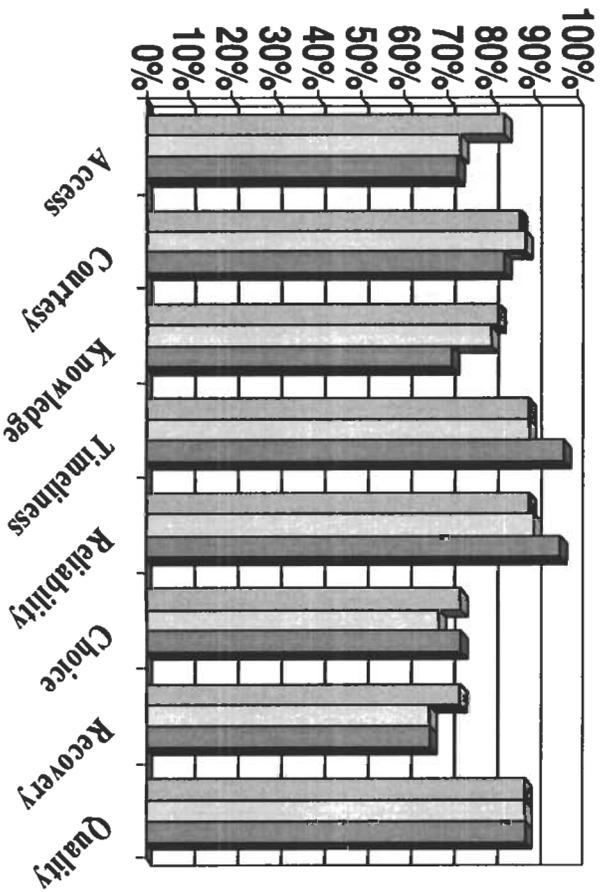


Represents survey responses of "favorable" and "very favorable."

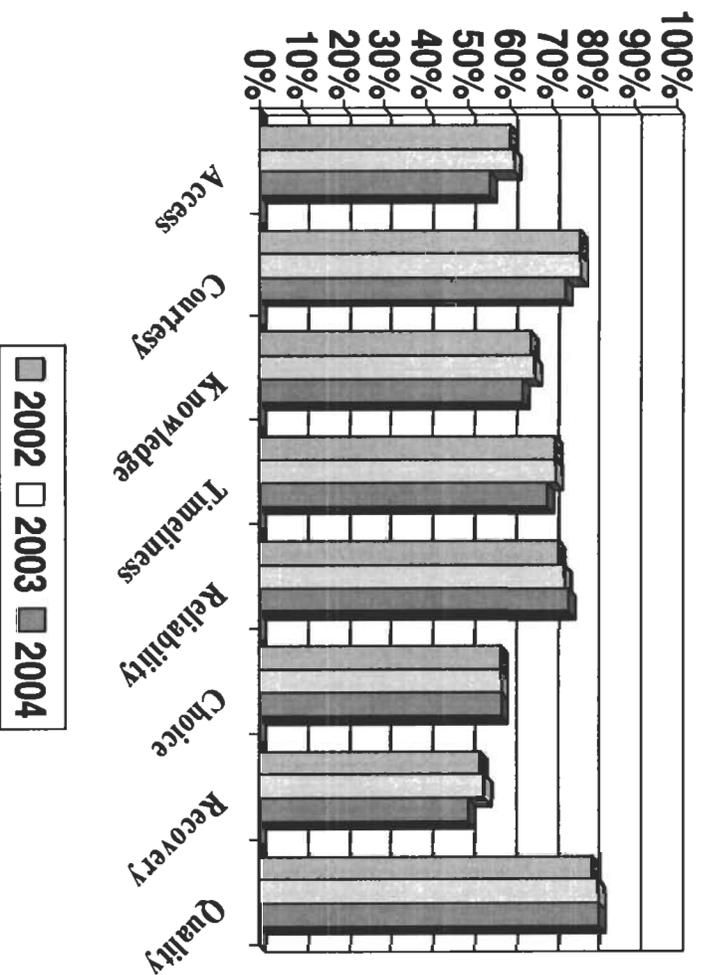
Customer Satisfaction Surveys 2002-2004 (Travel)



Travel Pay Services Providers (base level travel offices)

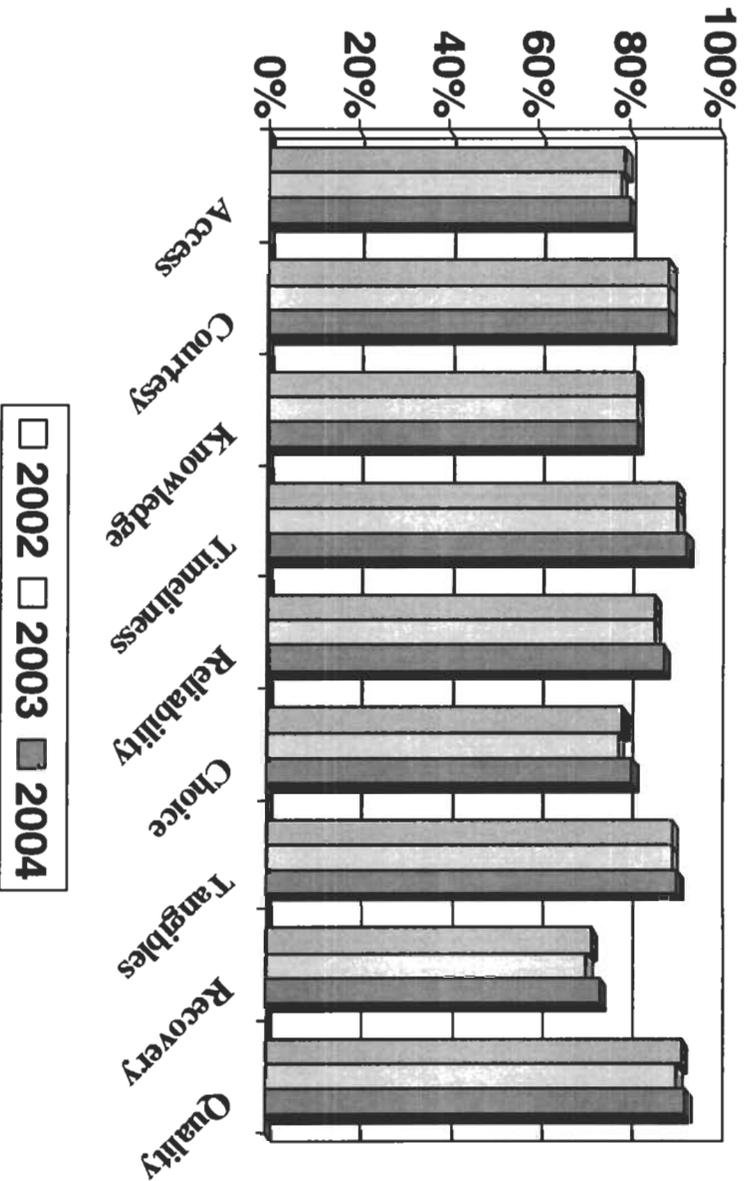


Travel Pay Services End Users



Represents survey responses of "favorable" and "very favorable."

Customer Satisfaction Surveys 2002-2004 (Retired and Annuitant Pay) - (Cleveland)



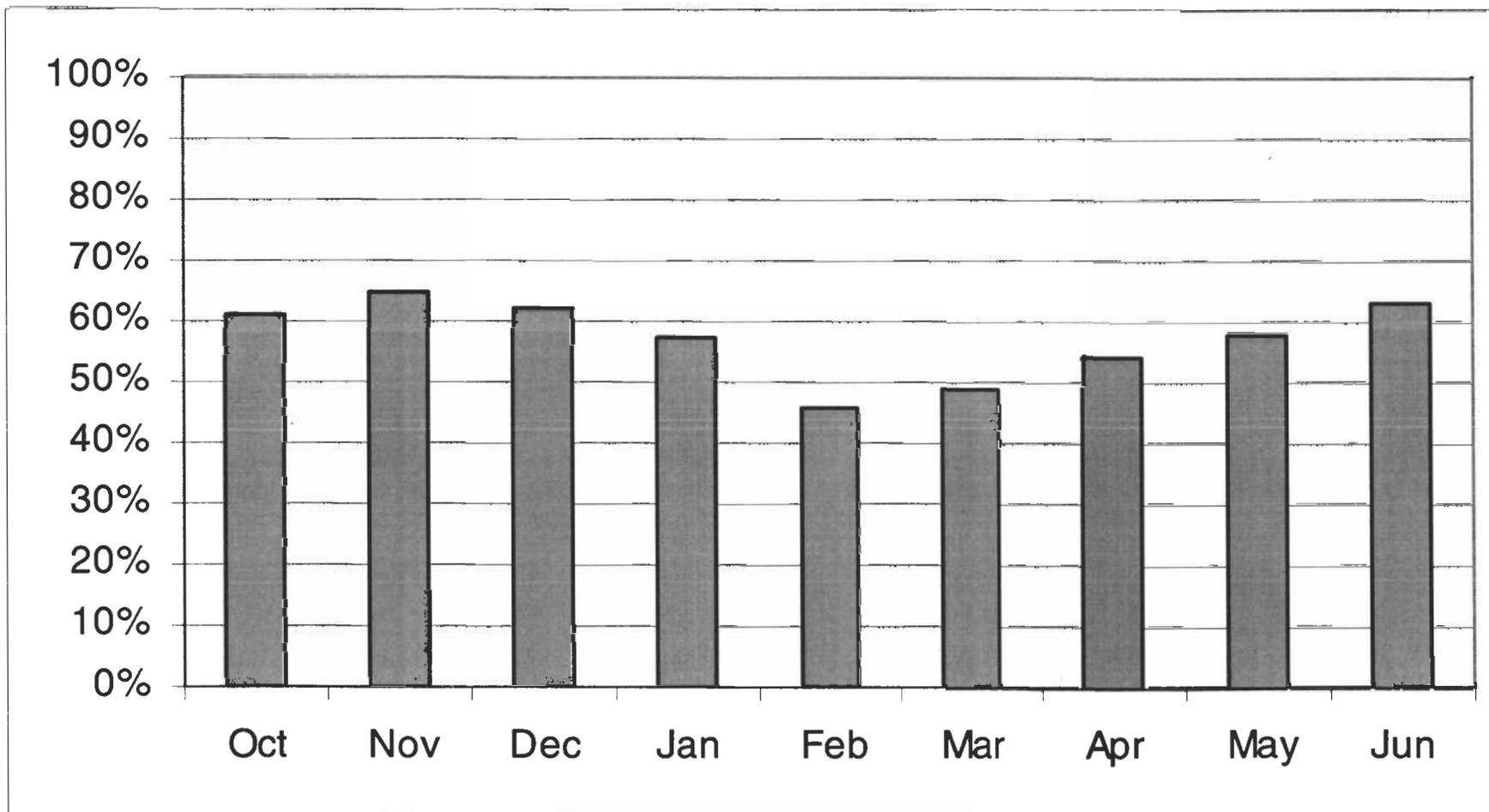
Represents survey responses of "favorable" and "very favorable."

Customer Satisfaction - Cleveland Call Center

(includes Active, Reserve and National Guard for Army, Navy and Air Force)

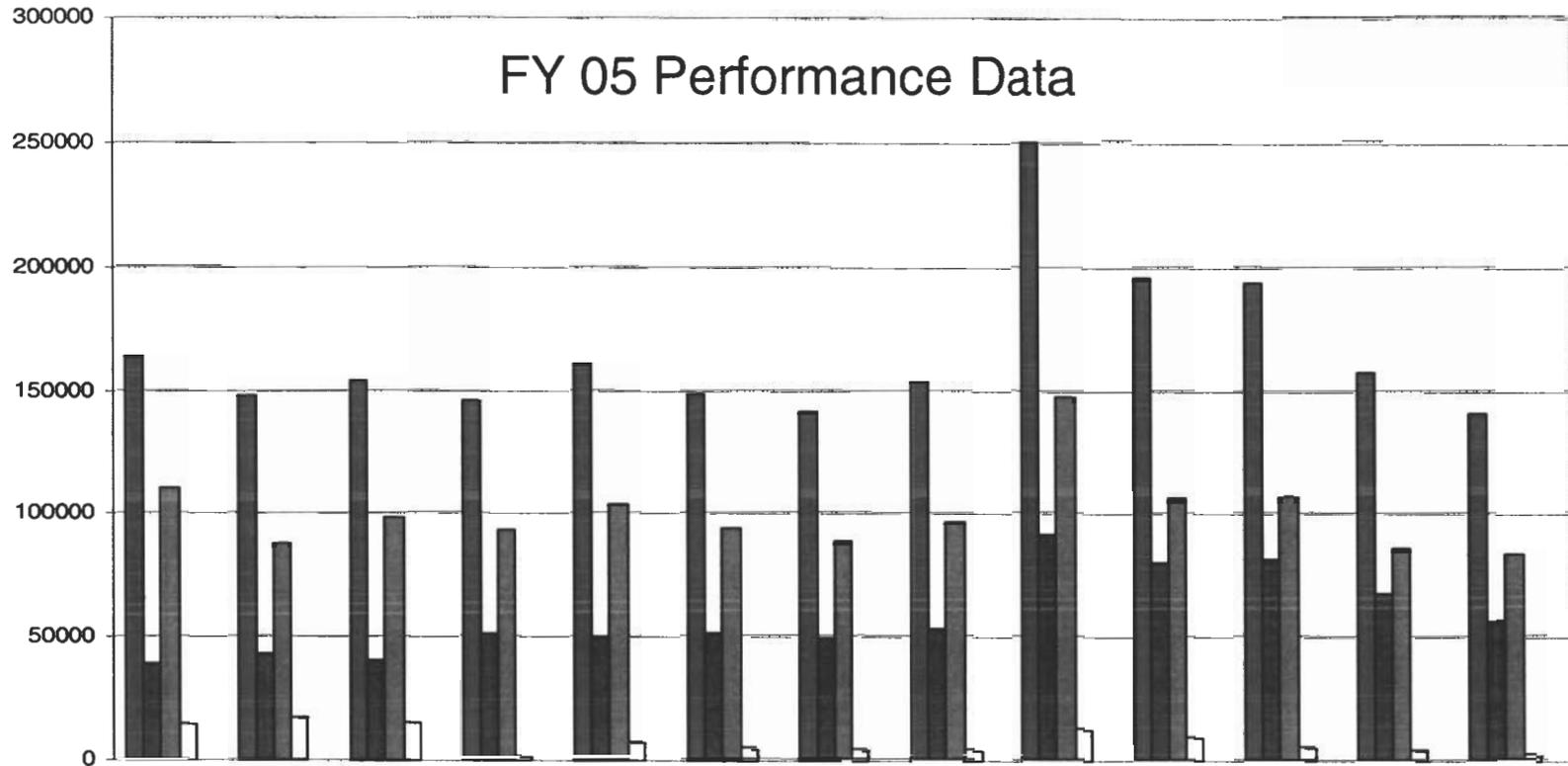


FY 05 Performance Data*



Represents survey responses of "satisfied" and "very satisfied."

Cleveland Call Center - Consolidated Telephone Business Metrics



| | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 |
|-------------------|--------|--------|--------|--------|--------|-------------------|--------|-------------------|--------|-------------------|-------------------|------------------|------------------|
| ■ Offered | 163197 | 147647 | 153396 | 145443 | 160437 | 148604 | 140792 | 153763 | 250125 | 195292 | 193314 | 156891 | 140530 |
| ■ Answered by CSR | 38924 | 42783 | 40223 | 51024 | 49632 | 50481 | 48805 | 53074 | 90682 | 79547 | 81181 | 67234 | 55720 |
| ■ Answered by IVR | 109908 | 87793 | 98116 | 93035 | 103666 | 93412 | 88311 | 96474 | 146928 | 106188 | 106697 | 85528 | 83007 |
| □ Abandoned | 14365 | 17071 | 15057 | 1384 | 7139 | 4711 | 3676 | 4215 | 12515 | 9557 | 5436 | 4129 | 1803 |
| ■ Demand Met | 91% | 88% | 90% | 99% | 96% | 97% | 97% | 97% | 95% | 95% | 97% | 97% | 99% |

CSR=Customer Service Representative

IVR=Interactive Voice Response

Military and Civilian Pay Services



Performance Metrics

DCN: 11559

8/12/2005

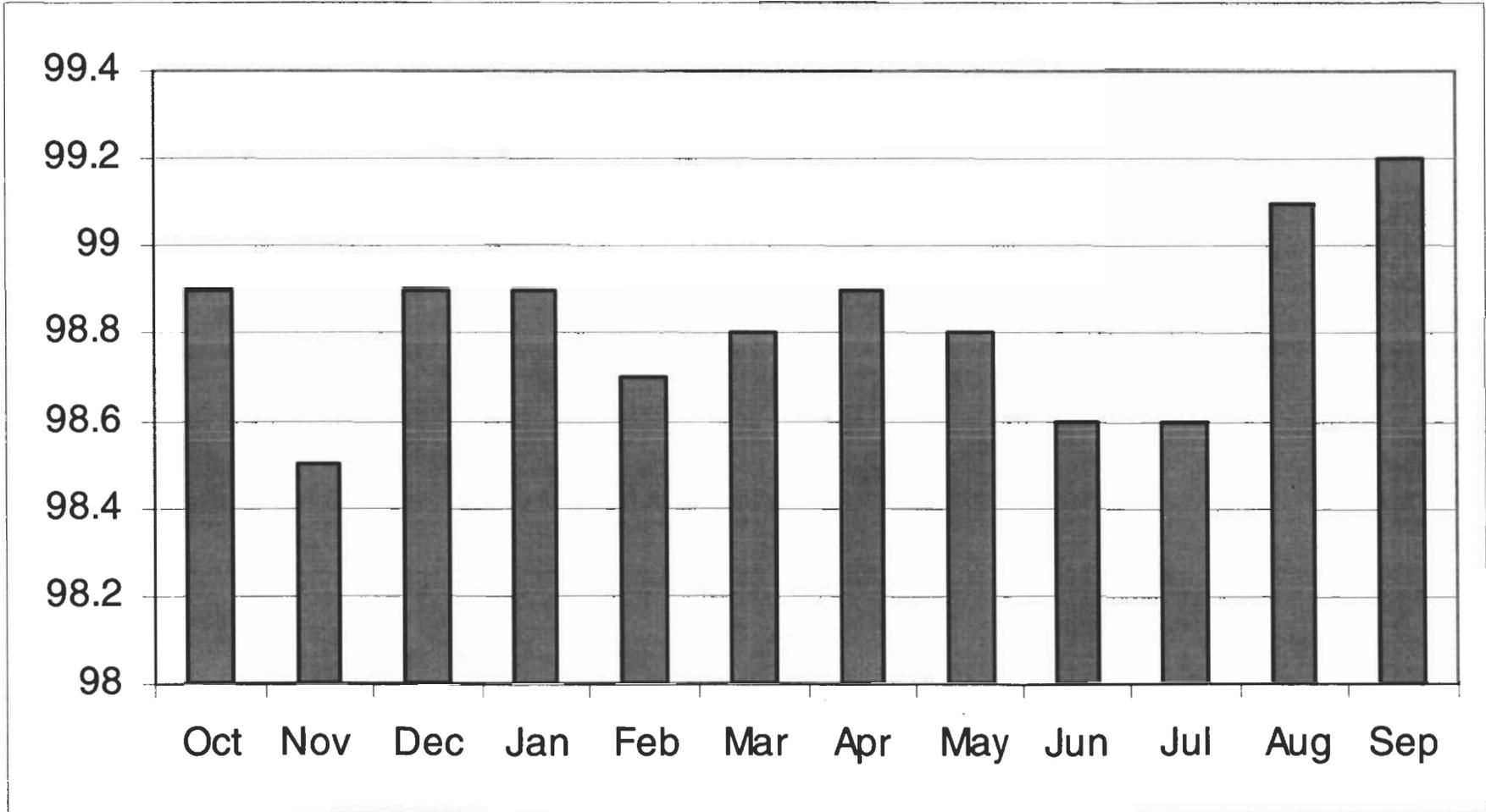
Integrity - Service - Innovation

9 of 19

Problem Cases Resolved within 30 Days - (Military Pay)



FY 04 Performance Data*

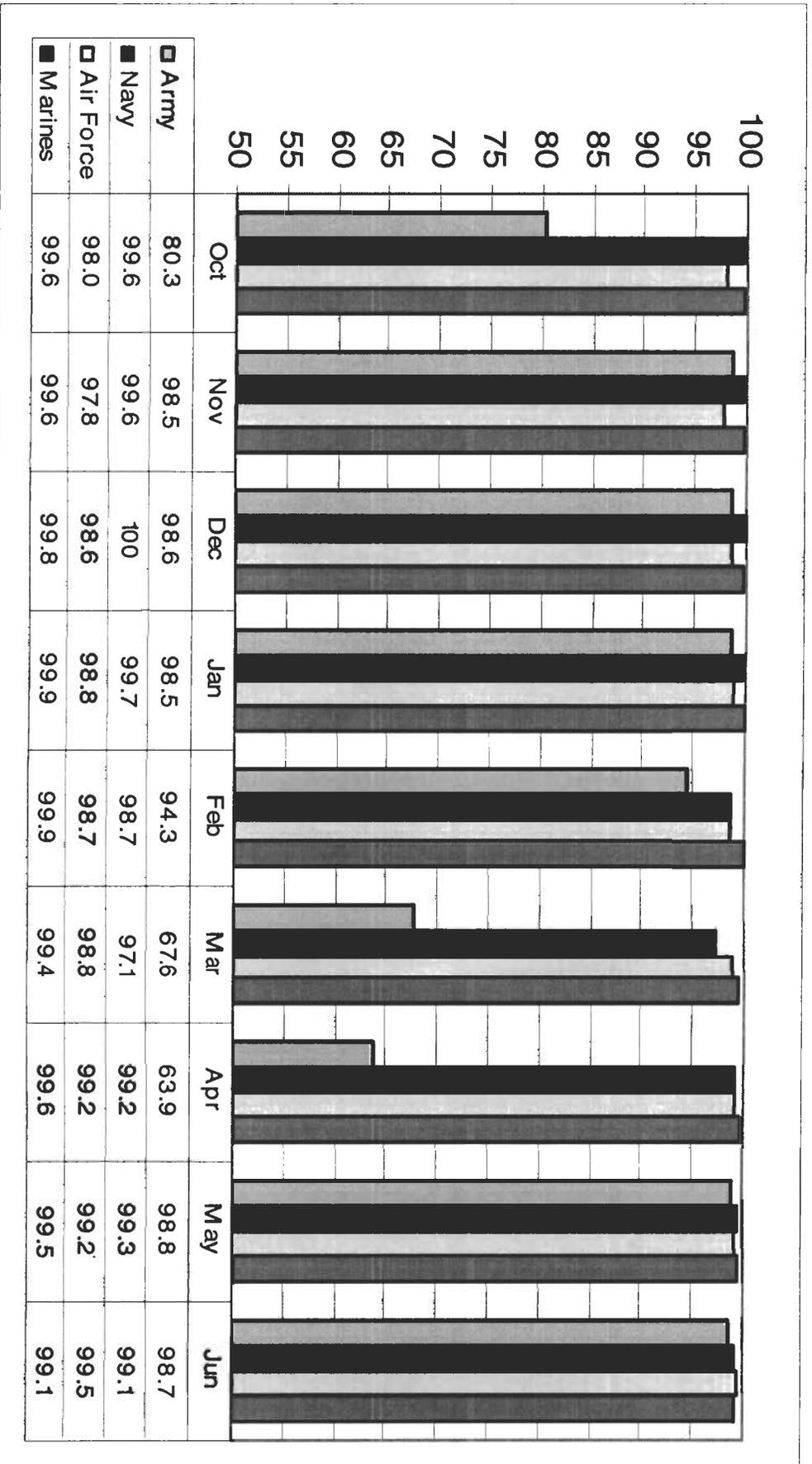


Service breakout not available for FY 04 - see next chart

Problem Cases Resolved within 30 Days - (Military Pay)



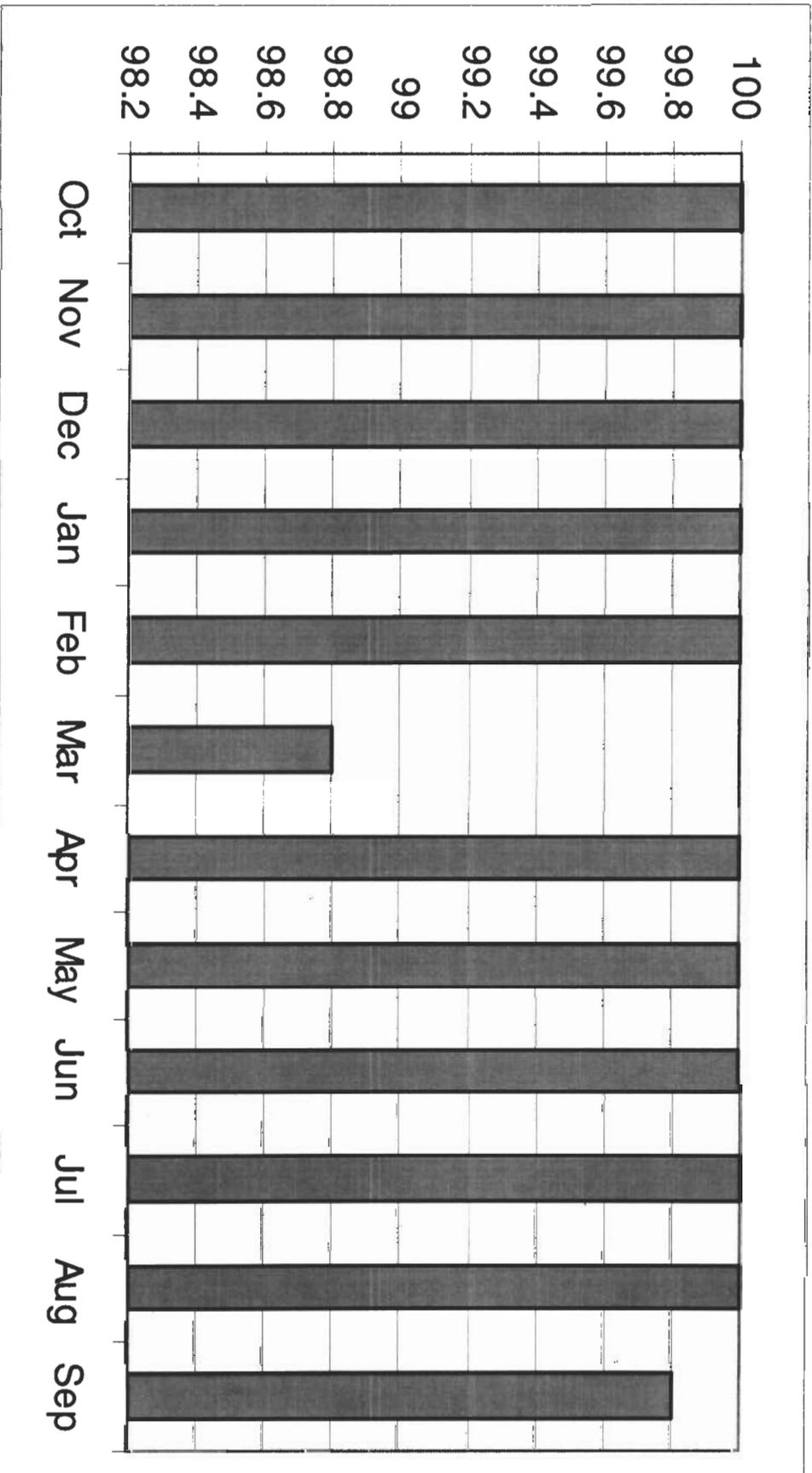
FY 05 Performance Data by Service



Problem Cases Resolved within 30 Days - (Civilian Pay)



FY 04 Performance Data*



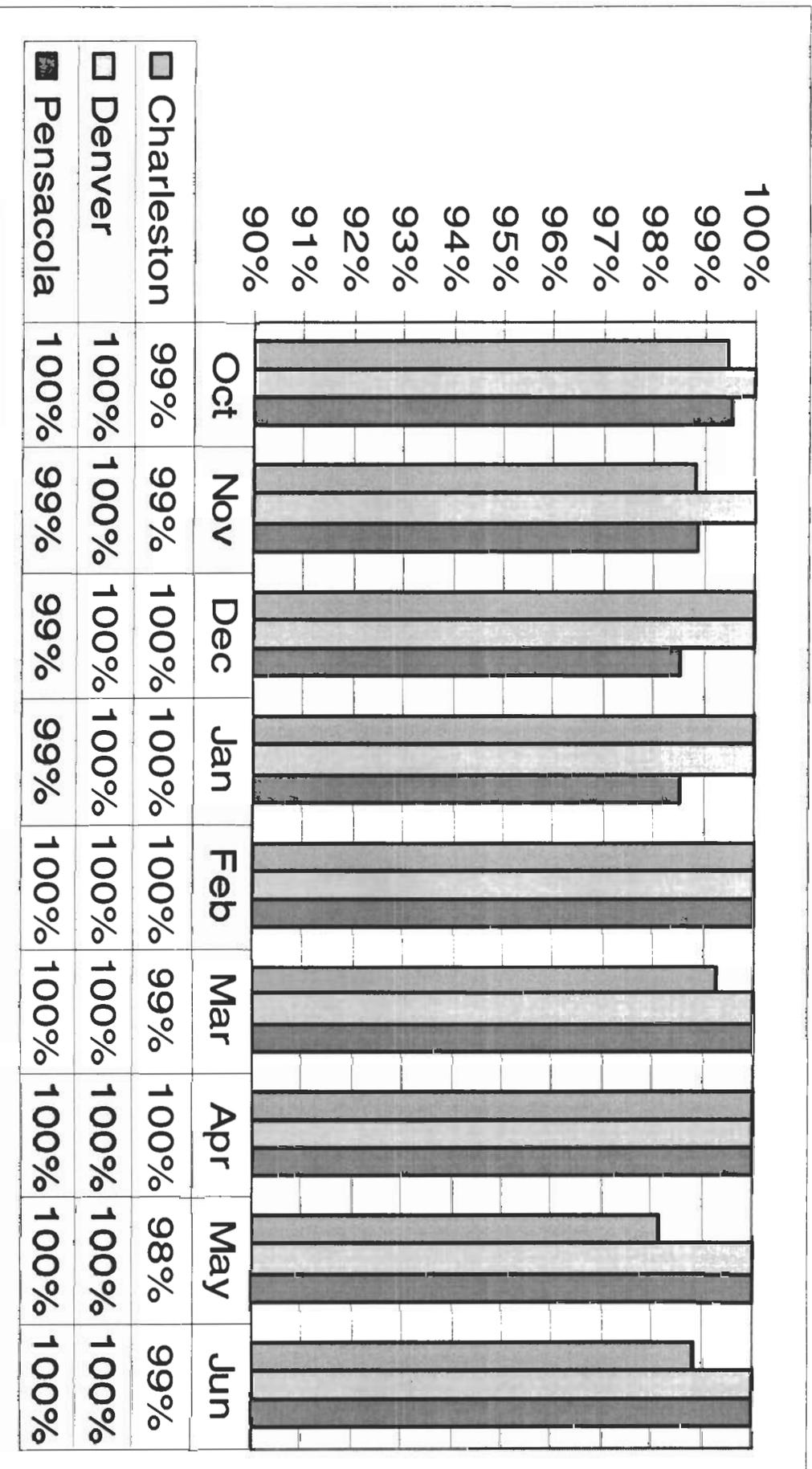
DCN: 11559

Site breakout not available for FY 04 - see next chart

Problem Cases Resolved within 30 Days - (Civilian Pay)



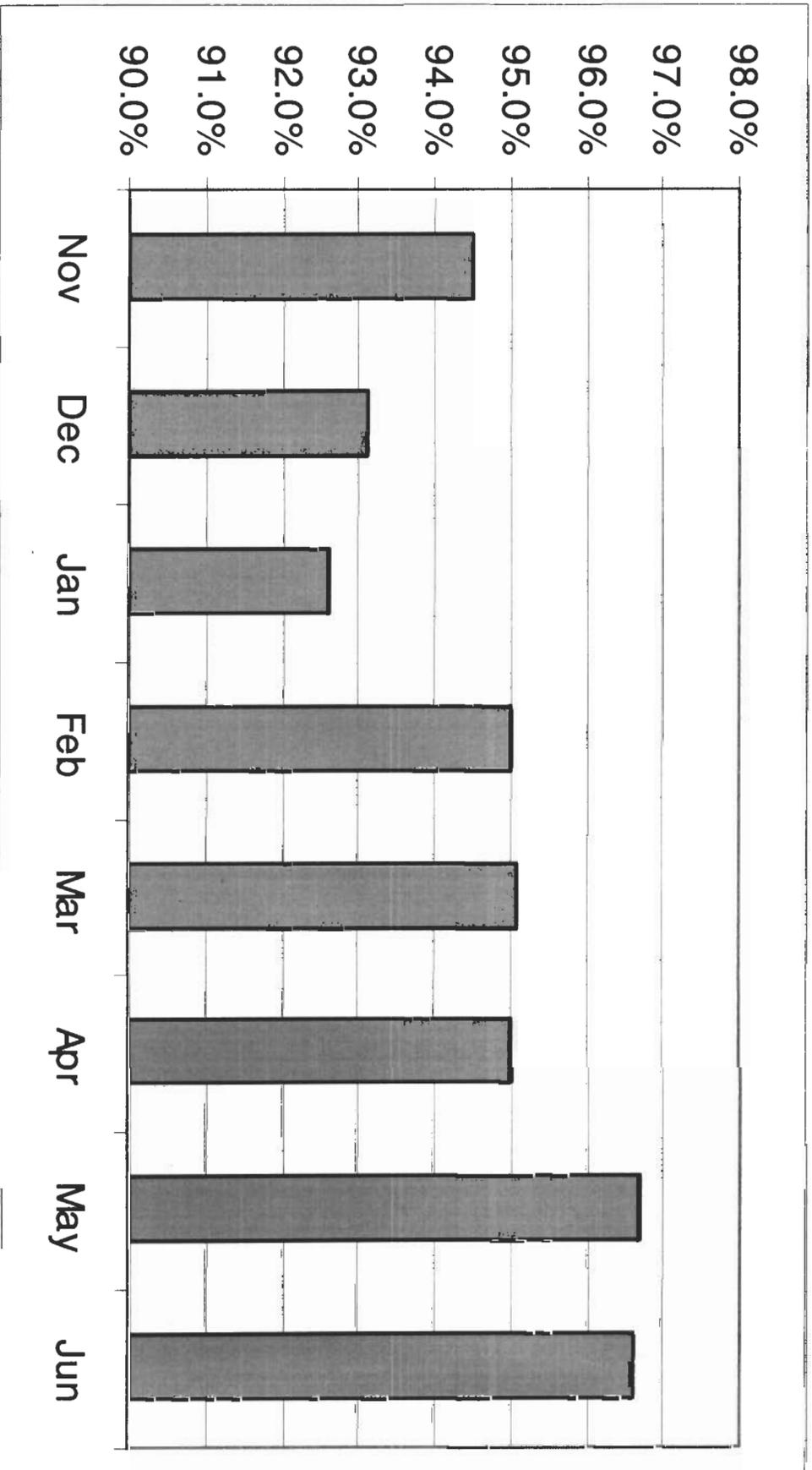
FY 05 Performance Data by Site



New Retired Pay Accounts Established On Time - (Retired and Annuitant Pay) - (Cleveland)



FY 05 Performance Data*

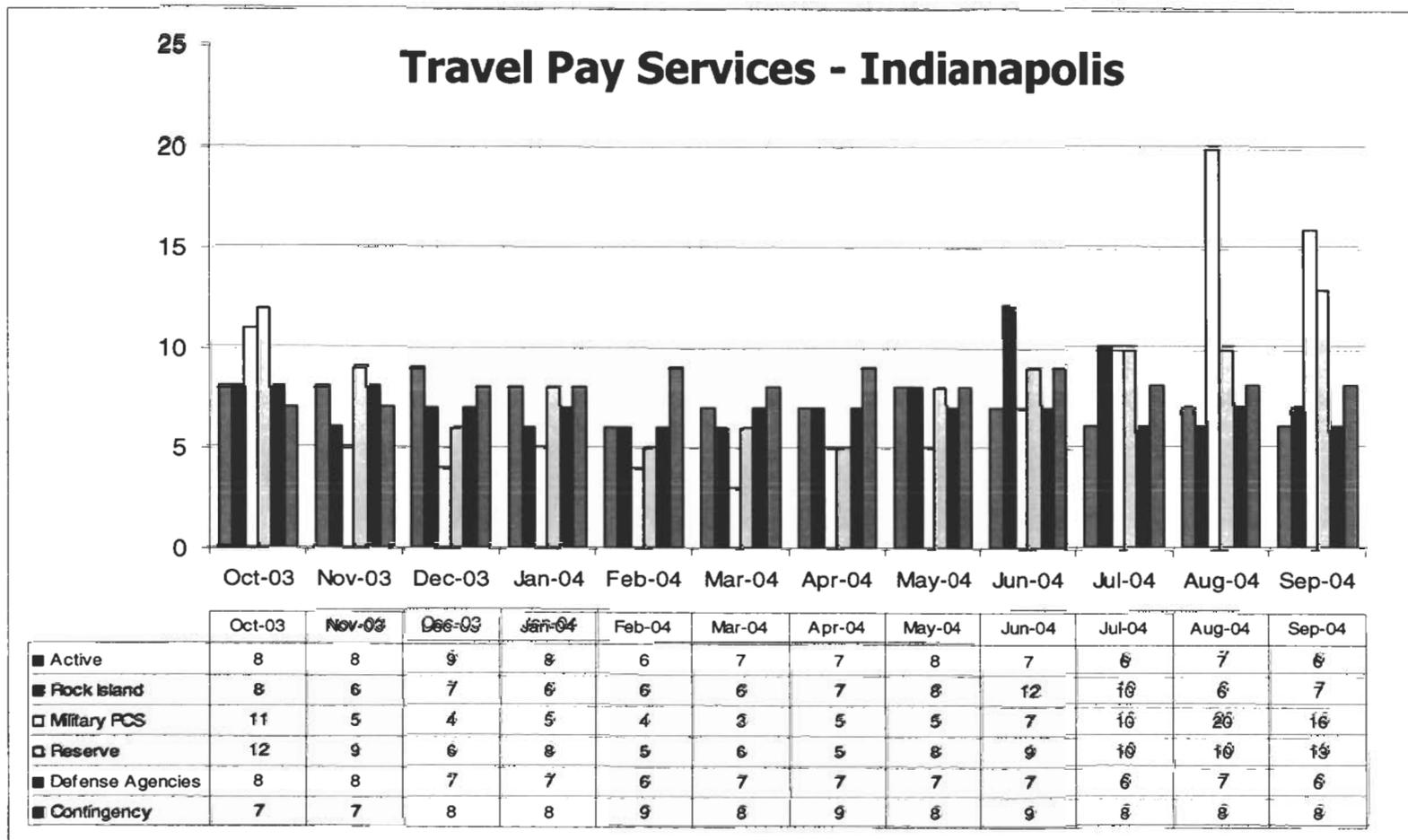


* Current metric not established until Nov 04

Travel Turn-Around-Time - (Travel Pay)



FY 04 Performance Data*

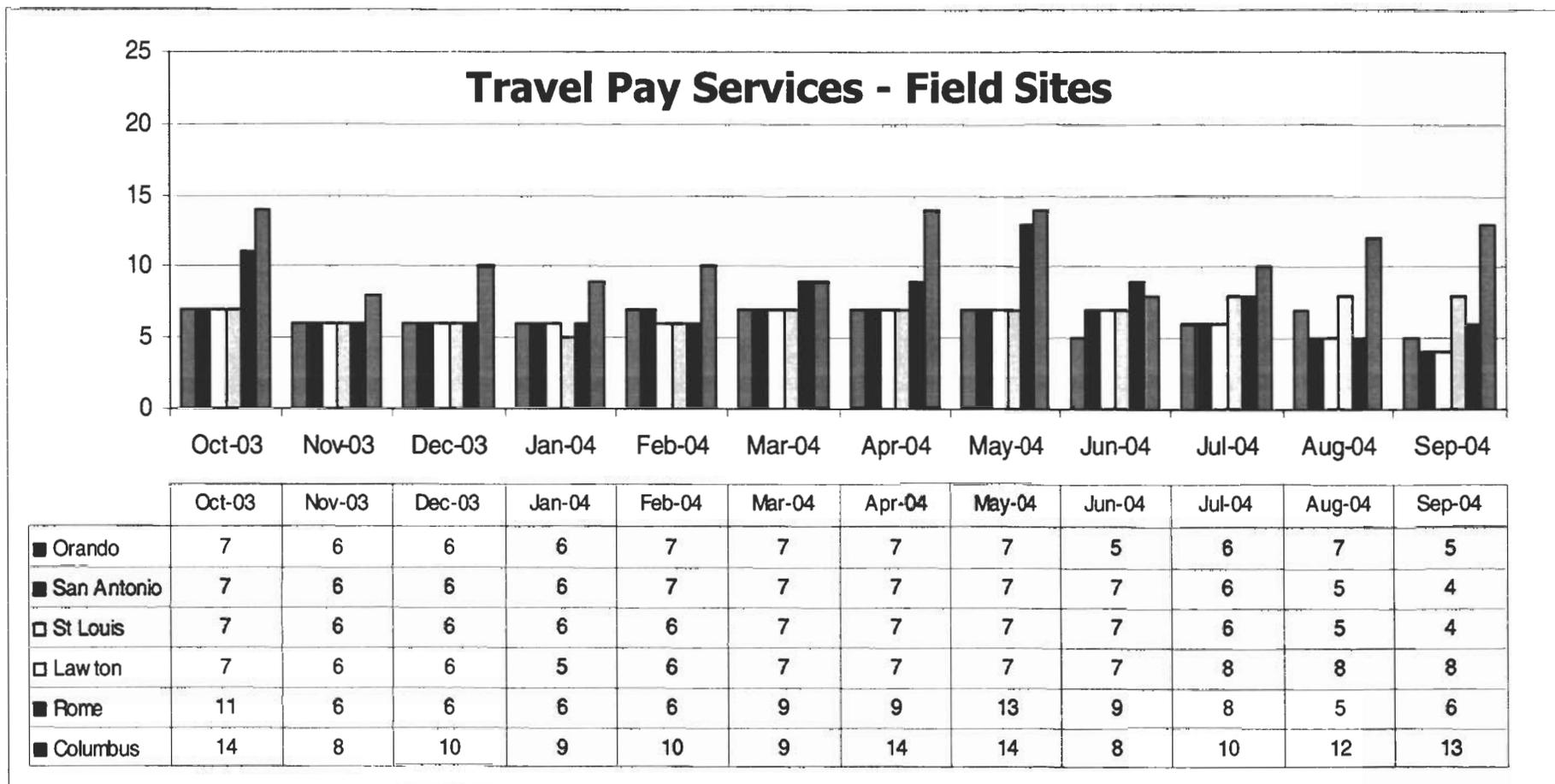


* DOD Standard is 8 days for travel voucher processing. Metrics above reflect turnaround time starting on first day of receipt of a ready to pay voucher.

Travel Turn-Around-Time - (Travel Pay)



FY 04 Performance Data*

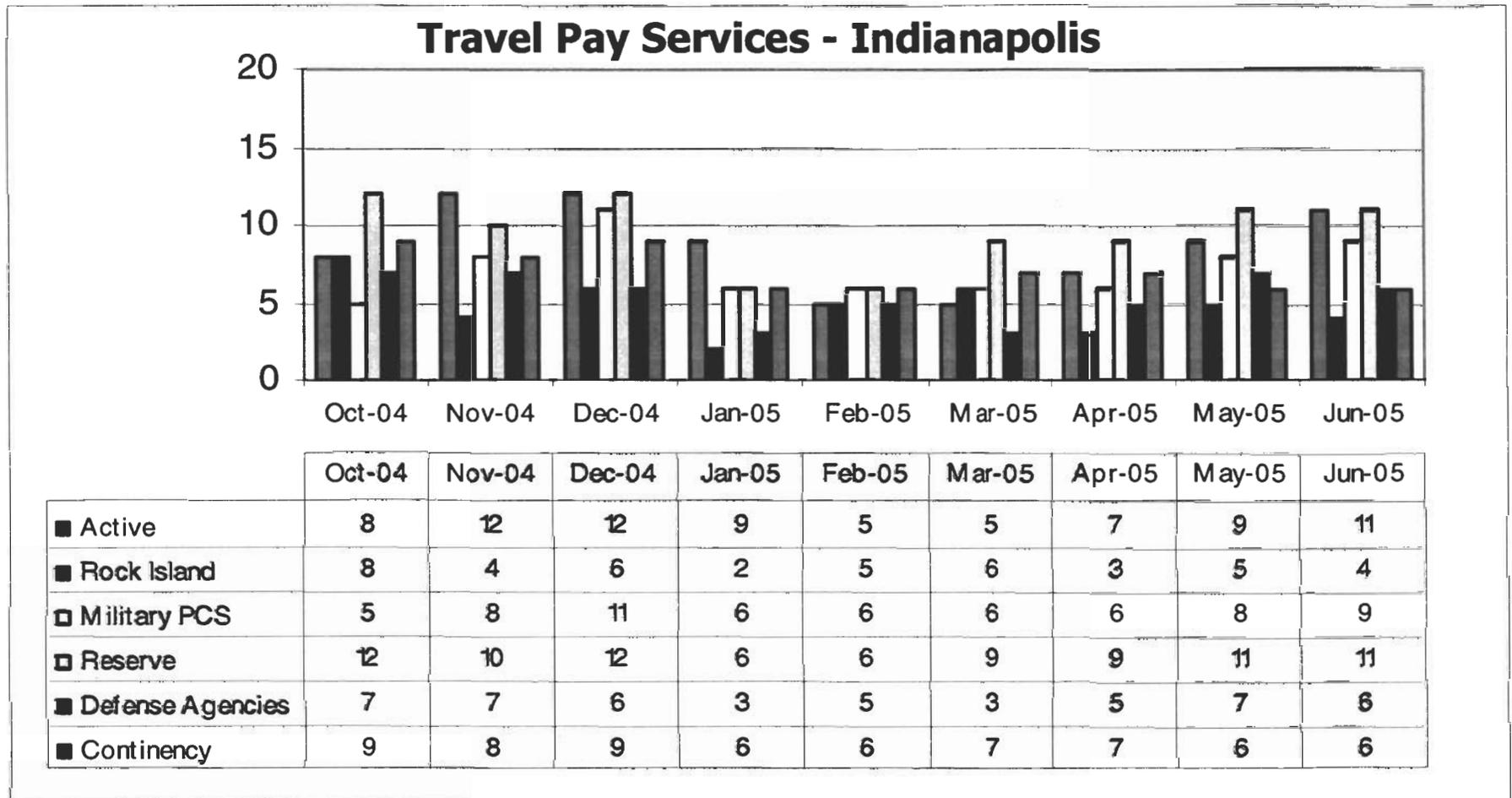


* DOD Standard is 8 days for travel voucher processing. Metrics above reflect turnaround time starting on first day of receipt of a ready to pay voucher.

Travel Turn-Around-Time - (Travel Pay)



FY 05 Performance Data*

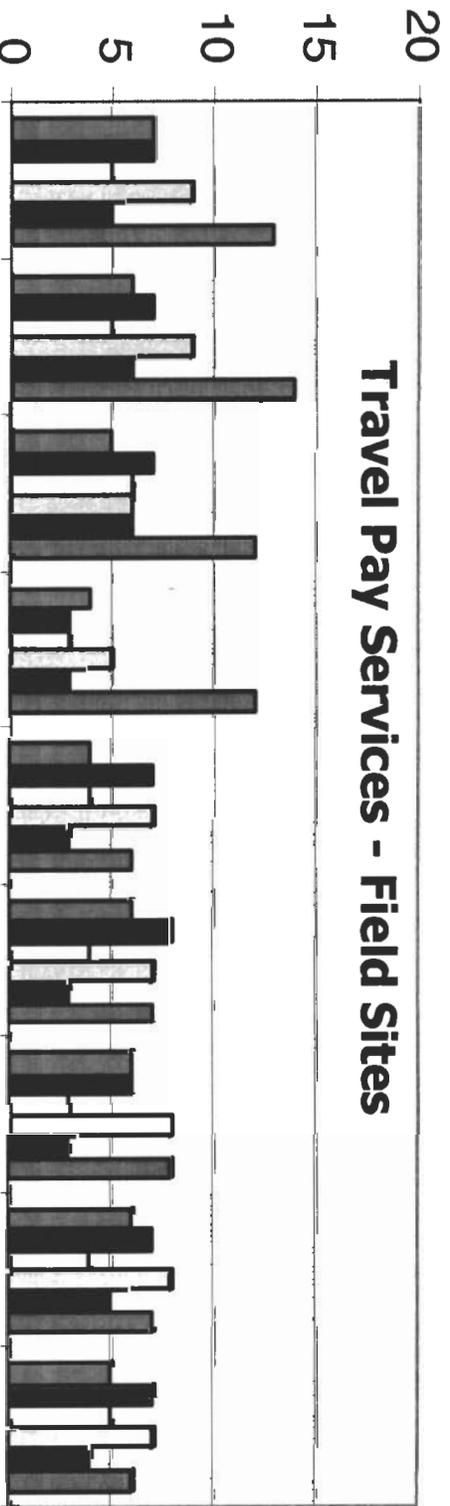


* DOD Standard is 8 days for travel voucher processing. Metrics above reflect turnaround time starting on first day of receipt of a ready to pay voucher.

Travel Turn-Around-Time - (Travel Pay)



FY 05 Performance Data*



| | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ■ Orlando | 7 | 6 | 5 | 4 | 4 | 6 | 6 | 6 | 5 |
| ■ San Antonio | 7 | 7 | 7 | 3 | 7 | 8 | 6 | 7 | 7 |
| □ St Louis | 5 | 5 | 6 | 3 | 4 | 4 | 3 | 4 | 5 |
| □ Lawton | 9 | 9 | 6 | 5 | 7 | 7 | 8 | 8 | 7 |
| ■ Rome | 5 | 6 | 6 | 3 | 3 | 3 | 3 | 5 | 4 |
| ■ Columbus | 13 | 14 | 12 | 12 | 6 | 7 | 8 | 7 | 6 |

* DOD Standard is 8 days for travel voucher processing. Metrics above reflect turnaround time starting on first day of receipt of a ready to pay voucher.

DFAS

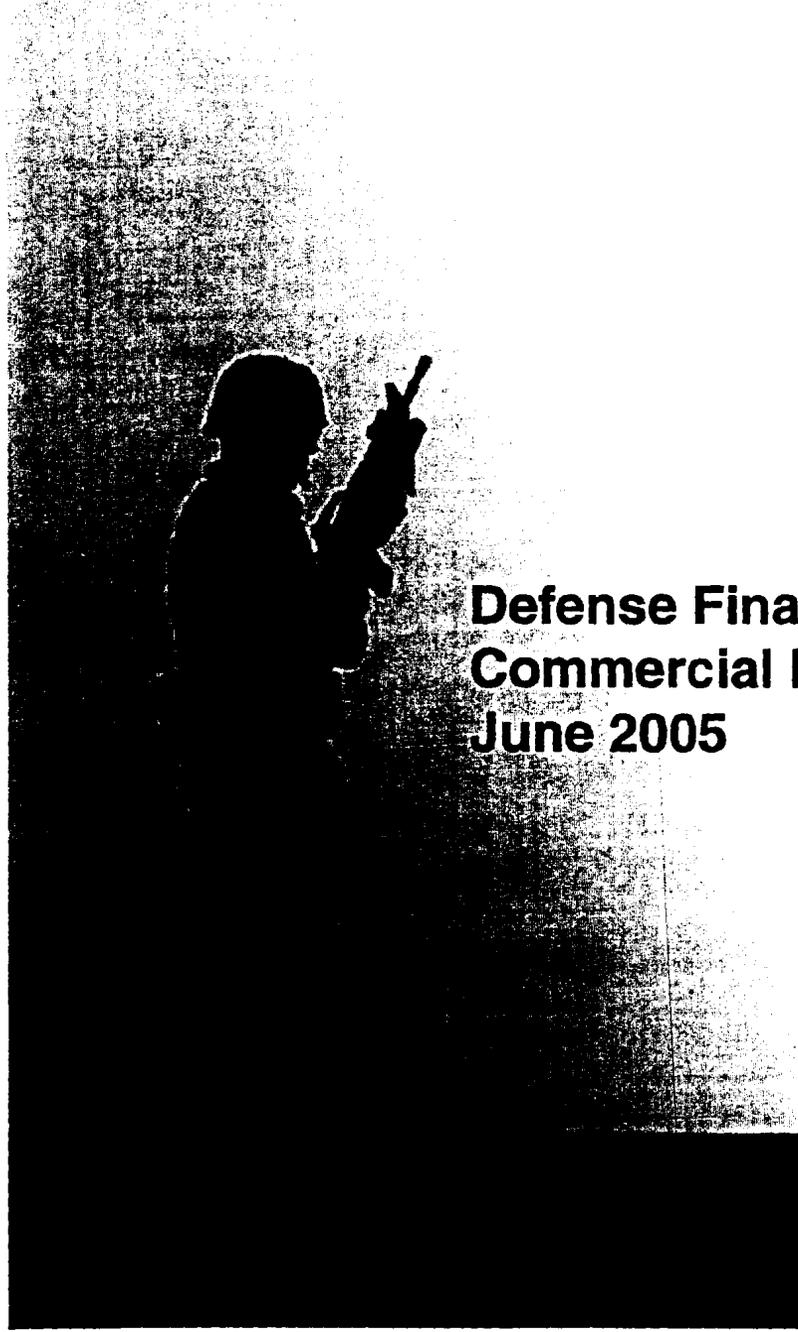
Your Financial Partner @ Work



Commercial Pay Site Level Performance Through June 2005



| Site | Cumulative Interest \$ Per Million | # Invoices On Hand | Overaged Rate | Cumulative % # Discounts Lost |
|-----------------------|--|-----------------------|------------------|-------------------------------------|
| Columbus Contract Pay | \$54 | 43,214 | 1.51% | 3.53% |
| Columbus Vendor Pay | \$161 | 192,354 | 1.52% | 1.86% |
| Charleston | \$172 | 10,432 | 1.63% | 18.39% |
| Dayton | \$432 | 14,154 | 7.27% | 37.10% |
| Europe | \$39 | 74 | 0.00% | 0.00% |
| Indy-DAFS | \$805 | 1,831 | 8.14% | 3.88% |
| Indy-VP | \$668 | 7,525 | 6.72% | 2.26% |
| Indy-Trans Pay | \$31 | 16,335 | 0.00% | 1.79% |
| Japan | \$47 | 1,837 | 0.87% | 8.76% |
| Lawton | \$349 | 7,140 | 2.72% | 8.85% |
| Lexington | \$320 | 2,849 | 0.00% | 0.48% |
| Limestone | \$338 | 11,544 | 3.59% | 49.81% |
| Norfolk | \$708 | 12,191 | 3.99% | 16.16% |
| Omaha | \$245 | 421 | 2.85% | 38.69% |
| Orlando | \$397 | 2,489 | 4.74% | 5.65% |
| Pacific | \$152 | 1,626 | 3.81% | 12.62% |
| Pensacola | \$309 | 76,369 | 2.03% | 44.53% |
| Rock Island | \$165 | 8,715 | 8.74% | 4.94% |
| Rome | \$288 | 6,557 | 3.25% | 5.19% |
| San Antonio | \$278 | 6,935 | 3.24% | 2.69% |
| San Diego | \$479 | 8,105 | 1.75% | 29.53% |
| St Louis | \$97 | 1,860 | 1.02% | 2.02% |
| Totals | \$143 | 434,557 | 2.22% | 4.86% |



**Defense Finance & Accounting Service
Commercial Pay Site Performance
June 2005**



Commercial Pay Site Level Performance



| Site | Cumulative Interest \$ Per Million | # Invoices On Hand | Averaged Rate | Cumulative % # Discounts Lost |
|-----------------------|--|-----------------------|------------------|-------------------------------------|
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| St Louis | \$97 | 1,860 | 1.02% | 2.02% |
| Totals | \$143 | 434,557 | 2.22% | 4.86% |

Through June 2005



Your Financial
Partner @ Work

**2004 CPBL
Customer Satisfaction Results**

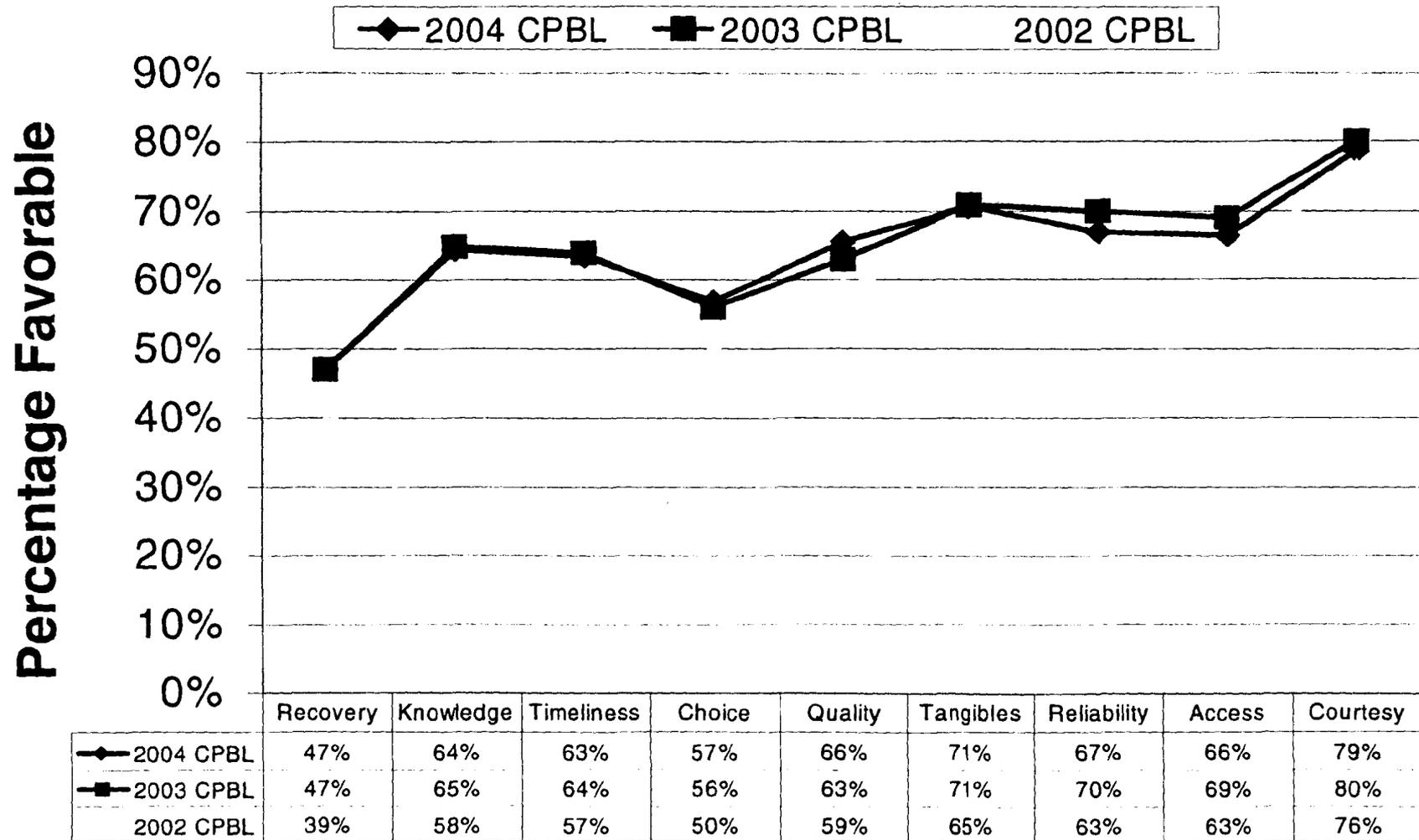
**Centralized Customer Service
Directorate**

November 16, 2004

DCN: 11559

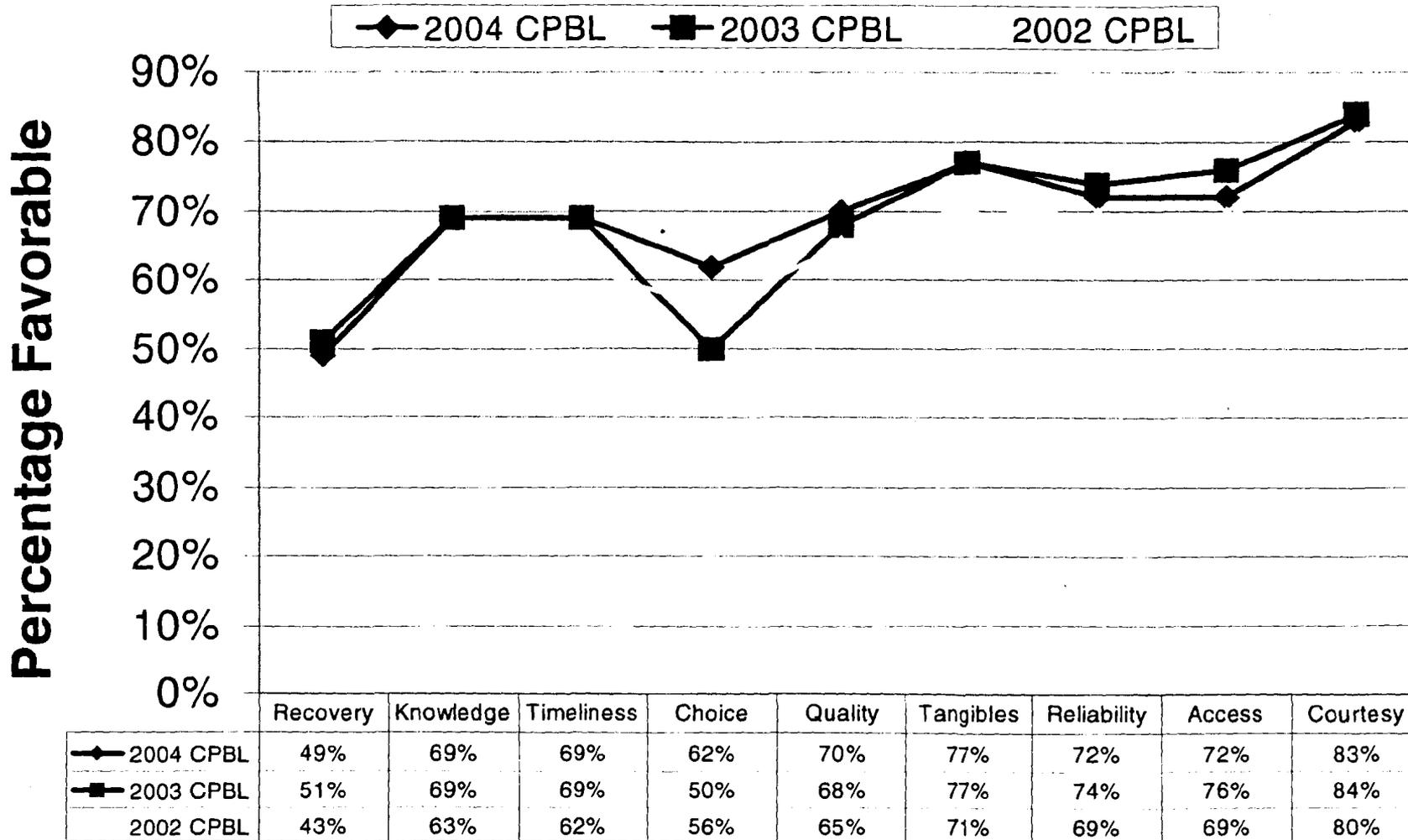
Integrity - Innovation - Service

CPBL Customer Satisfaction Results



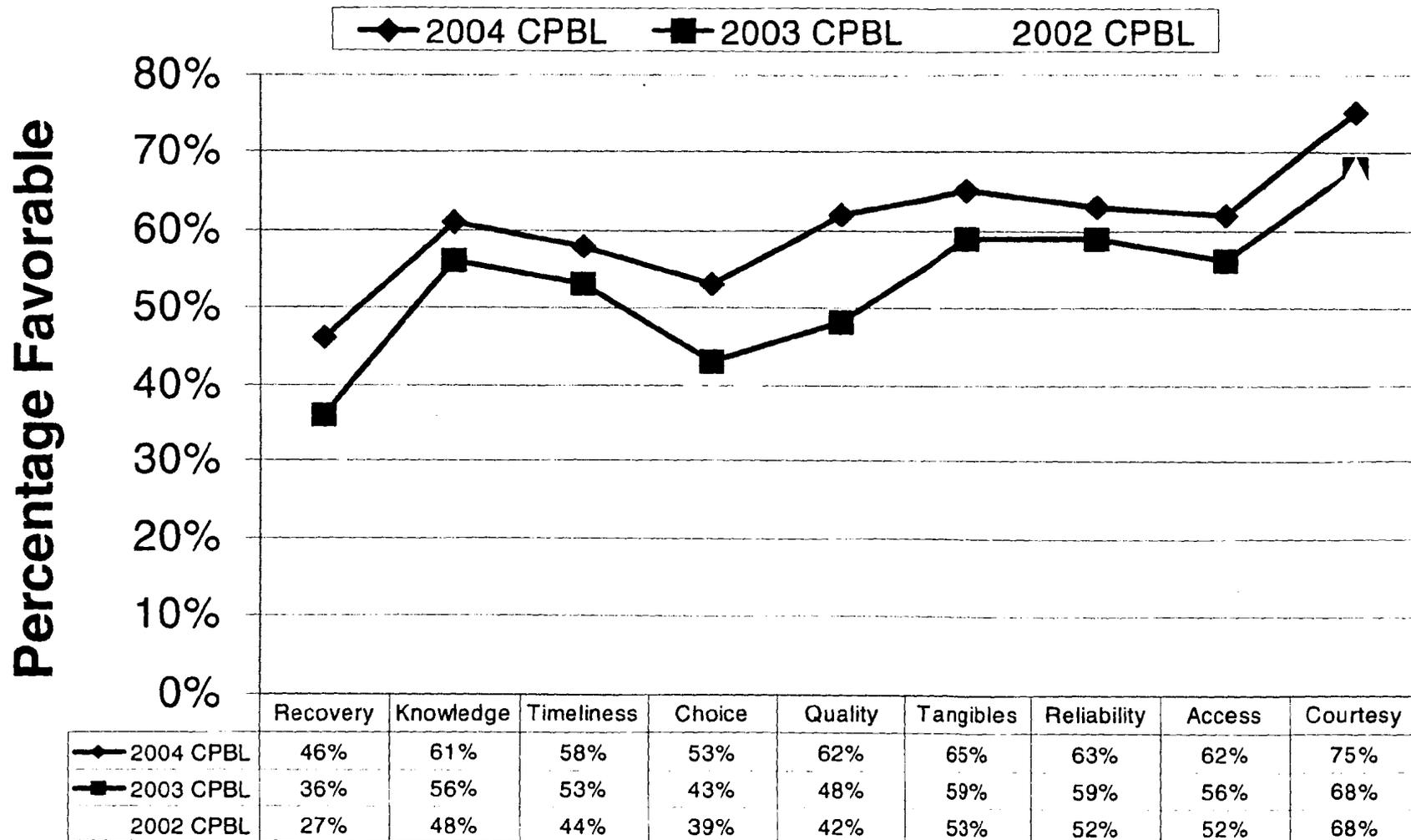
Note: Data includes Contractor/Vendor and PMO/FM Responses

CP Customer Satisfaction Results



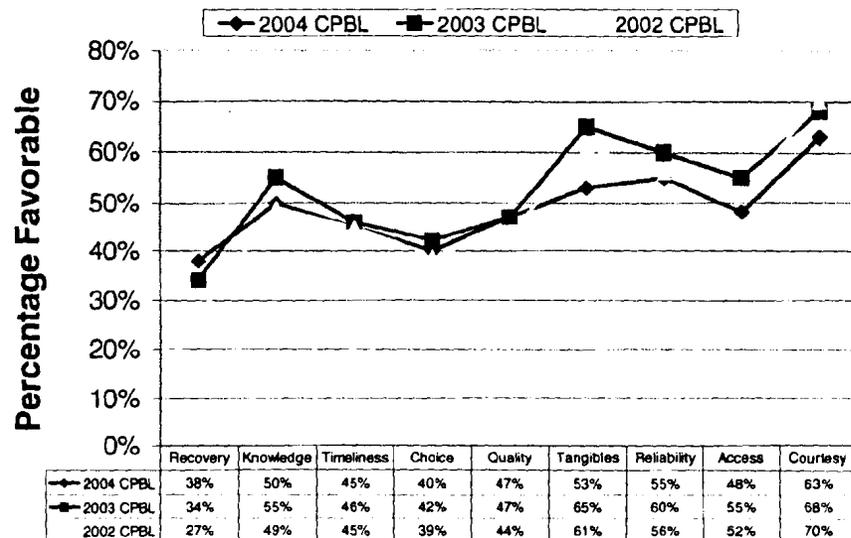
Note: Data includes Contractor and PMO Responses

VP Customer Satisfaction Results

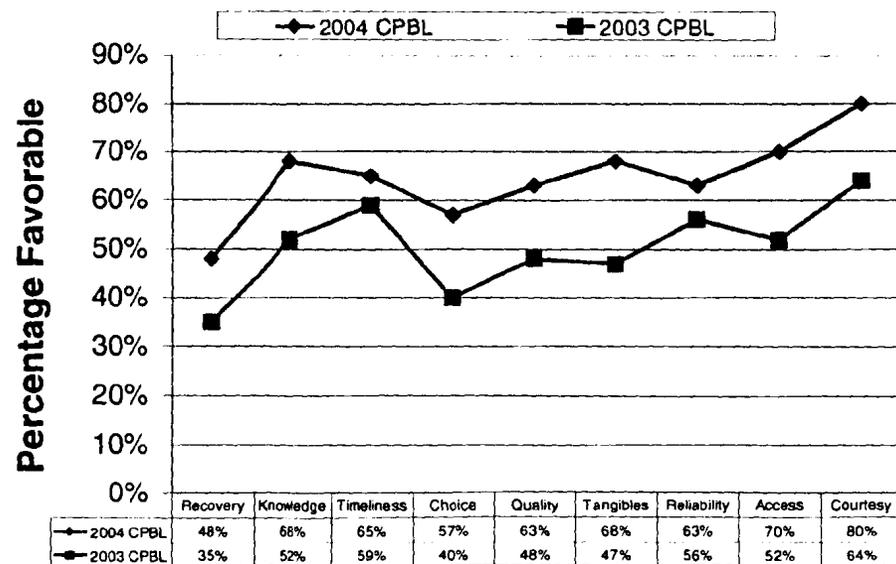


Note: Data includes Vendor and FM Responses

Navy Vendor Customer Satisfaction Results



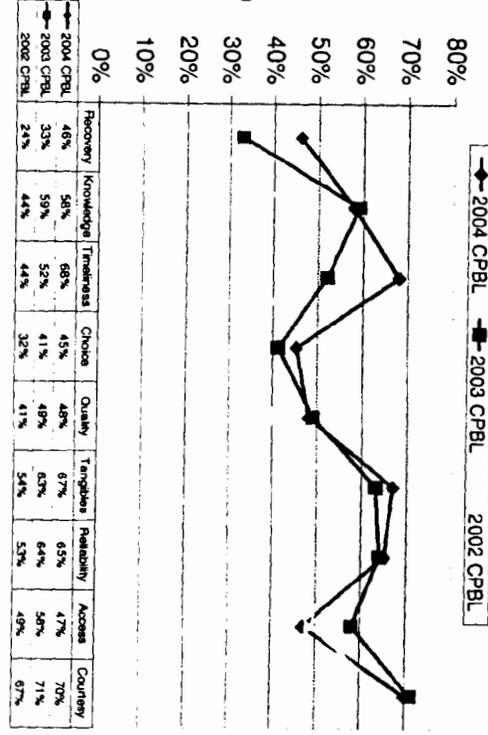
Navy FM Customer Satisfaction Results



Cleveland Vendor Customer Satisfaction Results



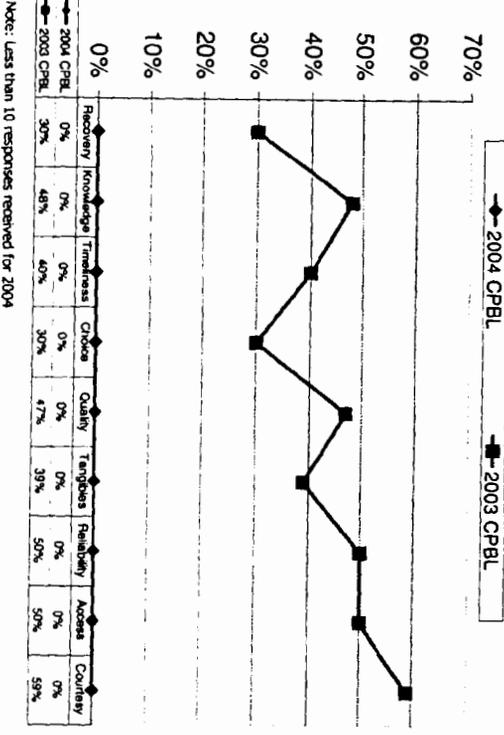
Percentage Favorable



Cleveland FM Customer Satisfaction Results



Percentage Favorable

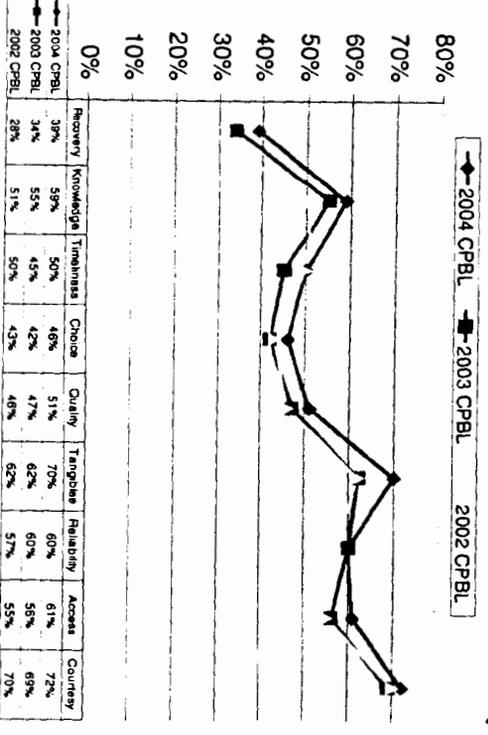


Note: Less than 10 responses received for 2004

Charleston Vendor Customer Satisfaction Results



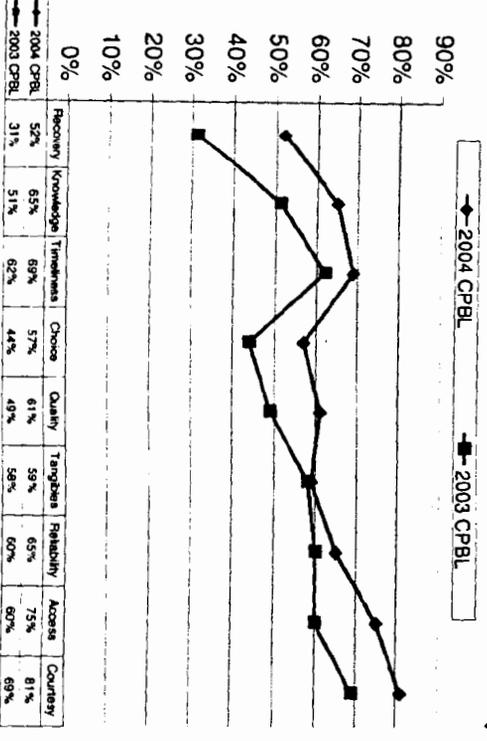
Percentage Favorable



Charleston FM Customer Satisfaction Results



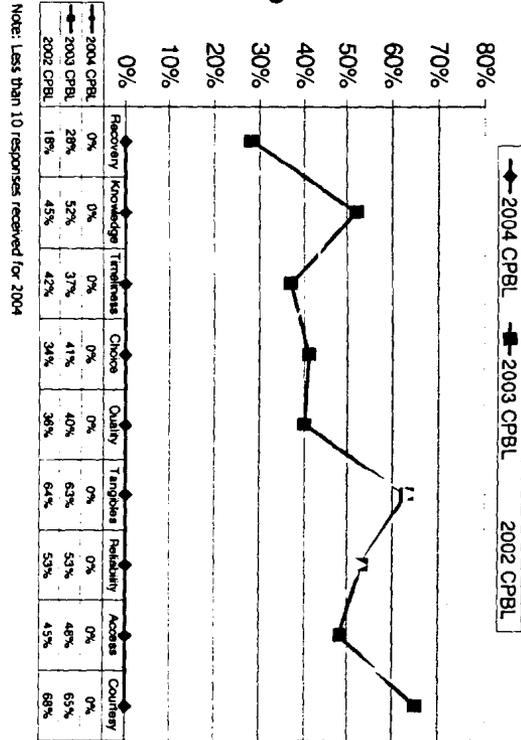
Percentage Favorable



Japan Vendor Customer Satisfaction Results



Percentage Favorable

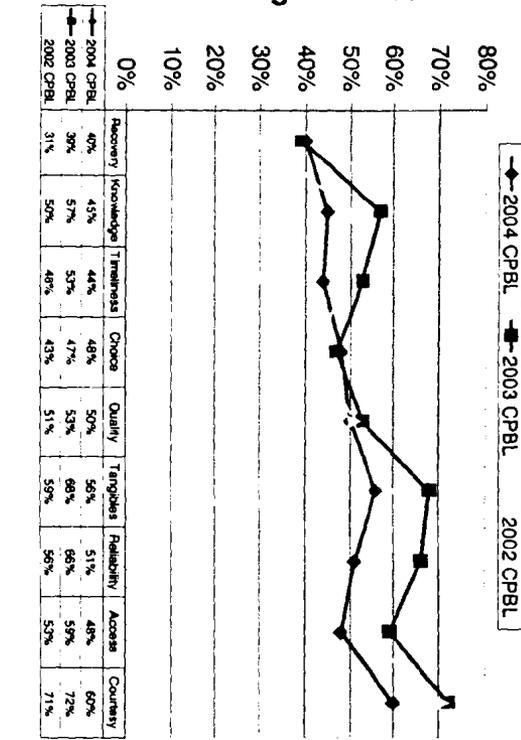


No Data to Report

Norfolk Vendor Customer Satisfaction Results



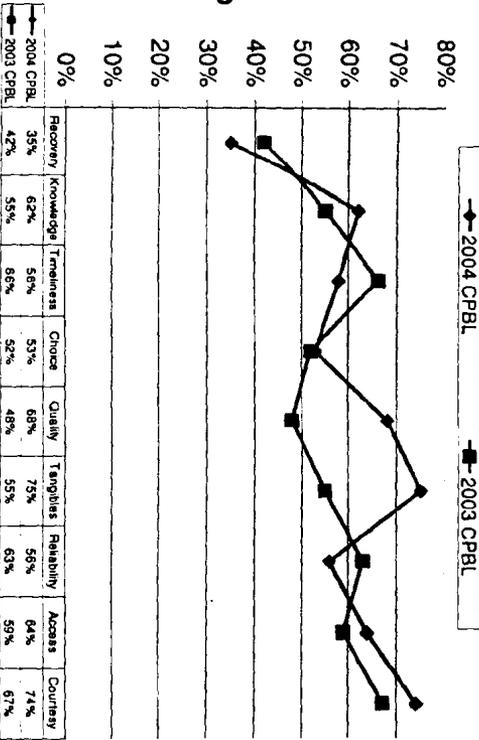
Percentage Favorable



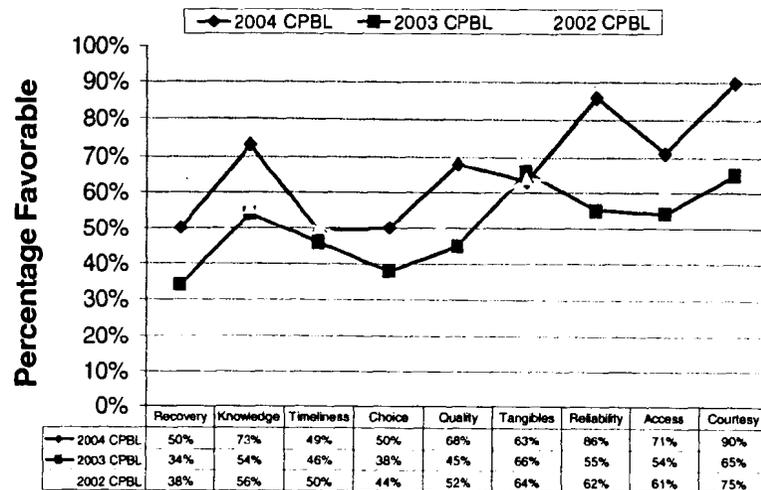
Norfolk FM Customer Satisfaction Results



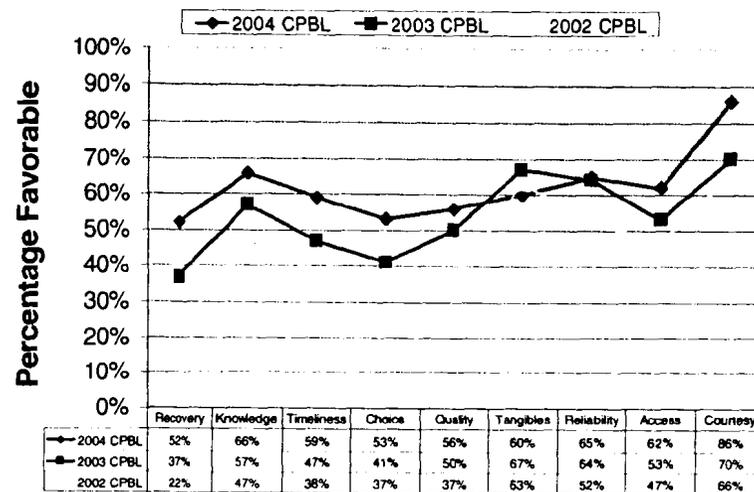
Percentage Favorable



Honolulu Vendor Customer Satisfaction Results

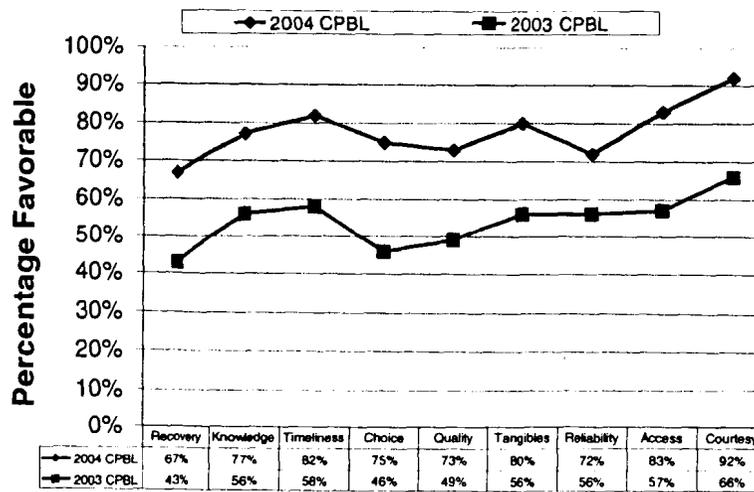


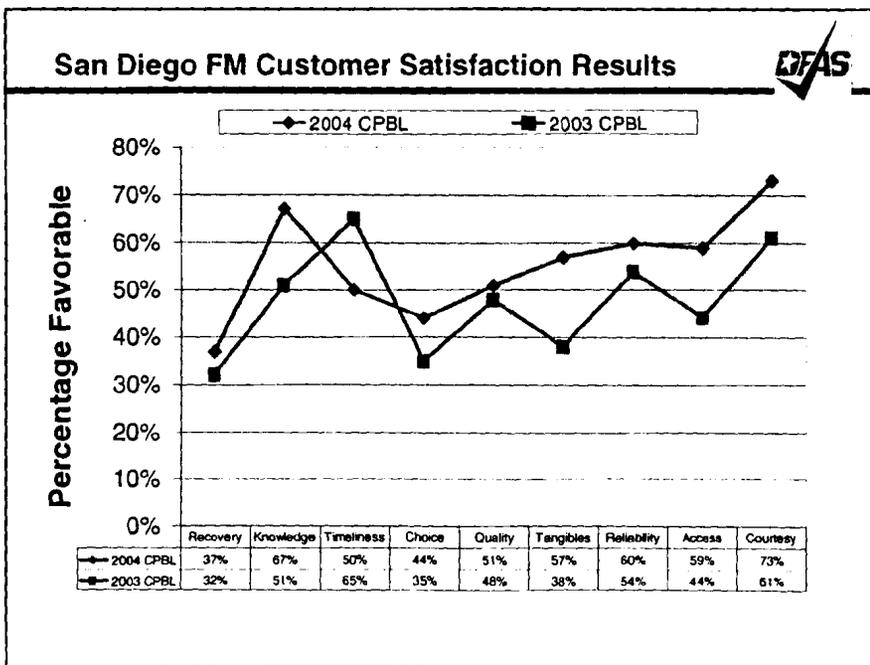
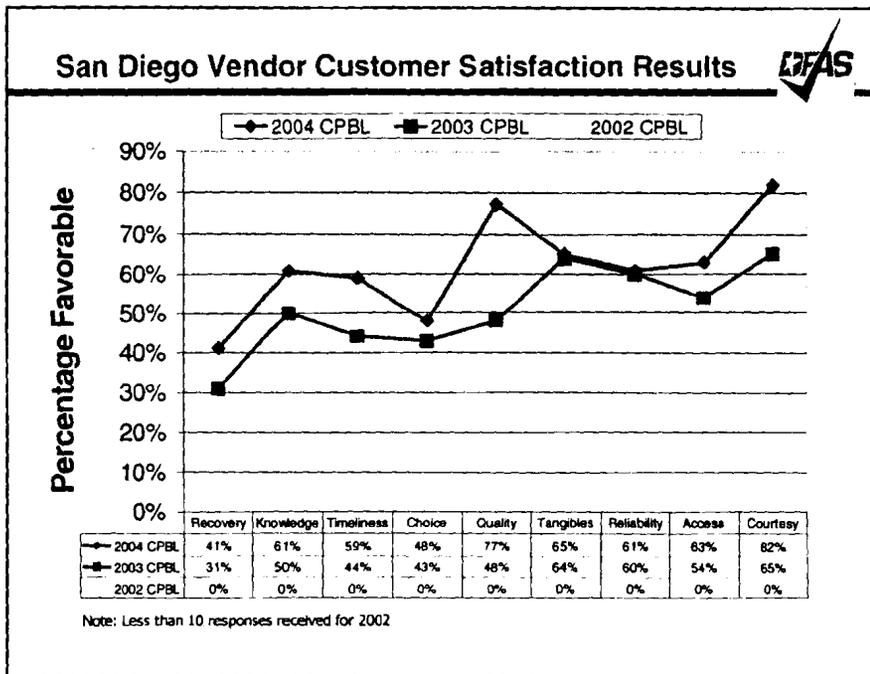
Pensacola Vendor Customer Satisfaction Results



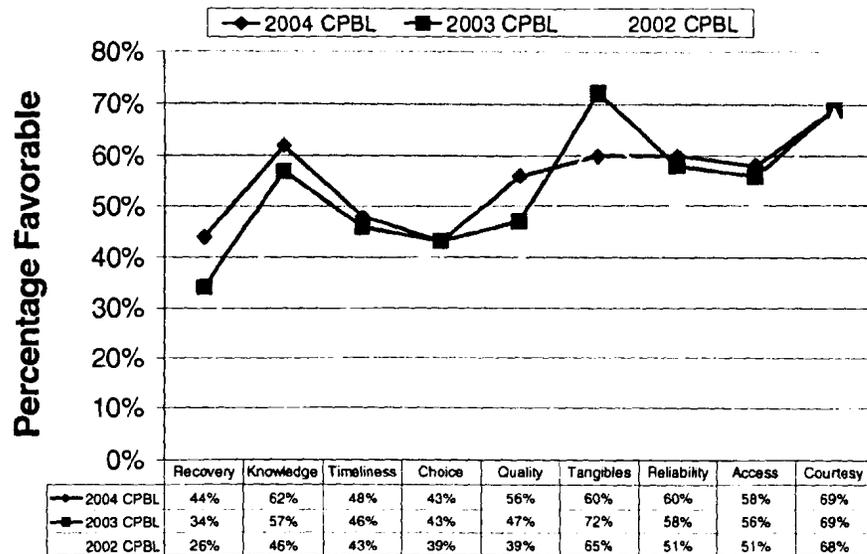
No Data to Report

Pensacola FM Customer Satisfaction Results

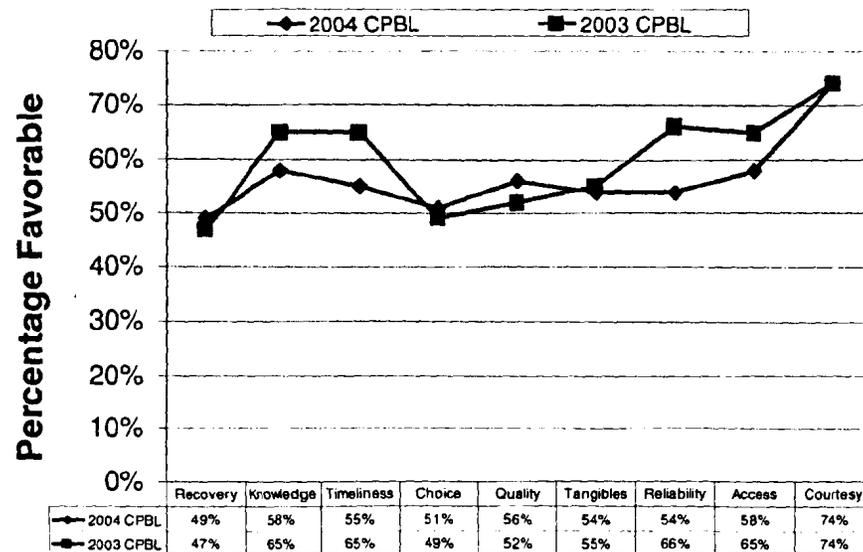


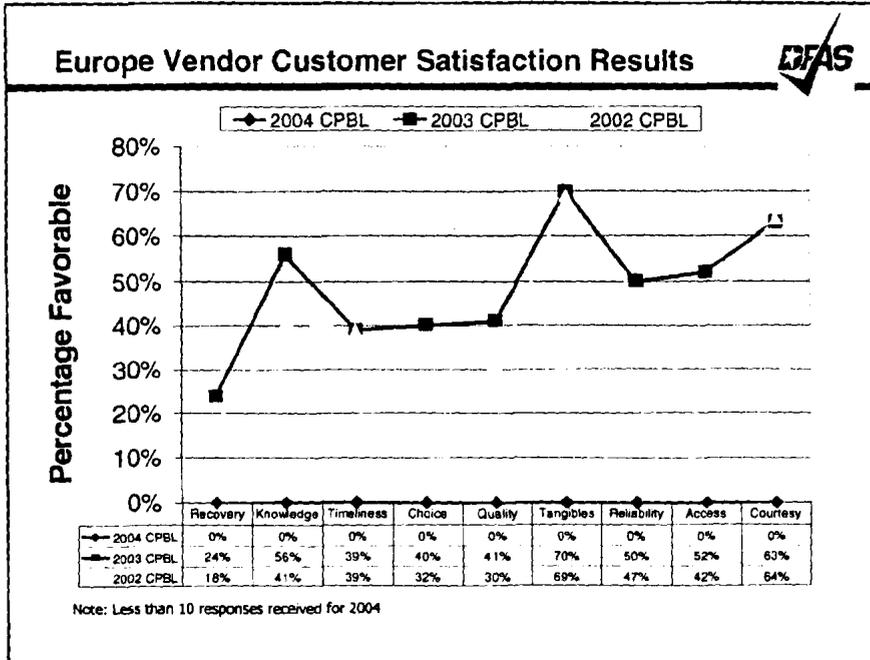


Army Vendor Customer Satisfaction Results

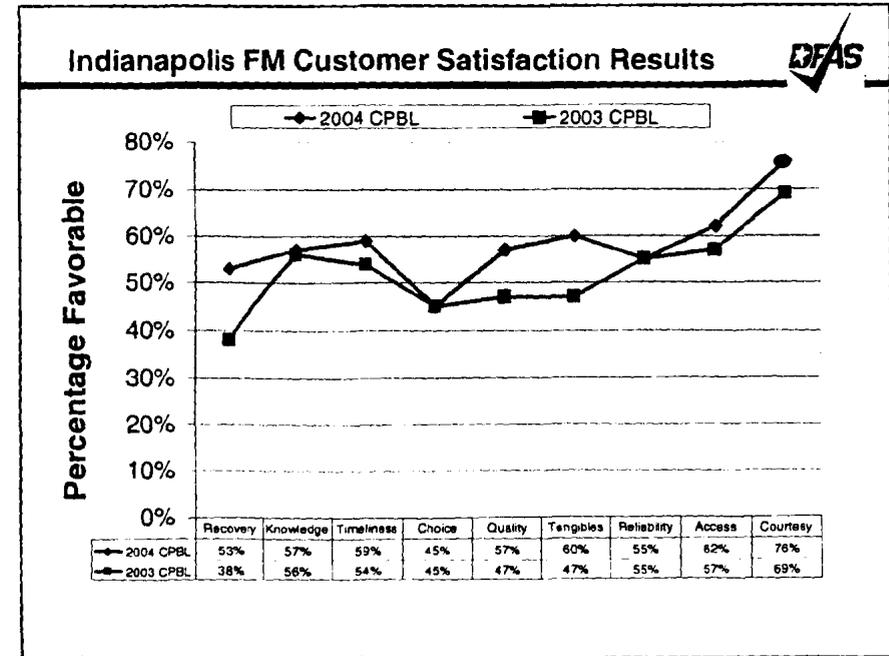
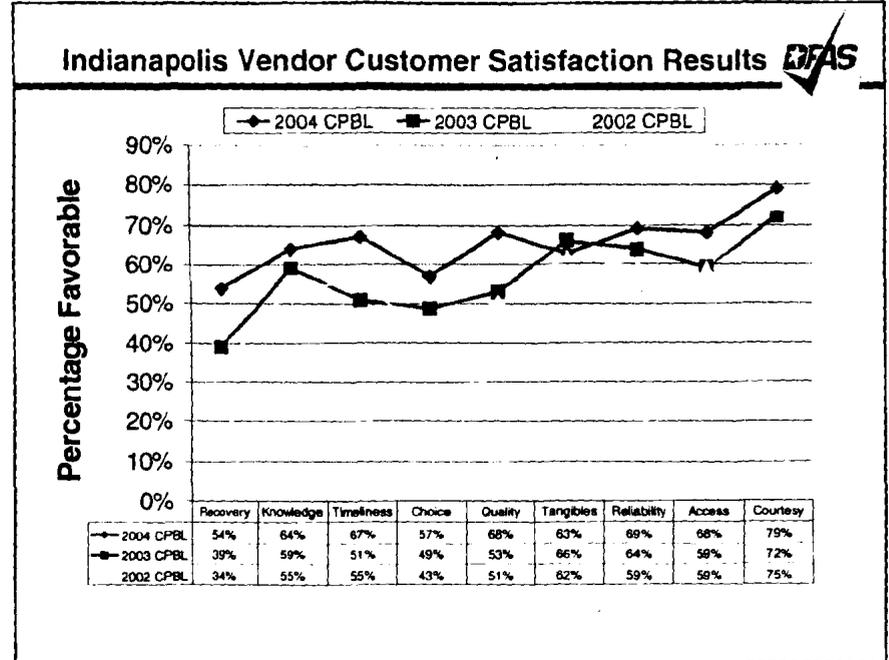


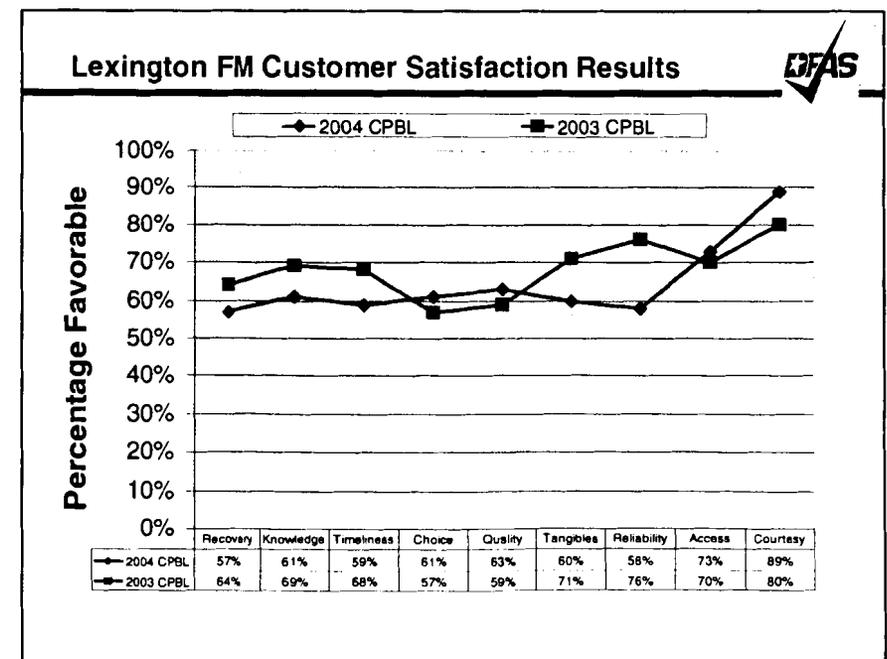
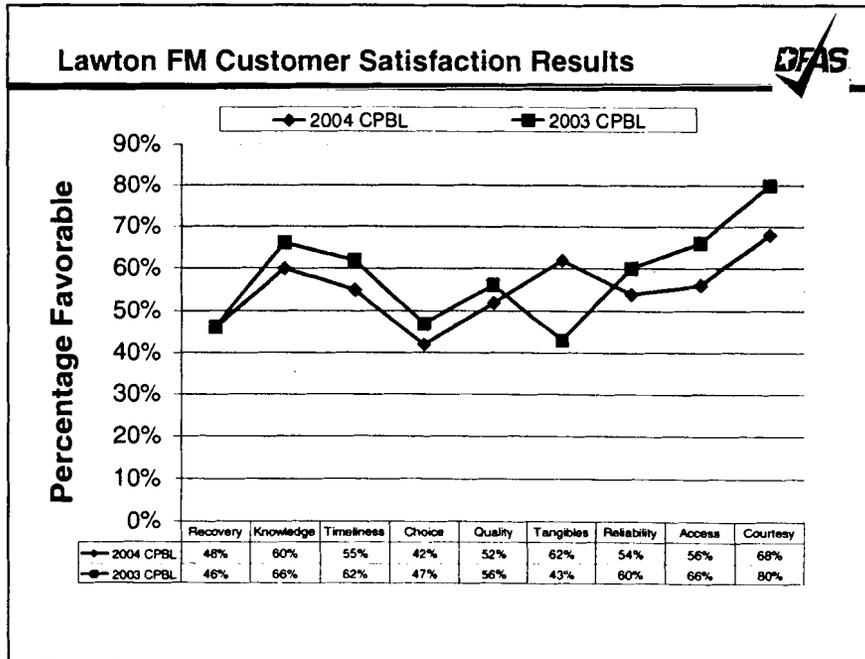
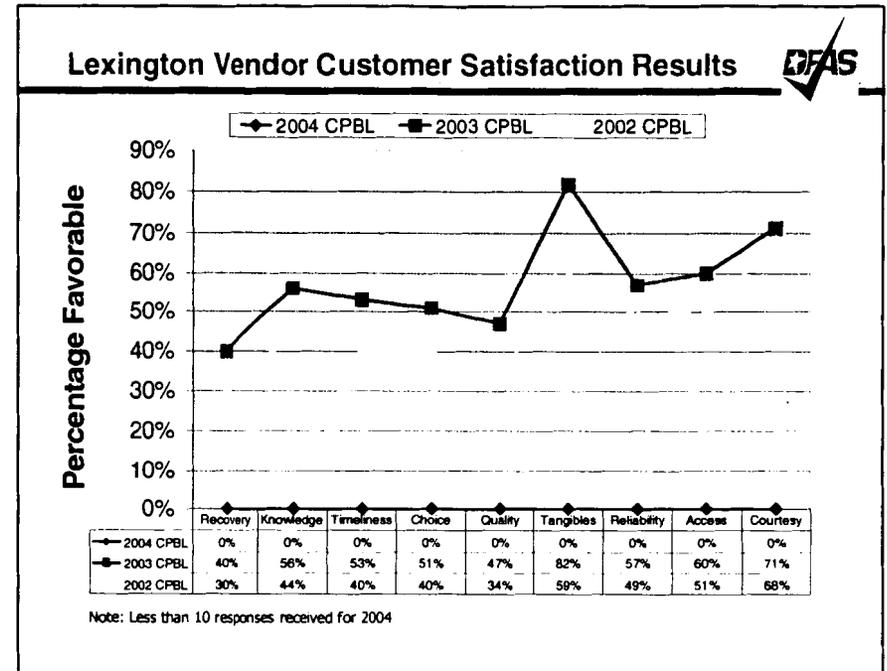
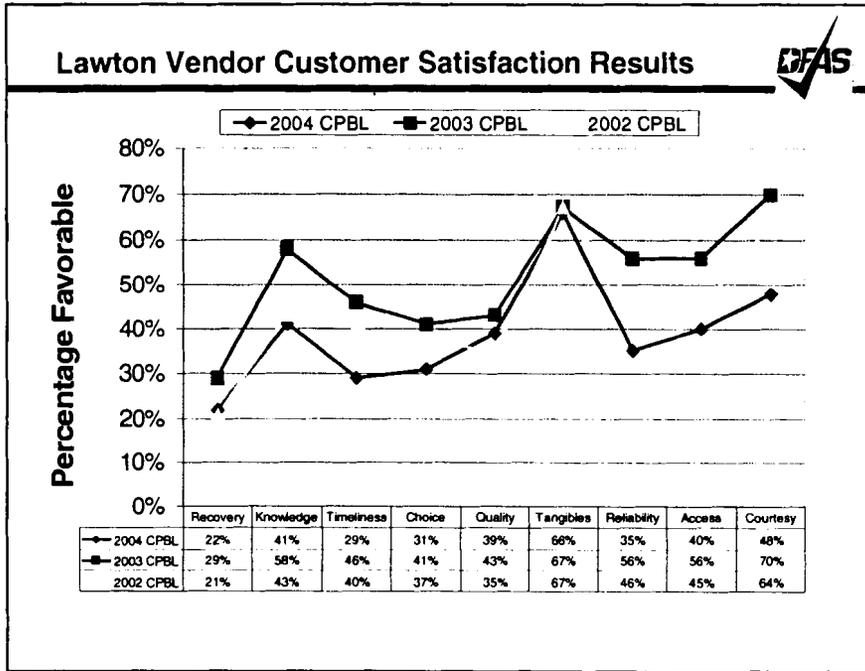
Army FM Customer Satisfaction Results



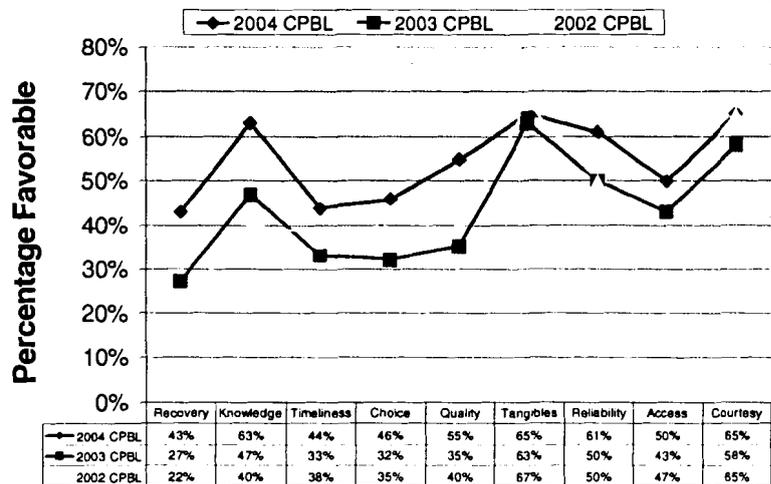


No Data to Report

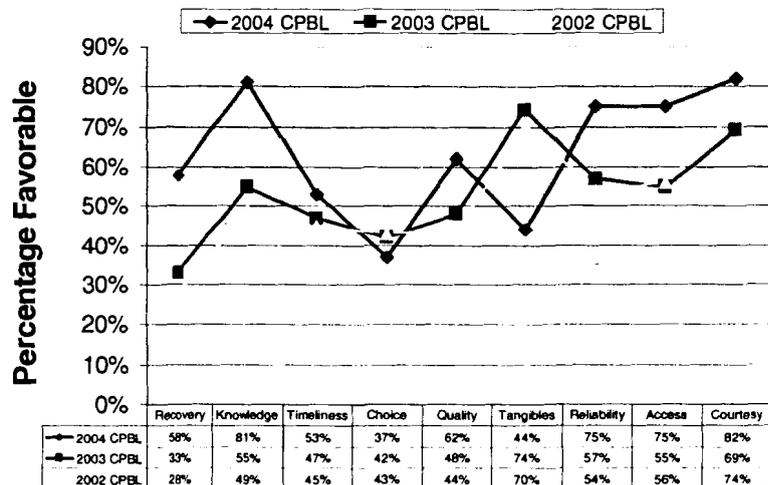




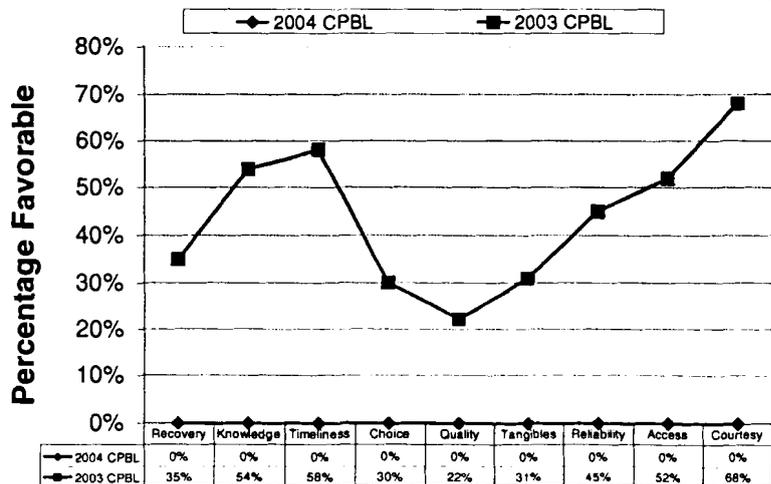
Orlando Vendor Customer Satisfaction Results



Rock Island Vendor Customer Satisfaction Results

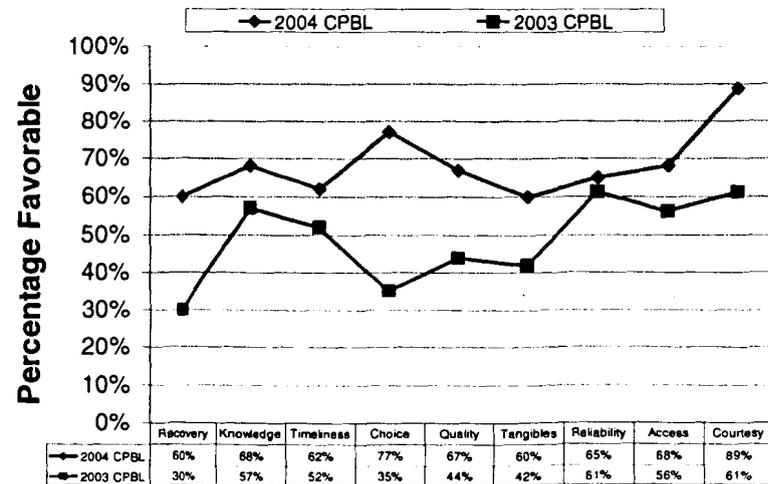


Orlando FM Customer Satisfaction Results



Note: Less than 10 responses received for 2004

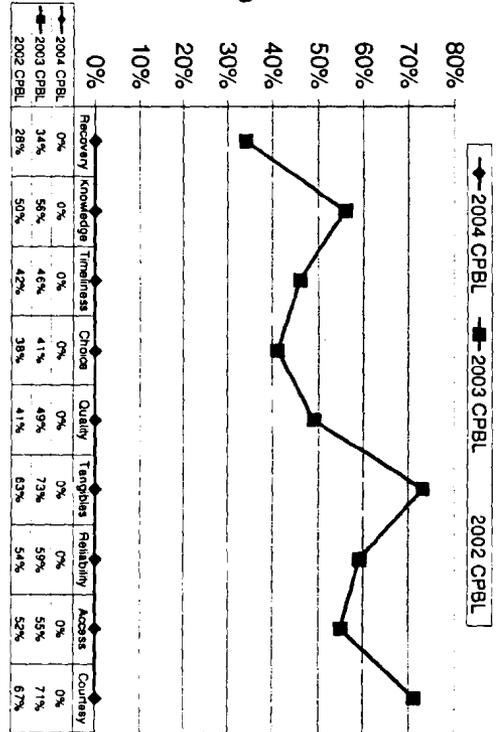
Rock Island FM Customer Satisfaction Results



Rome Vendor Customer Satisfaction Results



Percentage Favorable

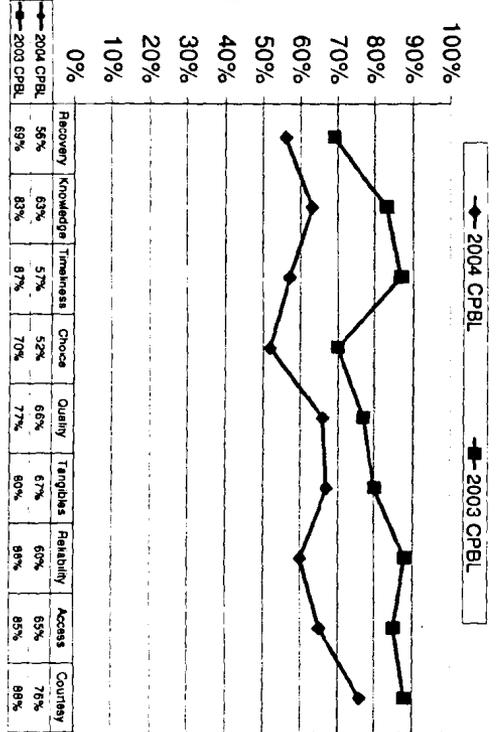


Note: Less than 10 responses received for 2004

Rome FM Customer Satisfaction Results



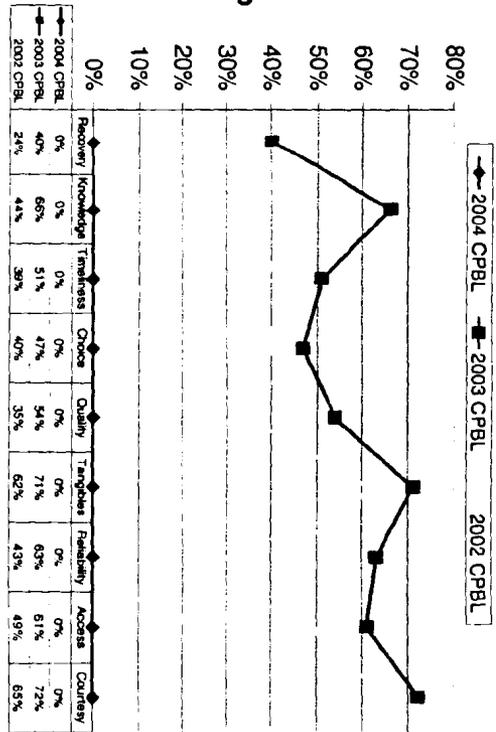
Percentage Favorable



Seaside Vendor Customer Satisfaction Results



Percentage Favorable

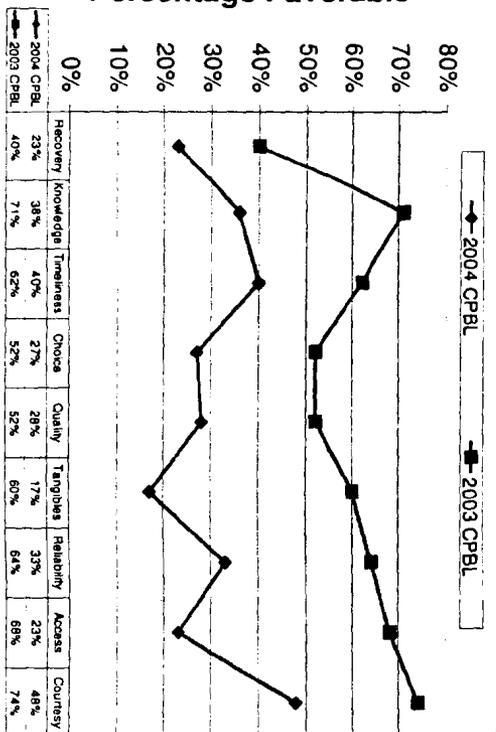


Note: Less than 10 responses received for 2004

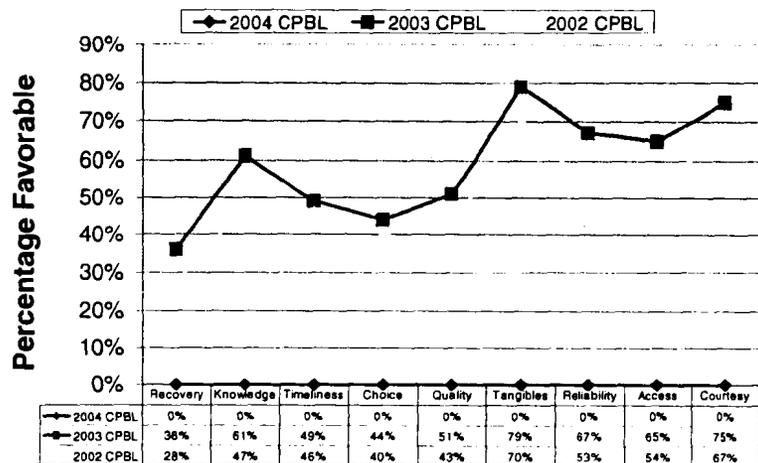
Seaside FM Customer Satisfaction Results



Percentage Favorable

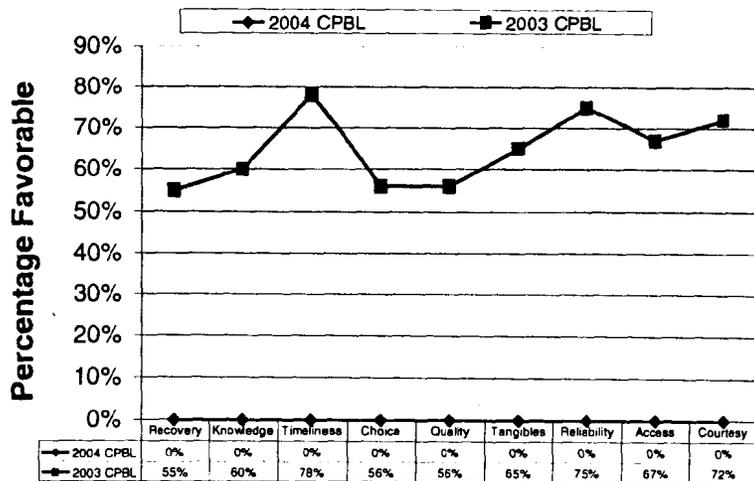


St. Louis Vendor Customer Satisfaction Results



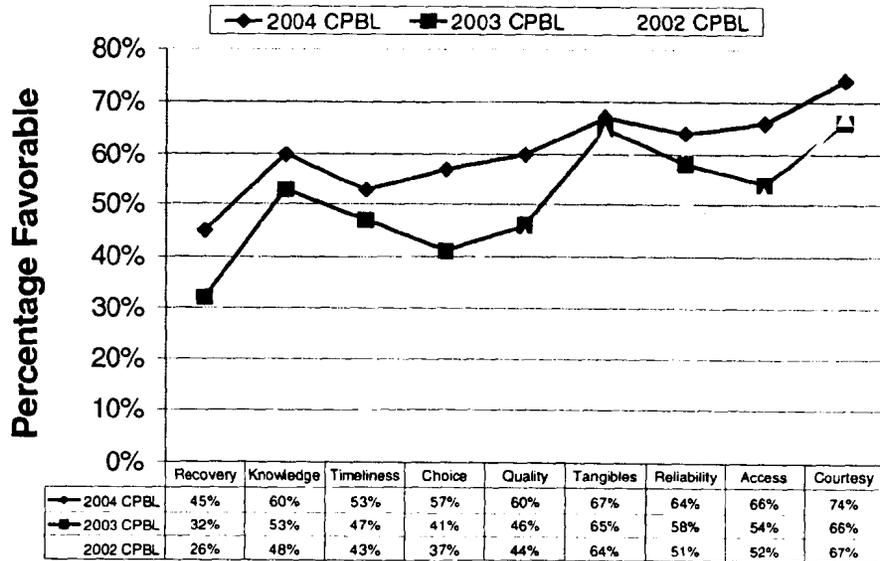
Note: Less than 10 responses received for 2004

St. Louis FM Customer Satisfaction Results

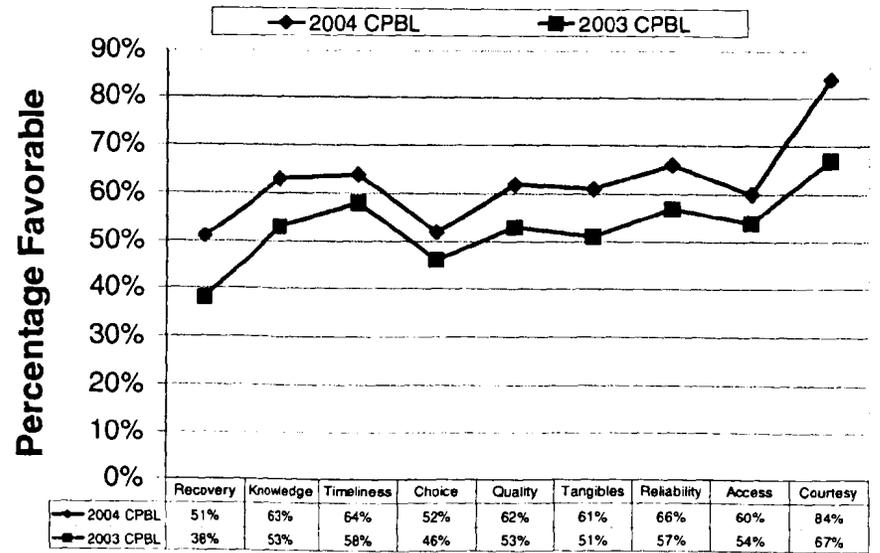


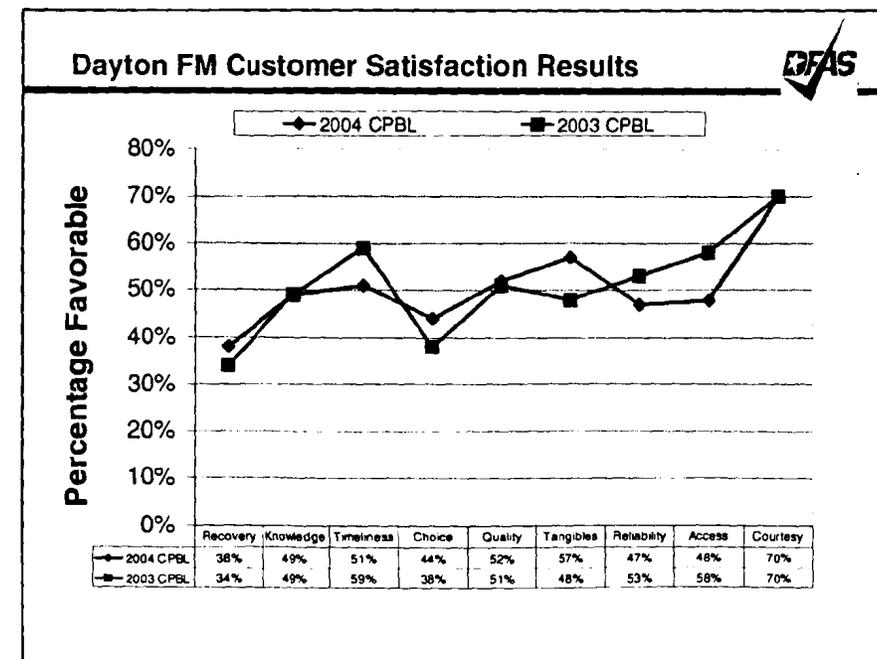
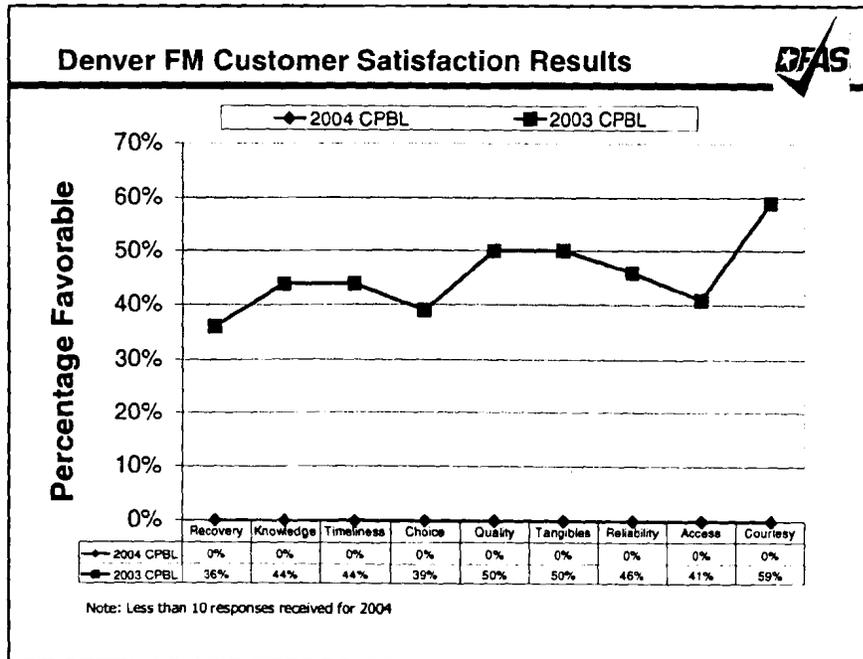
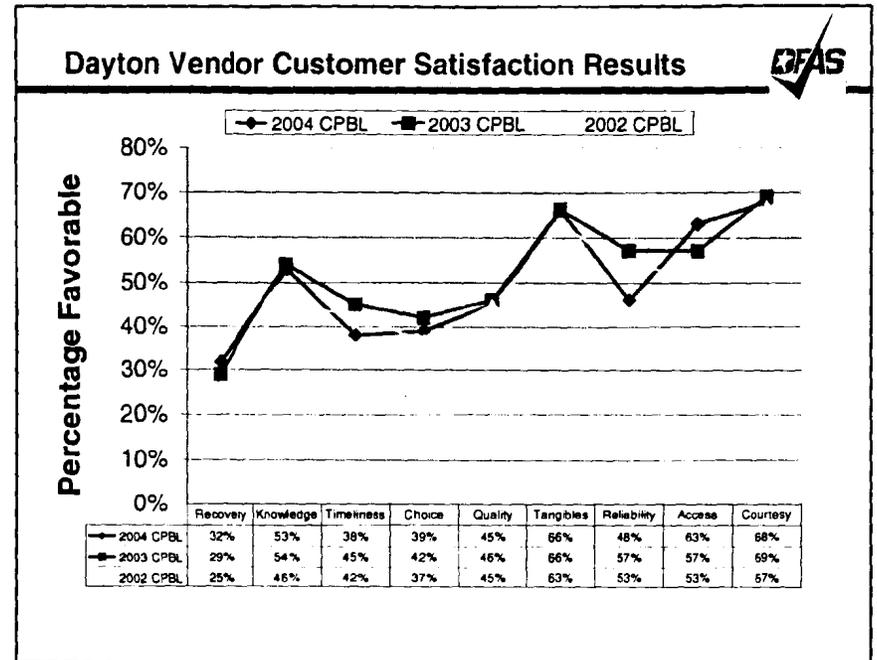
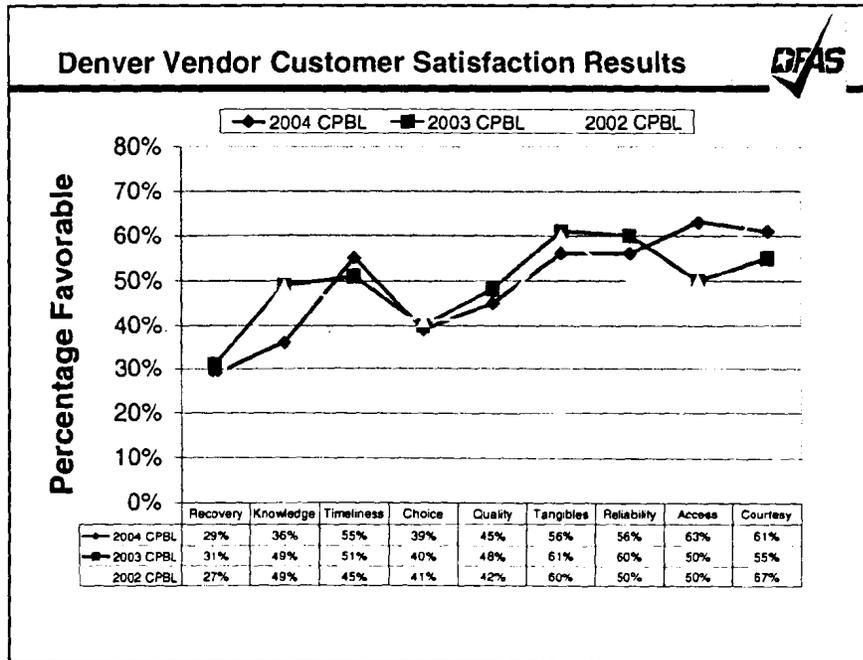
Note: Less than 10 responses received for 2004

Air Force Vendor Customer Satisfaction Results

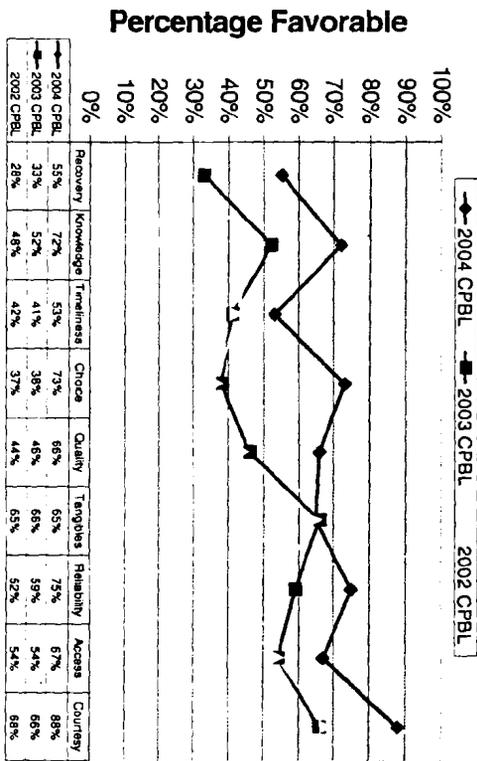


Air Force FM Customer Satisfaction Results

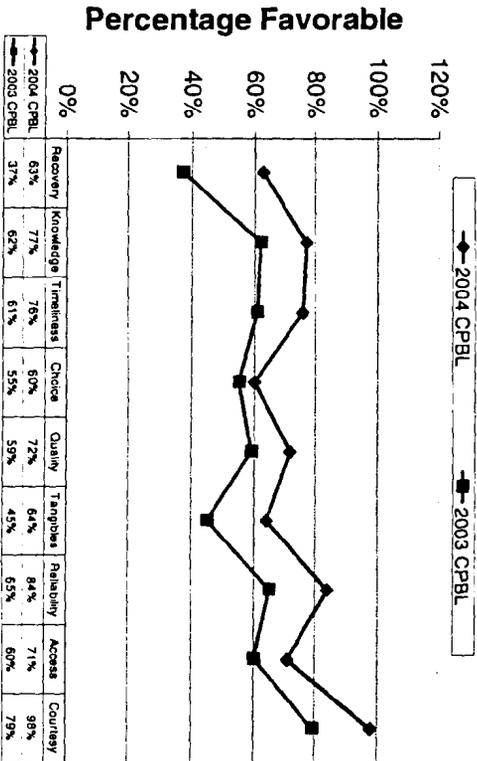




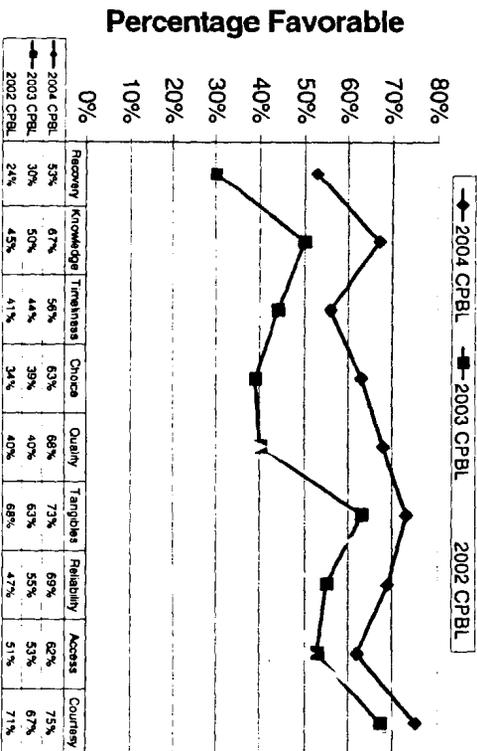
Limestone Vendor Customer Satisfaction Results



Limestone FM Customer Satisfaction Results

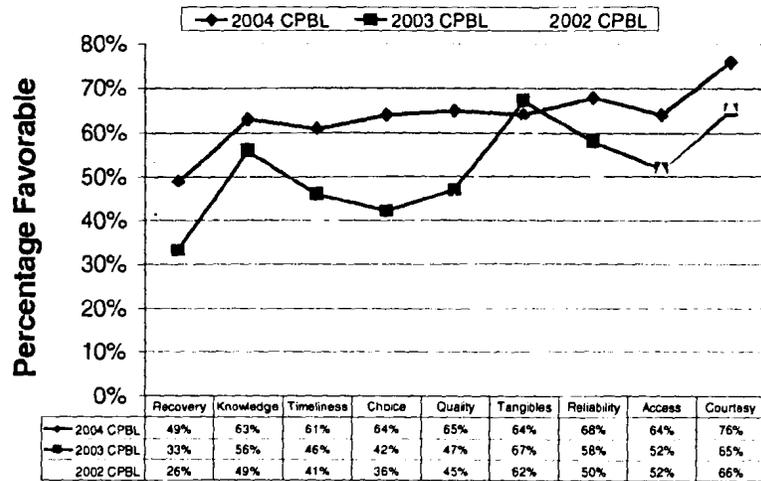


Omaha Vendor Customer Satisfaction Results

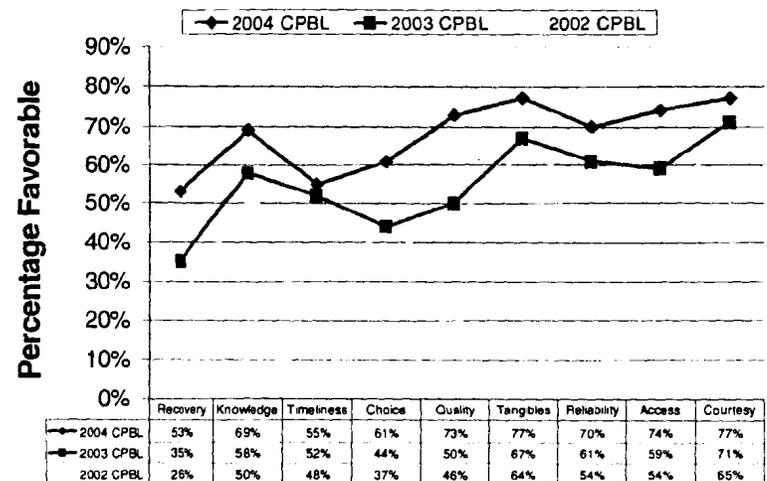


No Data to Report

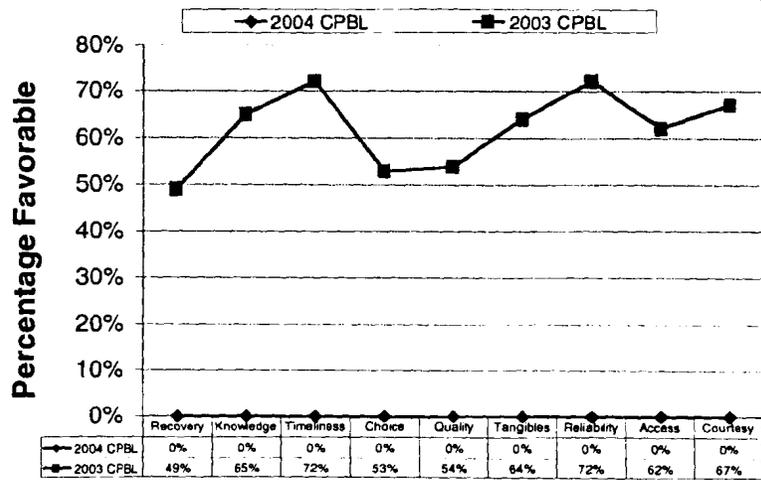
San Antonio Vendor Customer Satisfaction Results



San Bernardino Vendor Customer Satisfaction Results

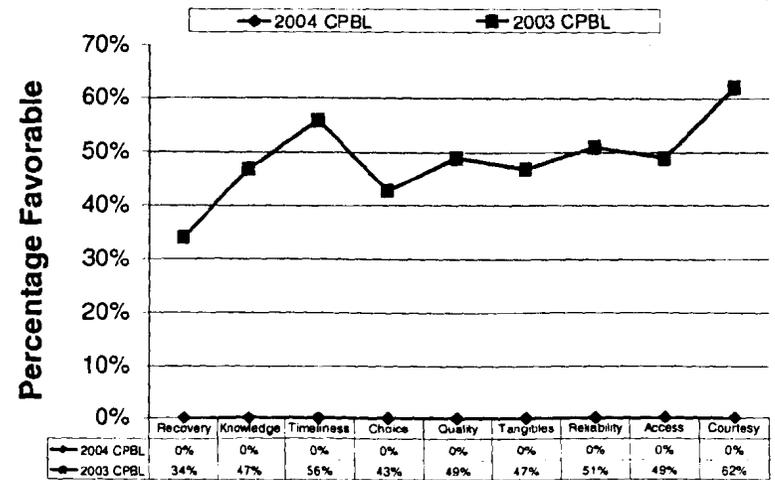


San Antonio FM Customer Satisfaction Results



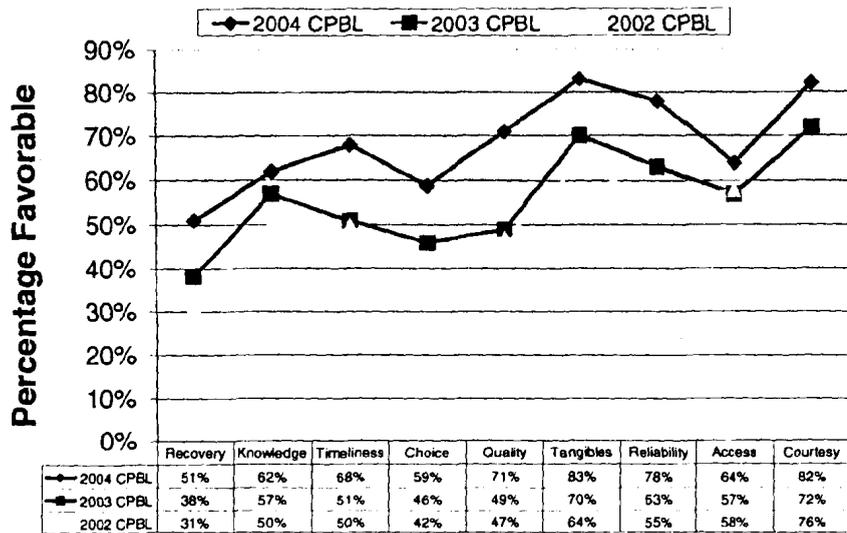
Note: Less than 10 responses received for 2004

San Bernardino FM Customer Satisfaction Results

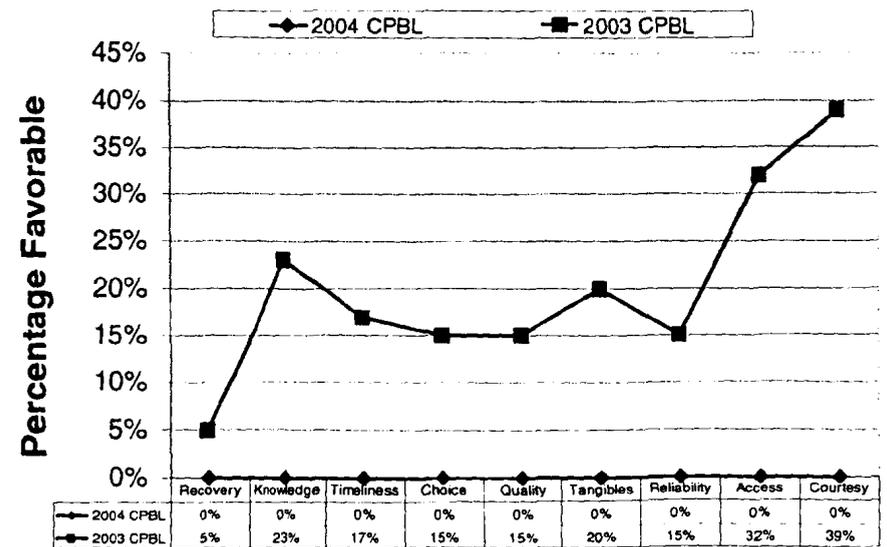


Note: Less than 10 responses received for 2004

Marine Corps Vendor Customer Satisfaction Results

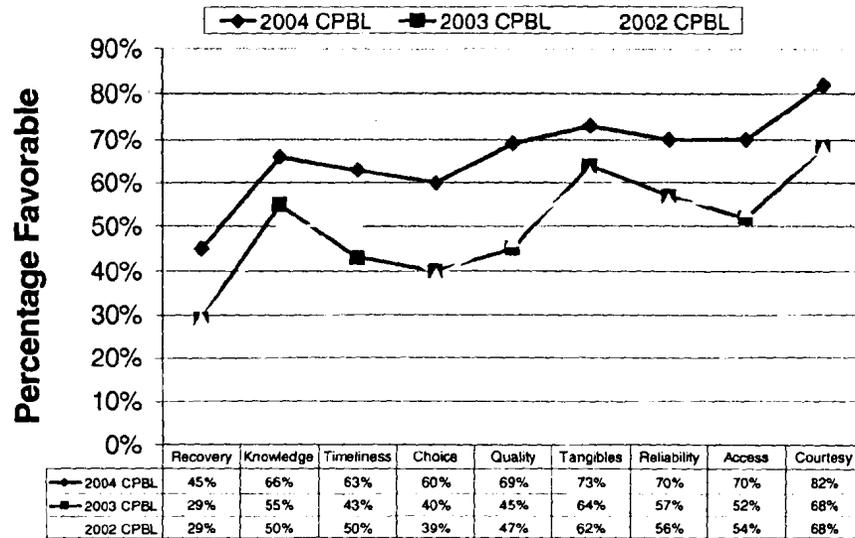


Marine Corps FM Customer Satisfaction Results

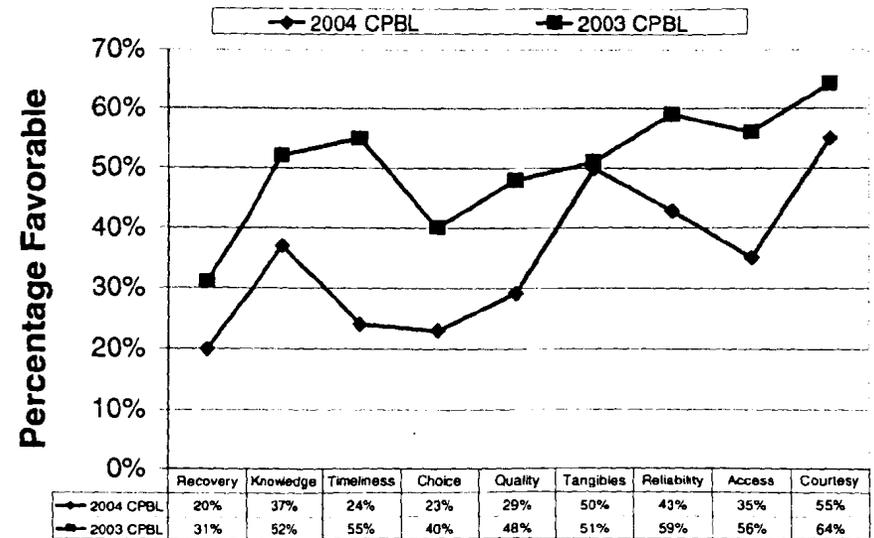


Note: Less than 10 responses received for 2004

Def. Agencies Vendor Customer Satisfaction Results



Def. Agencies FM Customer Satisfaction Results



DFAS

Your Financial Partner @ Work





Your Financial
Partner @ Work

Accounting Services – Air Force Problem Disbursements Comparison

DFAS-DENVER
As of June 2005



Intransits (Net Aged > 30) - Denver

| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|----------------|------------------------------|----------|----------|----------|----------|---------|---------|
| Denver Network | Plan (less than or equal to) | \$152.9M | \$32.9M | \$32.5M | \$32.1M | \$31.7M | \$30.0M |
| | Actual | \$152.9M | \$150.7M | \$288.6M | \$143.9M | \$43.0M | \$77.9M |

Individual Field Sites

| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|-------------------|------------------------------|---------|---------|----------|----------|----------|---------|
| Dayton | Plan (less than or equal to) | \$60.3M | \$13.0M | \$12.8M | \$12.6M | \$14.3M | \$13.6M |
| | Actual | \$96.1M | \$53.4M | \$240.1M | \$94.5M | \$(7.5)M | \$75.2M |
| Limestone | Plan (less than or equal to) | \$8.6M | \$1.8M | \$1.8M | \$1.8M | \$1.8M | \$1.7M |
| | Actual | \$8.8M | \$7.4M | \$7.9M | \$(0.2)M | \$2.5M | \$1.2M |
| Omaha | Plan (less than or equal to) | \$8.9M | \$1.9M | \$1.9M | \$1.9M | * | * |
| | Actual | \$4.0M | \$4.2M | \$2.3M | \$1.9M | * | * |
| Pacific | Plan (less than or equal to) | \$0.7M | \$0.1M | \$0.1M | \$0.1M | \$0.1M | \$0.1M |
| | Actual | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.1M | \$0.0M |
| Japan | Plan (less than or equal to) | \$1.6M | \$0.3M | \$0.3M | \$0.3M | \$0.3M | \$0.3M |
| | Actual | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$5.0M | \$1.5M |
| Non Field Sites** | Plan (less than or equal to) | \$72.8M | \$15.5M | \$15.4M | \$15.2M | \$15.0M | \$14.3M |
| | Actual | \$43.8M | \$85.6M | \$38.2M | \$47.6M | \$42.8M | \$0.0M |

*Omaha was merged to Dayton Effective May 05

**Non Field Sites consist of Information Security Activity Group (ISAG), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (MSDDC), National Geospatial Intelligence Agency (NGA), Uniformed Services University Health Sciences (USUHS), Secretary of the Air Force (SAF), Departmental Accounting, and Security Assistance

In-transits are reported in Net Value and can report a negative balance when credits exceed debits

UMD (Absolute Total) - Denver



| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|-----------------------|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| Denver Network | Plan (less than or equal to) | \$1,500.0M | \$400.0M | \$350.0M | \$300.0M | \$250.0M | \$200.0M |
| | Actual | \$1,640.0M | \$1,701.5M | \$1,018.6M | \$1,140.2M | \$503.4M | \$822.4M |

Individual Field Sites

| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|-------------------|------------------------------|------------|------------|----------|----------|----------|----------|
| Dayton | Plan (less than or equal to) | \$502.0M | \$133.9M | \$117.1M | \$100.4M | \$133.1M | \$106.5M |
| | Actual | \$1,444.1M | \$1,544.6M | \$848.0M | \$905.0M | \$451.4M | \$690.0M |
| Limestone | Plan (less than or equal to) | \$326.5M | \$87.1M | \$76.2M | \$65.3M | \$54.4M | \$43.5M |
| | Actual | \$85.2M | \$64.7M | \$90.5M | \$114.2M | \$28.6M | \$56.7M |
| Omaha | Plan (less than or equal to) | \$296.5M | \$79.1M | \$69.2M | \$59.3M | * | * |
| | Actual | \$75.5M | \$64.4M | \$48.4M | \$81.7M | * | * |
| Pacific | Plan (less than or equal to) | \$53.8M | \$14.4M | \$12.6M | \$10.8M | \$9.0M | \$7.2M |
| | Actual | \$8.7M | \$8.7M | \$16.4M | \$12.2M | \$4.5M | \$7.7M |
| Japan | Plan (less than or equal to) | \$11.2M | \$3.0M | \$2.6M | \$2.2M | \$1.9M | \$1.5M |
| | Actual | \$3.3M | \$3.7M | \$1.6M | \$3.5M | \$0.7M | \$1.1M |
| Non Field Sites** | Plan (less than or equal to) | \$309.7M | \$82.6M | \$72.3M | \$61.9M | \$51.6M | \$41.3M |
| | Actual | \$22.9M | \$15.3M | \$13.9M | \$23.7M | \$18.2M | \$67.0M |

*Omaha was merged to Dayton Effective May 05

**Non Field Sites consist of Information Security Activity Group (ISAG), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (MSDDC), National Geospatial Intelligence Agency (NGA), Secretary of the Air Force (SAF), Departmental Accounting, and Security Assistance

UMD (Absolute Aged > 120) - Denver



| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | MAY 05 |
|----------------|------------------------------|--------|--------|---------|--------|--------|--------|
| Denver Network | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$8.2M | \$8.6M | \$10.3M | \$6.0M | \$6.7M | \$9.7M |

Individual Field Sites

| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|-------------------|------------------------------|--------|--------|--------|--------|--------|--------|
| Dayton | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$3.5M | \$4.0M | \$5.3M | \$3.1M | \$5.2M | \$6.1M |
| Limestone | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$0.6M | \$0.9M | \$0.9M | \$0.5M | \$0.4M | \$1.1M |
| Omaha | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | * | * |
| | Actual | \$1.1M | \$1.0M | \$1.2M | \$1.1M | • | • |
| Pacific | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| Japan | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| Non Field Sites** | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$3.0M | \$2.7M | \$2.9M | \$1.3M | \$1.1M | \$2.3M |

*Omaha was merged to Dayton Effective May 05

**Non Field Sites consist of Information Security Activity Group (ISAG), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (MSDDC), National Geospatial Intelligence Agency (NGA), Secretary of the Air Force (SAF), Departmental Accounting, and Security Assistance

NULO (Absolute Total) - Denver



| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|----------------|------------------------------|---------|---------|---------|---------|---------|---------|
| Denver Network | Plan (less than or equal to) | \$16.8M | \$16.8M | \$16.8M | \$16.8M | \$16.8M | \$16.8M |
| | Actual | \$27.5M | \$37.1M | \$38.8M | \$30.5M | \$30.1M | \$54.9M |

Individual Field Sites

| | | JAN 05 | FEB 05 | MAR 05 | APR 05 | MAY 05 | JUN 05 |
|-------------------|------------------------------|---------|---------|---------|---------|---------|---------|
| Dayton | Plan (less than or equal to) | \$12.7M | \$12.7M | \$12.7M | \$12.7M | \$12.9M | \$12.9M |
| | Actual | \$20.9M | \$33.0M | \$35.7M | \$27.3M | \$26.3M | \$27.9M |
| Limestone | Plan (less than or equal to) | \$1.3M | \$1.3M | \$1.3M | \$1.3M | \$1.3M | \$1.3M |
| | Actual | \$1.6M | \$1.9M | \$1.0M | \$1.3M | \$0.8M | \$3.8M |
| Omaha* | Plan (less than or equal to) | \$0.2M | \$0.2M | \$0.2M | \$0.2M | • | • |
| | Actual | \$0.1M | \$0.1M | \$0.1M | \$0.0M | • | • |
| Pacific | Plan (less than or equal to) | \$0.3M | \$0.3M | \$0.3M | \$0.3M | \$0.3M | \$0.3M |
| | Actual | \$0.3M | \$0.8M | \$0.8M | \$0.4M | \$0.8M | \$0.2M |
| Japan | Plan (less than or equal to) | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| | Actual | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M | \$0.0M |
| Non Field Sites** | Plan (less than or equal to) | \$2.3M | \$2.3M | \$2.3M | \$2.3M | \$2.3M | \$2.3M |
| | Actual | \$3.0M | \$1.3M | \$1.2M | \$1.5M | \$2.2M | \$23.0M |

*Omaha was merged to Dayton Effective May 05

**Non Field Sites consist of Information Security Activity Group (ISAG), Military Sealift Command (MSC), Military Surface Deployment and Distribution Command (MSDDC), National Geospatial Intelligence Agency (NGA), Secretary of the Air Force (SAF), Departmental Accounting, and Security Assistance



Your Financial
Partner @ Work

Balanced Scorecard Update for June 2005

Lee Krushinski

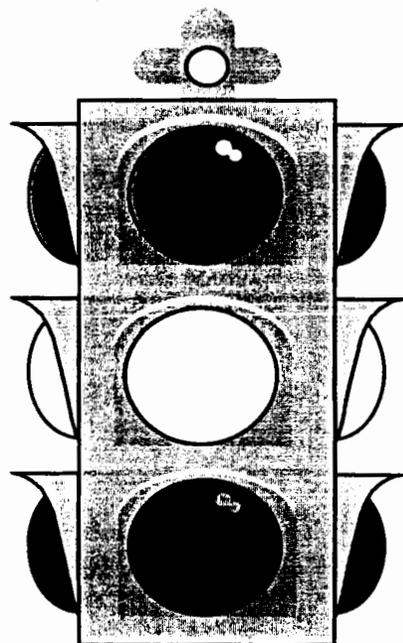
Director, Accounting Service Business Line
Defense Finance and Accounting Service

ACCOUNTING SERVICES BUSINESS LINE



BSC FY05

3d Quarter 2005 SUMMARY OF MEASURES:



| | <i>April</i> | <i>May</i> | <i>June</i> |
|---------------------------|--------------|------------|-------------|
| • <i>RED -</i> | <i>4</i> | <i>4</i> | <i>3</i> |
| • | | | |
| • <i>GREEN -</i> | <i>5</i> | <i>5</i> | <i>5</i> |
| • <i>No Rating -</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| • <i>Not Applicable -</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| | <i>11</i> | <i>11</i> | <i>11</i> |

ACCOUNTING SERVICES BUSINESS LINE



Customer Perspective

| ABL # | CUSTOMER PERSPECTIVE | FY05 GOAL | May-05 | Jun-05 |
|-------|--|---|--------|--------|
| 1 | Operational Performance Index (OPI) (Quad) (See next page for details) (Suspense Account (3000 Non-Exempt over 60 Days old), Overaged Intransits, Total UMDs and Timeliness of Accounting Reports) | Goal: Execute to planned goal each month GREEN = 4 Green YELLOW = No Red or Any Yellow RED = 1 or more Red | | |
| 2 | Close Benchmark and Service Gaps - Average Salary | Target = \$52,712 GREEN = ≤ \$8 YELLOW = > \$8 and ≤ \$12 RED = > \$12 | | |
| 3 | Close Benchmark and Service Gaps - Employee Certifications | Target = 408 GREEN = ≤ 5 YELLOW = > 5 and ≤ 8 RED = > 8 | | |
| 4 | Customer Satisfaction with DFAS Experience | GREEN = ≥ 75% YELLOW = ≥ 65% and < 75% RED = < 65% | | |



Operational Performance Index - OPI

Perspective: Customer

SCORECARD

Rating: RED
Data Reporting: June

BSC #:
Measure #:

FREQUENCY: Monthly

MEASURE:

Executed to planned goal each month.
 Measure consists of: Suspense Account (3000 series non-exempt over 60 days old), Overaged Intransits, Total UMDs, and Timeliness of Accounting reports.

RATING SCALE:

GREEN = < 10%
 = ≥ 10% and ≤ 15%
RED = > 15%

| | FY2005 Goal | May Trend | | YELLOW Rating | June Trend | | Rating |
|---|----------------|--------------------|---------|------------------|--------------------|---------|--------|
| | | Monthly Planned | Actual | | Monthly Planned | Actual | |
| Suspense Account (3000 Non-Exempt Over 60 Days Old) | 10% | 10% | 9% | | 10% | 21% | |
| Overaged Intransits | \$125M | \$706M | \$609M | | \$623M | \$691M | |
| Total UMDs | \$712M | \$4568M | \$4520M | | \$3,308M | \$4098M | |
| Timeliness of Accounting Rep. | 95% | 95% | 87% | | 95% | 100% | |

Analysis:

Overall Operational Performance Index is red.

Actions:

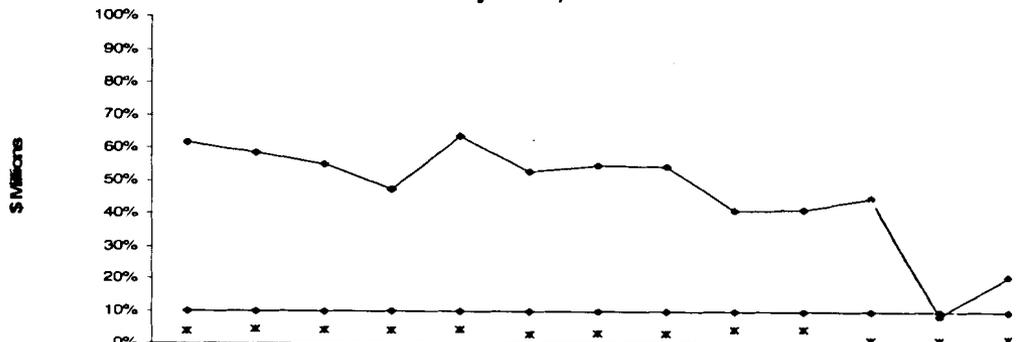
See attached subsequent charts for detailed analysis of each measure.

Suspense Accounts (3000 Series Non-exempt Over 60 Days)

Perspective: Customer



Suspense Account- Overaged (3000 Non-Exempt Series Over 60 Days Old)



| | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Actual | 2,033 | 1,651 | 1,636 | 1,688 | 1,465 | 1,329 | 1,311 | 1,319 | 743 | 671 | 598 | 123 | 310 |
| Goal | 331 | 282 | 298 | 356 | 230 | 253 | 240 | 244 | 182 | 163 | 134 | 145 | 150 |
| DFAS Center | 1,907 | 1,526 | 1,511 | 1,539 | 1,362 | 1,256 | 1,237 | 1,245 | 663 | 599 | 580 | 103 | 288 |
| Military Service/DoD Agency | 126 | 125 | 125 | 149 | 103 | 73 | 74 | 74 | 80 | 72 | 18 | 20 | 22 |
| Actual % | 61% | 58% | 55% | 47% | 64% | 53% | 55% | 54% | 41% | 41% | 45% | 9% | 21% |
| Goal % | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| DFAS Center % | 58% | 54% | 51% | 43% | 59% | 50% | 51% | 51% | 37% | 37% | 43% | 7% | 19% |
| Military Service/DoD Agency % | 4% | 4% | 4% | 4% | 4% | 3% | 3% | 3% | 4% | 4% | 1% | 1% | 1% |

SCORECARD

Rating: RED
Data Reporting: June

OSD Measure#

FREQUENCY: Monthly

MEASURE: Reduce balance by 10% per year from FY 2004 balance of \$1,189M.

RATING SCALE:
 GREEN = < 10%
 = > 10% and < 20%
 RED = >= 20%

Analysis:

• The Overaged Suspense amount for June was 21% of the Total Suspense. There was an increase of \$185 million in Overaged Suspense from May to June. However, in May \$177.2M of Suspense transactions were submitted to OSD for discontinued research consideration, and not included in the overaged Suspense balance. After clarification of OSD guidance on reporting Suspense, the discontinued research transactions will continue to be reported in this measure until reclassified by OSD. If our discontinued research transactions were approved, we would have made our June goal of 10%.

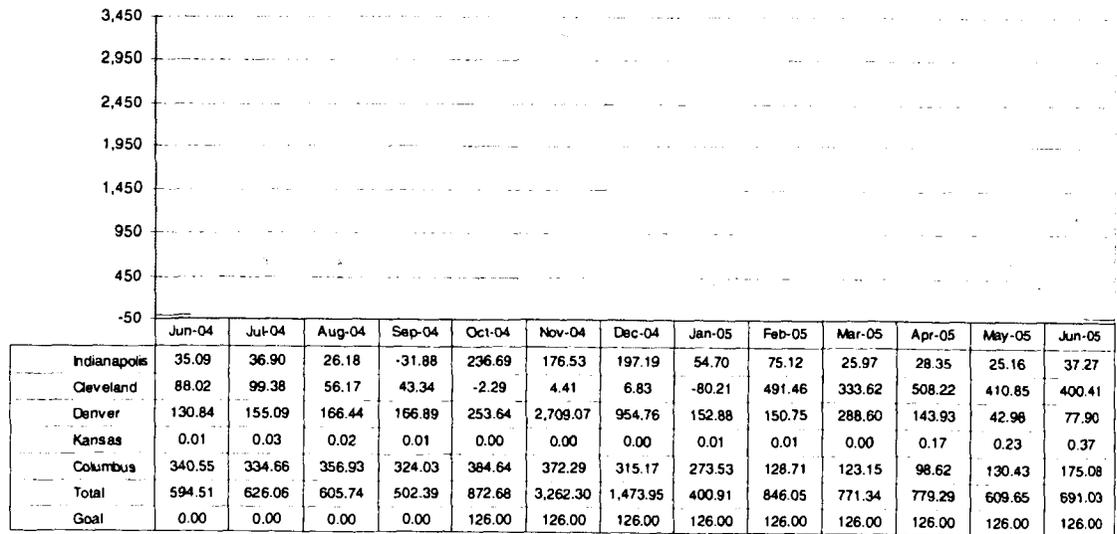
Actions:

Indianapolis-21. Decrease due to clearance of Interfund and IPAC transactions. Discontinued research: \$9.3M
Cleveland. Increase due primarily to the reporting of unreconciled differences in the Suspense Aging Report (SAR) of \$167.9 for which discontinued research has been requested.
Denver. Increase due to a backlog caused by co-locating all IPAC workload to DFAS Omaha.
Columbus. Decrease due to 3885 Interfund Aged Reduction transactions.

Overaged In-Transits Perspective: Customer



Overaged In-Transit Disbursements & Collections By DFAS Center



SCORECARD

Rating: RED
Data Reporting: June

OSD Measure# O.1.2. IT.C

FREQUENCY: Monthly

MEASURE: Reduce balance by 75% from FY 2004 year end balance of \$502M.

RATING SCALE:
GREEN = <= -102% but <= 2%
 = >2% but < 5% or <-105%
RED = > >=5% or <= -105%

Analysis:

Aged in-transits for June increased \$81.4M resulting in a balance of \$691.0M. Cleveland posted the only reduction this month.

Cleveland decreased \$10.4M to \$400.4M. This decrease is mainly due to the correction of various aged Authorization Accounting Activity transactions.

Denver increased \$34.9M to \$77.9M. Reporting T197 Non-AF allocated funds for the first time caused a \$45.6M decrease. Interfund increased by \$64.5M in invalid Unmatched Buyers.

Columbus (provides accounting for Defense Agencies) increased \$44.6M to \$175.1M. DLA Fuels increased \$132.2M. Foreign currency vouchers caused an increase of \$10.6M in DLA Business System Modernization (BSM). Washington Headquarters Services (WHS) implemented systems changes causing an increase of \$9.7M

Actions:

Cleveland: Tiger Teams from Network researching and clearing FY 02 and prior transactions.

Denver: Tiger Teams organized to clean up interfund transactions from San Bernardino

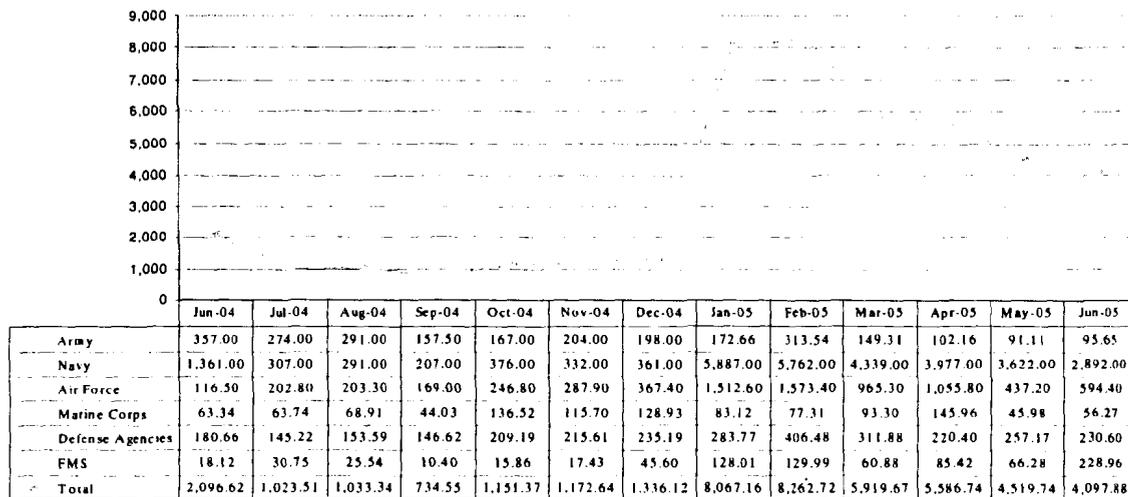
Columbus: Temporary fixes established for DLA Fuels and BSM issues; Working long term fixes. Waiver package submitted to OSD for WHS Workload Capitalization



Total Unmatched Disbursements

Perspective: Customer

Unmatched Disbursements (UMDs) By Military Service/DoD Agency



SCORECARD

Rating: RED
Data Reporting: June

OSD Measure# O.1.1.UM
FREQUENCY: Monthly

MEASURE: Maintain or reduce UMDs Within
 Timeframe from the FY 2004 year-end balance of \$712M.

RATING SCALE:
 GREEN = < 2%
 = > 2% and > 5%
 RED = > 5%

Analysis:

Cleveland: The Navy decreased \$730M. The processing of BUPERS NC1081 corrections by DFAS-PE, further refining of BUPERS summary to detail match-off corrections for prior-year disbursements and NSMA system enhancements to the NSMA-DCAS interface file process resulted in decreases.

Denver: Residual system problems from the CPAS/BQ database mergers in October; a new method of processing MOCAS transactions; and a process change allowing us to immediately reclassify non matching items as UMDs are the main causes for the Denver UMD balance

FMS: timing issues and MOCAS undistributed was the primary cause of the increase. The majority of these transactions are corrected and processed within 15 days.

Actions: (Below information is from May Quad Charts)

Cleveland: Navy requested a temporary waiver from OSD Obligation Requirements

Denver: Software fix for MOCAS posting issues scheduled for implementation in July 2005.

Defense Agencies requested a temporary waiver from OSD Obligation Requirements for WHS.

Close Benchmark and Service Gaps – Average Salary

Perspective: Customer



| | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Goal | \$ 53,042 | \$ 53,002 | \$ 52,992 | \$ 52,942 | \$ 52,917 | \$ 52,892 | \$ 52,867 | \$ 52,822 | \$ 52,772 | \$ 52,712 |
| Actual | \$ 53,097 | \$ 53,047 | \$ 53,069 | \$ 52,983 | \$ 52,919 | \$ 52,898 | \$ 52,750 | \$ 52,946 | \$ 52,876 | \$ 52,723 |
| Variance | \$ 55 | \$ 45 | \$ 77 | \$ 41 | \$ 2 | \$ 6 | \$ (117) | \$ 124 | \$ 104 | \$ 11 |
| Cummulative | | \$ 5 | \$ 27 | \$ (59) | \$ (123) | \$ (144) | \$ (292) | \$ (96) | \$ (166) | \$ (319) |

SCORECARD

Rating:
Data Reporting: June

BSC #:
Measure #:

FREQUENCY: Monthly

MEASURE:

RATING SCALE:

GREEN = < \$ 8
 = ≥ \$ 8 and ≤ \$ 12
RED = > \$12

NOTE: The cumulative variance in the charts is calculated as the difference between Sept. 04 Goal and Current Month Actual. Overall decrease in average salary is calculated as the difference between Sept. 04 Actual and Current Month Actual, which would be \$374 (rather than \$319).

Analysis:

- Subject all GS13 – GS15 fill actions to rigorous classification reviews
- Target high-graded positions for VSIP/VERA offerings
- Restructure the functions and responsibilities of positions to reduce grade levels.
- **Implement HPOs**
- Initiate benchmark study to collect relevant data and use results to build
 - Organizational structure and staffing plan for ABL HPOs
 - Conduct benchmark study(in Draft), on target
- Use NSPS flexibilities to further develop and staff HPO organizations

Actions:

- Classification reviews – ongoing
- Targeted high grades for VSIP/VERA – ongoing
- Restructuring of functions and responsibilities – ongoing
- Organization structure and staffing plans for HPO – completed
- Benchmark study – completed
- NSPS flexibility study – TBD

Customer Satisfaction with DFAS Experience

Perspective: Customer



| | |
|---------------|--------------|
| Goal | = 75% |
| Actual | = 71% |

| | |
|-----------------------------|--------------------------|
| SCORECARD | |
| Rating: | |
| Data Reporting: June | |
| BSC #: | |
| Measure #: | |
| FREQUENCY: Monthly | |
| MEASURE: | |
| RATING SCALE: | |
| GREEN | = < 75% |
| | = ≥ 65% and ≤ 75% |
| RED | = > 65% |

Analysis:

Actual customer service is 4% below goal. Customer satisfaction results based on feedback, ICE surveys and other indicate lower than expected satisfaction with accounting services. Number of actions initiated to elevate customer satisfaction to goal of 75% or higher.

- Actions:**
- Increase Training Opportunities for DFAS Customer Service Emp.
 - Offer Netg Learning Courses (Completed)
 - Customer Relationship Management Series
 - Excellence in Service Series
 - Conduct Customer Symposiums (Completed)
 - Navy FS
 - Def. Agencies hosted a Customer Service Conference 06/21-24
 - Received complimentary feedback regarding topics
 - Client Advocates hosted breakout session to address a variety of issues
 - One on One Contacts (Completed)
 - Army, Marine Corps and Air Force have initiated programs to contact dis-satisfied customers

ACCOUNTING SERVICES BUSINESS LINE



Financial Perspective

| <u>FINANCIAL PERSPECTIVE</u> | <u>FY05 GOAL</u> | <u>May-05</u> | <u>Jun-05</u> |
|--|---|---------------|---------------|
| <p>Financial Performance Index (See next page for details)</p> | <p>Goal: Execute to plan GREEN = $\pm \leq 2\%$ YELLOW = $\pm > 2\%$ and $\leq 4\%$ RED = $\pm > 4\%$</p> | | |

Financial Performance Index

Perspective: Financial



| Work Years | June | FYTD |
|------------|-------|----------|
| Plan | 474.7 | 4,299.30 |
| Actual | 444.2 | 4,079.60 |
| Variance | -6.4% | -5.1% |

| Budget Execution | June | FYTD |
|------------------|--------------|---------------|
| Plan | \$50,782,679 | \$445,404,847 |
| Actual | \$45,556,718 | \$420,115,537 |
| Variance | -10.3% | -5.7% |

SCORECARD

Rating: RED
Data Reporting: June

BSC #:
Measure #:

FREQUENCY: Monthly

MEASURE:
 Definition, Compare actual to planned, FYTD.

RATING SCALE:
 GREEN = < 2%
 = ≥ 2% and ≤ 4%
 RED = > 4%

Analysis:

- Modified our monthly spending plan that is reflected in the AOB.
- Customers request to reduce DFAS costs for FY05.
- Begin pre-positioning for HPO

Actions:

| | |
|--|----------|
| • Revise Network Spending Plans | Complete |
| - Columbus, Arlington, Kansas City | Complete |
| - Cleveland, Denver, and Indy | Complete |
| • Review mid year results with BLE | Complete |
| • Working issues with networks | Complete |
| • Based on mid year results review, revise spending plan accordingly | Complete |
| • Submit mid year budget and FY2007 – FY2011 | Complete |

ACCOUNTING SERVICES BUSINESS LINE



Internal Perspective

| ABL # | INTERNAL PERSPECTIVE | FY05 GOAL | May-05 | Jun-05 |
|-------|--|---|--------|--------|
| 6 | # of DFAS actions met as stated in financial plans | <p>GREEN = Milestone slippage does not impact final completion date.</p> <p>YELLOW = Incomplete or revised milestones result in 'at risk' completion date.</p> <p>RED = Incomplete or revised milestones result in high probability of missing completion date.</p> | | |
| 7 | Audit Deficiencies Corrected | <p>GREEN = All milestones met or incomplete actions have no impact on assertion date.</p> <p>YELLOW = Incomplete or revised actions place assertions 'at risk'.</p> <p>RED = Incomplete or revised actions result in high probability of missing final assertion dates.</p> | | |
| 8 | FMFIA Material Weaknesses Corrected | <p>GREEN = All milestones met or incomplete actions have no impact on assertion date.</p> <p>YELLOW = Incomplete or revised actions place assertions 'at risk'.</p> <p>RED = Incomplete or revised actions result in high probability of missing final assertion dates.</p> | | |
| 9 | OSD Metrics | See next page for details | | |

OSD Metrics - Accounting Perspective: Internal



| GOVERNMENT-WIDE METRICS | FY2005 GOALS | MAY* SCORE | JUNE* SCORE |
|---|------------------|---------------|----------------|
| • Fund Balance with Treasury Reconciled/Unreconciled Cash Balances | ≥ 98% Reconciled | GREEN | GREEN |
| • Delinquent Accounts Receivable from Intragovernmental over 180 days (3 rd Quarter) | ≤ 10% Delinquent | GREEN | GREEN |
| • Delinquent Accounts Receivable from Public over 180 days (3 rd Quarter) | ≤ 10% Delinquent | RED | RED |
| • Suspense Clearing (Absolute) Greater than 60 days (3 rd Quarter) | ≤ 10% Aged | RED | RED |
| • Suspense Clearing (Net) Greater than 60 days (3 rd Quarter) | ≤ 10% Aged | RED | RED |

ACCOUNTING SERVICES BUSINESS LINE



Government-Wide OSD Metrics

Delinquent Accounts Receivable from Public over 180 days (quarterly)

Goal = no more than 10% delinquent A/R over 180 days

Actual = decrease of \$0.2B from Mar 05 (\$4.3B)

\$4.1B (50.0%)

Suspense Clearing (Abs) Greater than 60 days (quarterly)

Goal = no more than 10% suspense clearing account balance (abs) greater than 60 days

Actual = There was a decrease of \$355.2M absolute value in the greater than 60 days category from the last quarter.

\$279.3M (19.3%)

Suspense Clearing (Net) Greater than 60 days (quarterly)

Goal = less than 10% suspense clearing account balance (net) greater than 60 days

Actual = There was an increase in the net amount from the last quarter of \$6.1M. The net amount over 60 days at June 30, 2005 totals \$226.9M.

\$ 226.9M (79.0%)

OSD Metrics - Accounting

Perspective: Internal



REMAINING OSD METRICS

| | | MAY SCORE | JUNE SCORE |
|---|--------------------------|--------------|---------------|
| <ul style="list-style-type: none"> • Unmatched Disbursements (UMDs) Over 120 Days Old • Negative Unliquidated Obligations (NULO) Under 120 Days Old • Negative Unliquidated Obligations (NULO) Over 120 Days Old • Appropriations with Negative Balances • Deposit Accounts with Negative Balances • A/R Available for Collection (Quarterly) • Public A/R Requiring Due Process At Field Level > 90 Days (Quarterly) • Reduction of Public Debt > 180 Days Residing in Debt Management Systems (Quarterly) | Zero Overaged | RED | RED |
| | Maintain FY04 YE Balance | RED | RED |
| | Zero Overaged | RED | RED |
| | None over 3 months old | GREEN | GREEN |
| | None over 3 months old | GREEN | GREEN |
| | 75% Reduction FY03 YE | RED | RED |
| | 95% Reduction FY03 YE | RED | RED |
| | 95% Reduction FY03 YE | RED | RED |

ACCOUNTING SERVICES BUSINESS LINE



Remaining OSD Metrics

Unmatched Disbursements (UMDs) Over 120 Days

Goal = zero in overaged (over 120 days)

Actual = increase of \$503.33M from May (\$1190.31M)

\$0
\$1693.64M

Negative Unliquidated Obligations (NULOs) Under 120 Days

Goal = maintain or reduce from FY 04 year end balance

Actual = decrease of \$190.10M from May (\$487.54M)

June
\$94M
\$297.44M

Negative Unliquidated Obligations (NULOs) Over 120 Days

Goal = zero in overaged (over 120 days)

Actual = increase of \$1.54M from June (\$8.06M)

\$0
\$9.60M

ACCOUNTING SERVICES BUSINESS LINE



Remaining OSD Metrics - continued

AR Available for Collection (Quarterly)

| | |
|---|----------|
| Goal = reduce 75% from Sep 2003 actual of \$3,456M | \$1,296M |
| Actual = decrease of \$1,358M from previous quarter (\$4,014M) | \$2,656M |

Public AR Requiring Due Process at Field Level > 90 Days (Quarterly)

| | |
|--|--------|
| Goal = reduce 95% from Sep 2003 balance of \$290M | \$65M |
| Actual = decrease of \$95M from previous quarter (\$276M) | \$181M |

Reduction of Public Debt > 180 Days Residing in the Debt Management Systems (Quarterly)

| | |
|--|--------|
| Goal = reduce 95% from Sep 2003 balance of \$136M | \$30M |
| Actual = increase of \$46M from previous quarter (\$706M) | \$752M |

Note: due to rounding, some totals may not total

ACCOUNTING SERVICES BUSINESS LINE



Growth and Learning Perspective

| ABL # | GROWTH AND LEARNING PERSPECTIVE | FY05 GOAL | May-05 | Jun-05 |
|--------------|---|--|--|--|
| 10 | # of Employees with Degrees | GREEN = \geq 41% of Employees having a degree YELLOW = \geq 35% and $<$ 41% of Employees having a degree RED = $<$ 35% of Employees having a degree |  |  |
| 11 | Employees in Developmental Assignments Accounting | GREEN = \geq 4.5% of Employees participating in DAs YELLOW = \geq 3.5% and $<$ 4.5% of Employees participating in DAs RED = $<$ 3.5% of Employees participating in DAs |  |  |

Number of employees with Degrees

Perspective: Growth and Learning



| | |
|---------------|--------------|
| Goal | = 42% |
| Actual | = 40% |

SCORECARD

Rating:
Data Reporting: June

BSC #:

FREQUENCY: Monthly

MEASURE:

RATING SCALE:
GREEN = > 41%
= > 35% and < 41%
RED = less than 35%

Analysis:

Slightly lower percentage of employees with degrees than anticipated. Using Skills Inventory to identify and encourage employees to pursue professional degrees and certifications.

- Actions:**
- Defense Agencies - Additional ELPA hires planned for May, June, July, and September expected to see increase ECD: July 2005
 - 15 ELPAs have been hired YTD in Def. Agencies
 - Total number of employees w/degrees has increased by 17
 - Identify a current state of the overall skills of our workforce using Skill Inventory DB. ECD: Rev. Aug 2005
 - 20% of ABL employees have Managerial approved Skills Inventory
 - 42% of ABL employees have initiated a Skills Inventory
 - Create a skills snapshot to establish a baseline using the Skills DB input. ECD: Rev Sep 2005
 - Use the baseline to assess ABL skill gaps as the ABL progress through various transformation initiatives in the future. This will help us better understand our skill requirements ECD: FY2006

| SITES | OPERATIONAL PERFORMANCE | | AVERAGE SALARY | | CERTIFICATIONS | | CUSTOMER SATISFACTION | | FINANCIAL PERFORMANCE | | ASSERTION MILESTONES | | AUDIT DEFICIENCIES | | MATERIAL WEAKNESSES | | OSD METRICS | | DEGREES | | DEVELOPMENTAL ASSIGNMENTS | |
|---|-------------------------|--------|----------------|----------|----------------|--------|-----------------------|--------|-----------------------|--------|----------------------|--------|--------------------|--------|---------------------|--------|-------------|--------|---------|--------|---------------------------|--------|
| | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual | Goal | Actual |
| Accounting Services - Air Force | 4 | 2 | \$53,971 | \$53,255 | 255 | 68 | 75% | 75% | 101.7 | 100.8 | 100% | 100% | 100% | 100% | 100% | 100% | GREEN | RED | 534 | 484 | 57 | 42 |
| Denver | 4 | 2 | \$53,971 | \$53,255 | 98 | 42 | 75% | 75% | 38.8 | 39.3 | 100% | 100% | 100% | 100% | 100% | 100% | GREEN | RED | 205 | 240 | 22 | 7 |
| Dayton | Note 1 | Note 1 | N/A | N/A | 44 | 8 | N/A | N/A | 18.6 | 33 | N/A | N/A | 100% | 100% | 100% | 100% | N/A | N/A | 92 | 63 | 10 | 0 |
| Limestone | Note 1 | Note 1 | N/A | N/A | 37 | 6 | N/A | N/A | 16.1 | 16.1 | N/A | N/A | 100% | 100% | 100% | 100% | N/A | N/A | 78 | 75 | 8 | 13 |
| Omaha | Note 1 | Note 1 | N/A | N/A | 29 | 3 | N/A | N/A | 9.6 | -0.5 | N/A | N/A | 100% | 100% | 100% | 100% | N/A | N/A | 60 | 43 | 6 | 3 |
| San Antonio | Note 1 | Note 1 | N/A | N/A | 34 | 8 | N/A | N/A | 12.9 | 13 | N/A | N/A | 100% | 100% | 100% | 100% | N/A | N/A | 72 | 38 | 8 | 19 |
| San Bernardino | Note 1 | Note 1 | N/A | N/A | 13 | 1 | N/A | N/A | 5.8 | 0.1 | N/A | N/A | 100% | 100% | 100% | 100% | N/A | N/A | 27 | 25 | 3 | 0 |
| | | | | | | | | | | | | | | | | | | | | | | |
| <p>Note1: Though our field sites are not rated on the overall OPI, they are rated on InTransits and UMDs. Please see attached data.</p> | | | | | | | | | | | | | | | | | | | | | | |
| <p>Note2: Of the 21 OSD Metrics, 9 are green equalling 43% of the measures.</p> | | | | | | | | | | | | | | | | | | | | | | |



Accounting Services, Army Balanced Scorecard

July 2005 Charts



Accounting Services, Army - FY 05 BSC

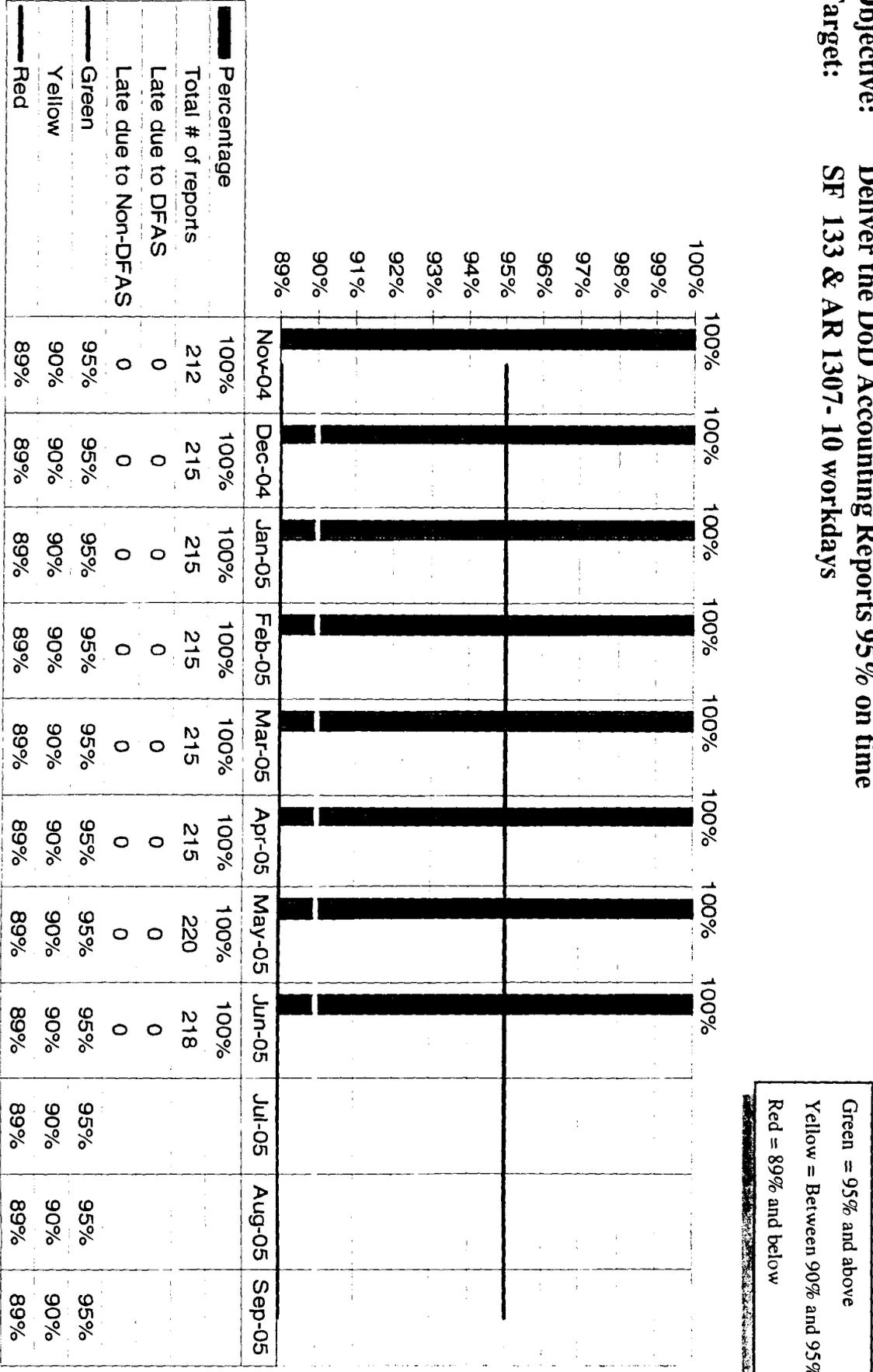


| BSC/ PMI # | Measure Title | 1-31 Oct | 1-30 Nov | 1-31 Dec | 1-31 Jan | 1-28 Feb | 1-31 Mar | 1-30 Apr | 1-31 May | 1-30 Jun |
|----------------------------|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Customer | | | | | | | | | | |
| 295 | Timeliness of Accounting Reports to Customers (SF 133 & AR 1307) | | | | | | | | | |
| 296 | Timeliness of Accounting Reports to Customers (AR (M) 1002) | | | | | | | | | |
| 612 | DFAS Critical Initiatives | | | | | | | | | |
| 613 | Customer Satisfaction with DFAS Experience | N/R | | | Y 66% | | | | Y 74% | |
| Financial | | | | | | | | | | |
| TBD | Budget Execution to Spending Plan | N/R |
| Internal | | | | | | | | | | |
| 180 | Reduction of Aged Intransits | | | | | | | | | |
| 517 | Audit Deficiencies Corrected | N/R | N/R | | Y 83% | | | | | Y 80.77% |
| 531 | FMFIA Material Weaknesses Corrected | N/R | N/R | | | | | | | |
| 543 | Fund Balance with Treasury Deficiency Rate (General Fund) | | | | | | | | | |
| | Fund Balance with Treasury Deficiency Rate (Working Capital Fund) | | Y 3.99% | Y 4.47% | | Y 4.63% | Y 3.66% | | Y 4.45% | |
| 616 | Manage and Delivery Systems Change Inventory | | | | | Deleted | Deleted | Deleted | Deleted | Deleted |
| 630 | Innovative Business Practices - Accounting | N/R | N/R | | | | | | | |
| Growth and Learning | | | | | | | | | | |
| 515 | Professional Certifications & Licenses & Certificates | | | | | | | | | |
| 548 | Number of Employees with Degrees | Y 84.7% | Y 82.84% | Y 85.9% | Y 85.9% | Y 86.2% | Y 85.5% | Y 85.1% | Y 84.7% | Y 85.7% |
| 614 | Monthly Employee Satisfaction | N/R | 74% | 58% | 52% | N/R | N/R | N/R | N/R | N/R |
| 625 | Employees in Developmental Assignments | | | | | Y 78.49% | | Y 86.02% | Y 77.42% | |
| Unique | | | | | | | | | | |
| IN1 | Utilization of Overtime | | | | | | | | | |
| IN2 | Field Site Accuracy Report | | | | Y 97.6% | | | | | |
| IN3 | Customer Index | Y 74.63% | Y 69.53% | Y 71.08% | | | Y 68.71% | Y 68.51% | Y 71.04% | Y 69.30% |
| IN4 | PMI #178- Reduction of NULOs | | | | | | | | | |
| IN5 | PMI #179- Reduction of UMDs | | | | | | | | | |
| IN6 | Non Monetary Recognition Program | | | | | | | | | Y 4.21% |

PMI #295: Timeliness of Accounting Reports to Customers (SF 133 & AR 1307)
 Perspective: Customer



Objective: Deliver the DoD Accounting Reports 95% on time
 Target: SF 133 & AR 1307- 10 workdays



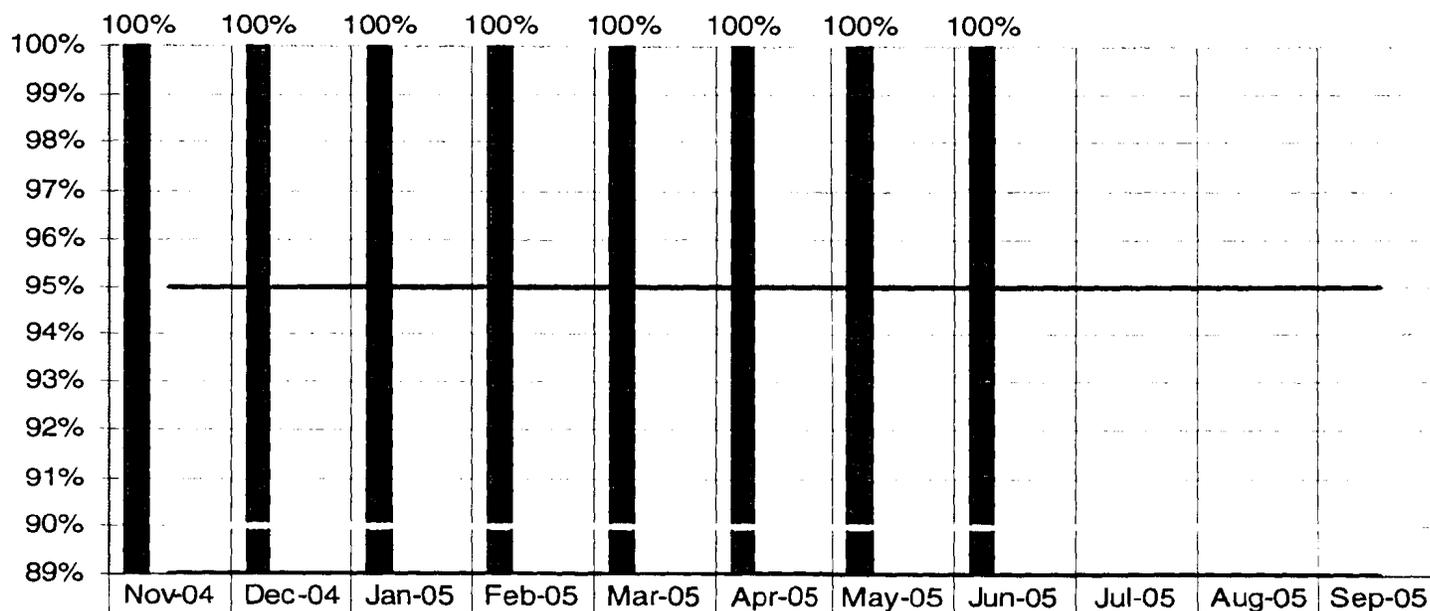
Green = 95% and above
 Yellow = Between 90% and 95%
 Red = 89% and below

PMI #296: Timeliness of Accounting Reports to Customers (AR (M) 1002)
Perspective: Customer



Objective: Deliver the DoD Accounting Reports 95% on time
Target: Acctg Rpt (M) 1002 - 15 work days

Green = 95% and above
 Yellow = Between 90% and 95%
 Red = 89% and below



| | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Percentage | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | |
| Total # of reports | 117 | 178 | 177 | 177 | 178 | 177 | 180 | 184 | | | |
| Late due to DFAS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Late due to Non-DFAS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Green | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| Yellow | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Red | 89% | 89% | 89% | 89% | 89% | 89% | 89% | 89% | 89% | 89% | 89% |

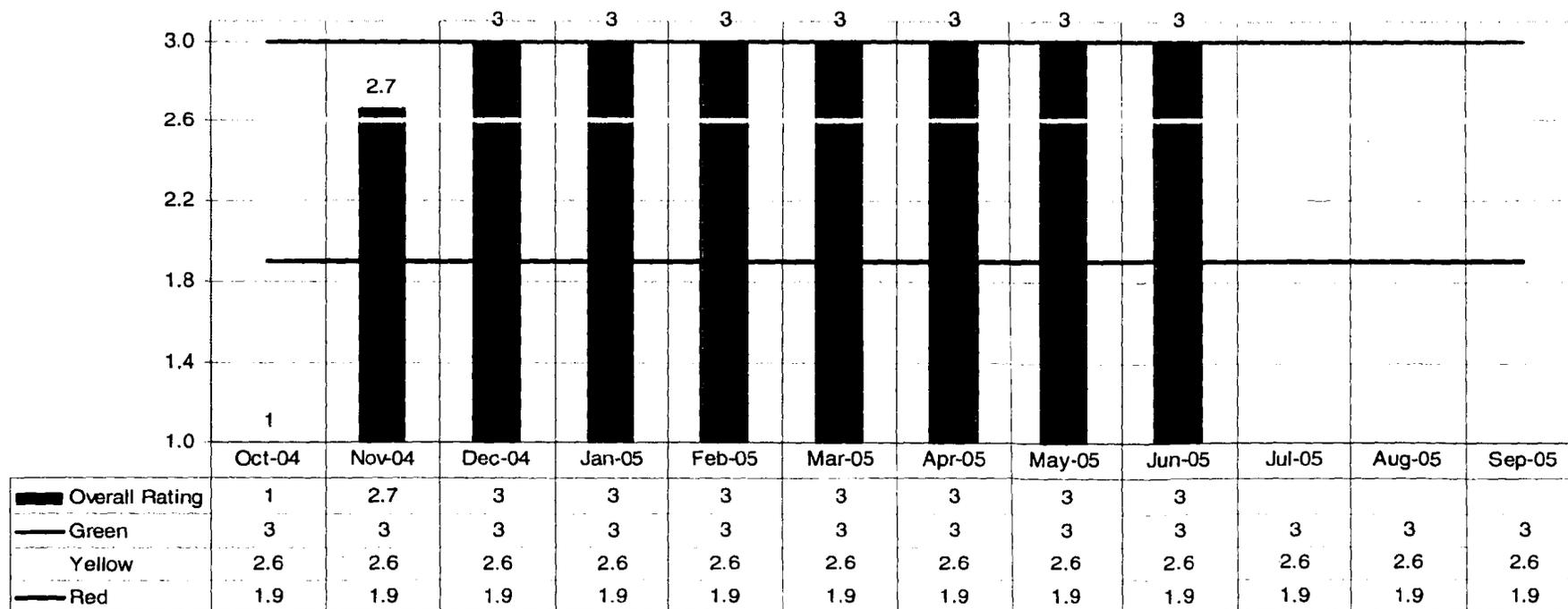
**BSC #612: DFAS Critical Initiatives Required for Assertion by FY 2007
as Stated in the Financial Improvement Plans**



Perspective: Customer
Objective: Achieve 100% of scheduled DFAS Critical Initiatives required to meet the goal of an Unqualified Audit Opinion by FY 2007
Target: Achieve an overall Critical Initiative rating of 3

Green = 2.6 to 3
 Yellow = < 2.6 but ≥ 2.0
 Red = Less than 2.0

| <u>Overall Critical Initiative Rating</u> | <u>Definition</u> | <u>Status of Critical Initiative</u> | <u>PMIS Rating</u> |
|---|--|--------------------------------------|--------------------|
| Green | All Critical Actions met for a given initiative. | Initiative on Schedule | 3 |
| Yellow | All but one or two Critical Actions missed for a given initiative. | Initiative in Jeopardy | 2 |
| Red | Three or more Critical Actions missed for a given initiative. | Initiative Impacted | 1 |

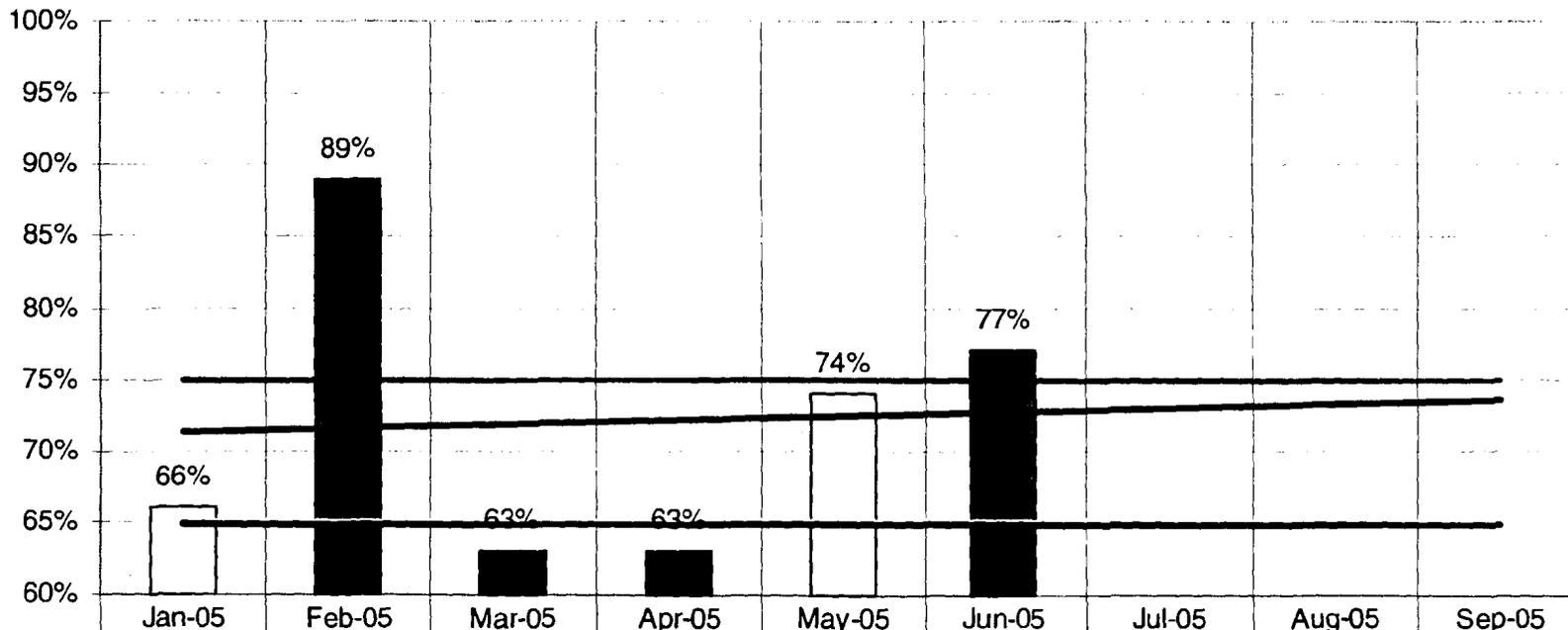


BSC #613: Customer Satisfaction with DFAS Experience
Perspective: Customer



Objective: Capture the quality of customer service provided during an engagement (event) with DFAS
Target: Achieve an overall rating of 75% or above

Green = $\geq 75\%$
 Yellow = $\geq 65\%$ and $< 75\%$
 Red = $< 65\%$



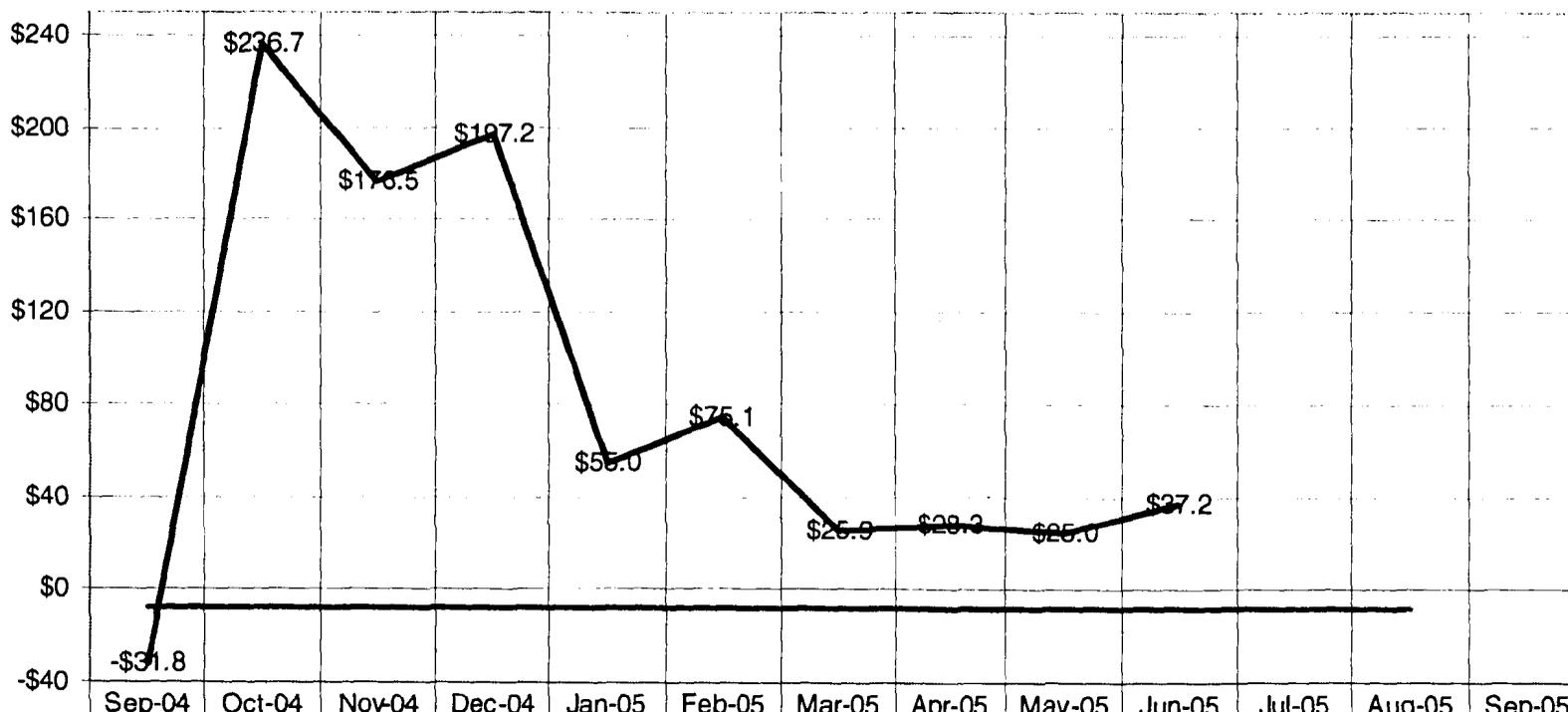
| | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Overall Rating | 66% | 89% | 63% | 63% | 74% | 77% | | | |
| Green | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Yellow | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% |
| Red | 64.9% | 64.9% | 64.9% | 64.9% | 64.9% | 64.9% | 64.9% | 64.9% | 64.9% |

BSC #613 overall rating changed from a 5 point scale to a percentage effective January 2005.

PMI #180: Reduce Aged Intransit Disbursements
Perspective: Internal



Objective: The Agency plan is to reduce aged Intransit Disbursements by 75%
Target: The FY 2005 goal is a 75% reduction from the FY 2004 year-end balance.
 This is measured in net dollars.



| | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 |
|-------------------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FY 2005 Goal | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 |
| Green | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 | -\$7.9 |
| Current Month Bal | -\$31.8 | \$236.7 | \$176.5 | \$197.2 | \$55.0 | \$75.1 | \$25.9 | \$28.3 | \$25.0 | \$37.2 | | | |

Note: Numbers are in millions. The September 2004 balance was (31.8). Our September 30, 2005 goal is (7.9).

PMI #180: Reduce Aged Intransit Disbursements



| DATE | Rept Month | IN | Dept'l | DNO | EUR | LW | LX | OR | RO | RI | SL | SS |
|--------|------------|----|--------|-----|-----|----|----|----|----|----|----|----|
| Sep-04 | Sep-04 | | | | | | | | | | | |
| Oct-04 | Oct-04 | | | | | | | | | | | |
| Nov-04 | Nov-04 | | | | | | | | | | | |
| Dec-04 | Dec-04 | | | | | | | | | | | |
| Jan-05 | Jan-05 | | | | | | | | | | | |
| Feb-05 | Feb-05 | | | | | | | | | | | |
| Mar-05 | Mar-05 | | | | | | | | | | | |
| Apr-05 | Apr-05 | | | | | | | | | | | |
| May-05 | May-05 | | | | | | | | | | | |
| Jun-05 | Jun-05 | | | | | | | | | | | |

| DATE | Rept Month | MP | NG | NOR | OM | COE | PAC | SA | JA | KO | TP |
|--------|------------|----|----|-----|----|-----|-----|----|----|----|-----|
| Sep-04 | Sep-04 | | | | | | | | | | N/A |
| Oct-04 | Oct-04 | | | | | | | | | | N/A |
| Nov-04 | Nov-04 | | | | | | | | | | N/A |
| Dec-04 | Dec-04 | | | | | | | | | | N/A |
| Jan-05 | Jan-05 | | | | | | | | | | N/A |
| Feb-05 | Feb-05 | | | | | | | | | | N/A |
| Mar-05 | Mar-05 | | | | | | | | | | N/A |
| Apr-05 | Apr-05 | | | | | | | | | | N/A |
| May-05 | May-05 | | | | | | | | | | N/A |
| Jun-05 | Jun-05 | | | | | | | | | | N/A |

Note: Numbers are in millions. N/Met stands for Not Met.

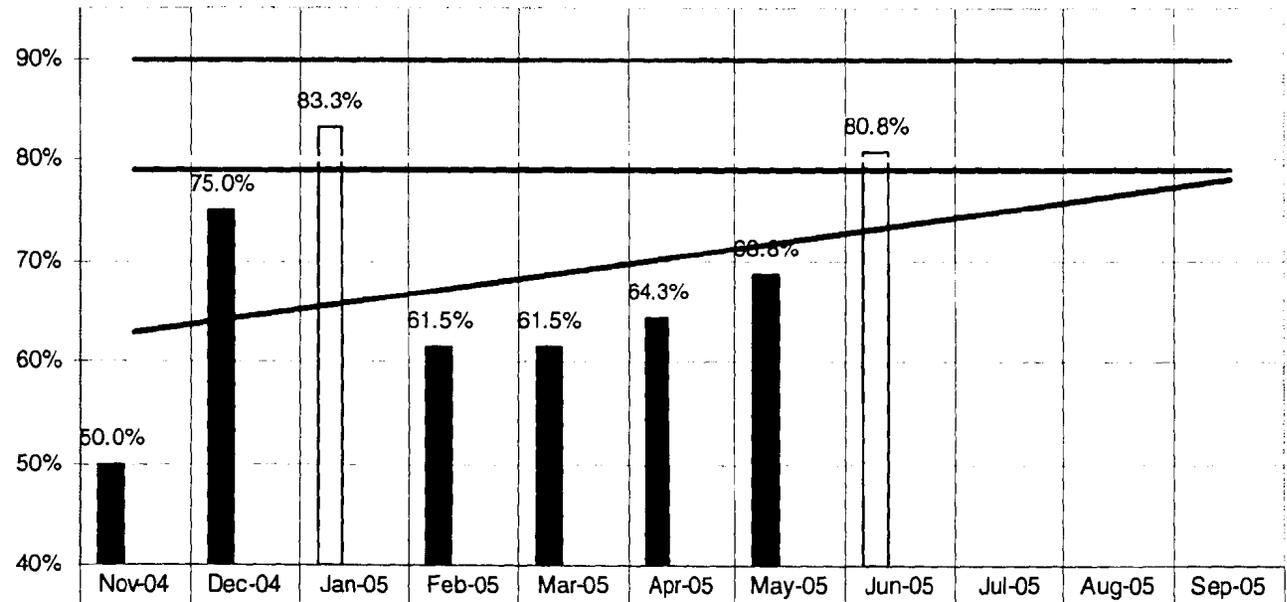
BSC #517: Audit Deficiencies Corrected
Perspective: Internal



Objective: Improve the quality (Accuracy & Timeliness) of Accounting Products, Services & Processes

Target: Correct 90% or above of all outstanding audits

Green = 90% or above
 Yellow = ≥ 80% to < 90%
 Red = Less than 80 %



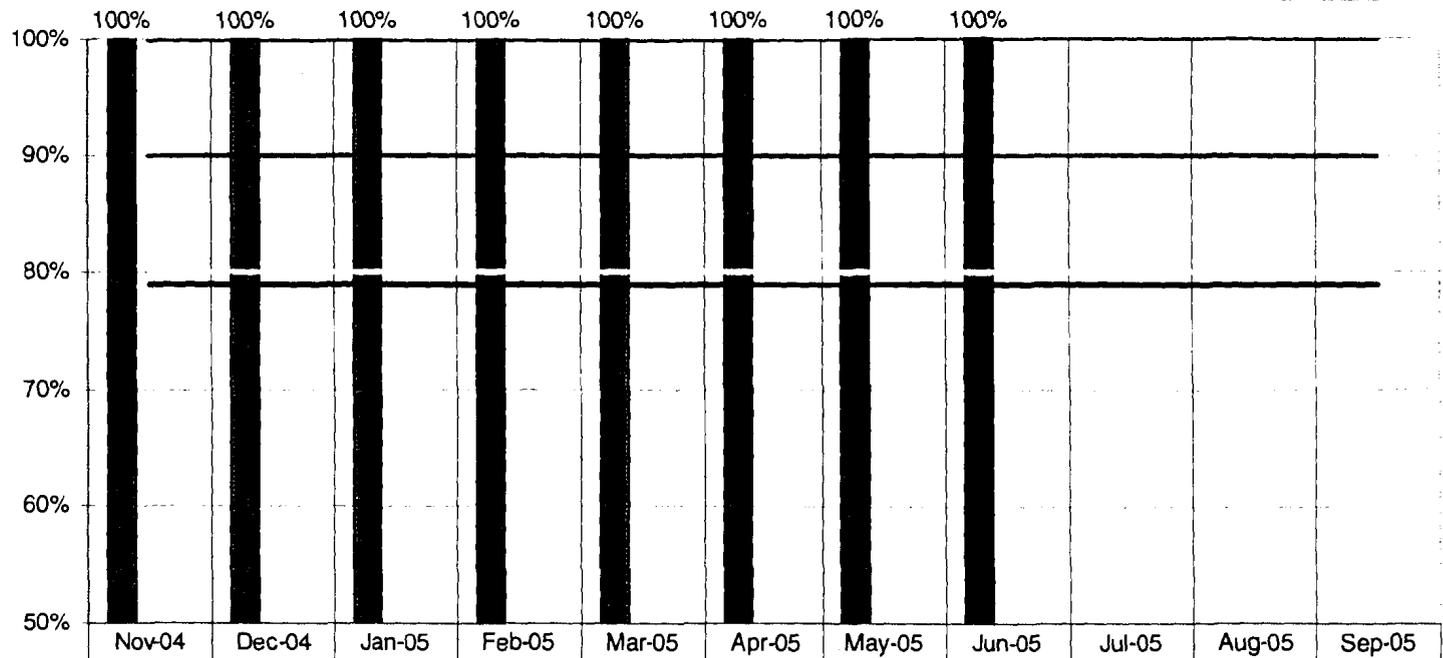
| | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|
| ■ Percentage | 50.0% | 75.0% | 83.3% | 61.5% | 61.5% | 64.3% | 68.8% | 80.8% | | | |
| # of FYTD audit recommendations completed | 2 | 3 | 5 | 8 | 8 | 9 | 11 | 21 | | | |
| # of FYTD audit recommendations scheduled | 4 | 4 | 6 | 13 | 13 | 14 | 16 | 26 | | | |
| — Green | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| — Yellow | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| — Red | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% |

BSC #531: FMFIA Material Weaknesses Corrected
Perspective: Internal



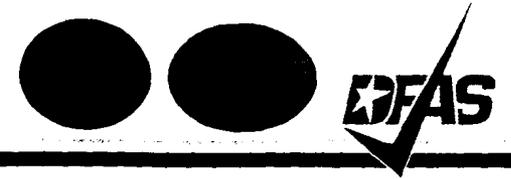
Objective: Improve Quality of Accounting Products, Services & Processes
Target: Achieve 90% of scheduled milestones

Green = 90% or above
 Yellow = ≥ 80% to < 90%
 Red = Less than 80 %



| | | | | | | | | | | | |
|----------------------------------|------|------|------|------|------|------|------|------|-----|-----|-----|
| ■ Percentage | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | |
| ■ # of FYTD milestones completed | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | | | |
| ■ # of FYTD milestones scheduled | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | | | |
| — Green | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| — Yellow | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| — Red | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% | 79% |

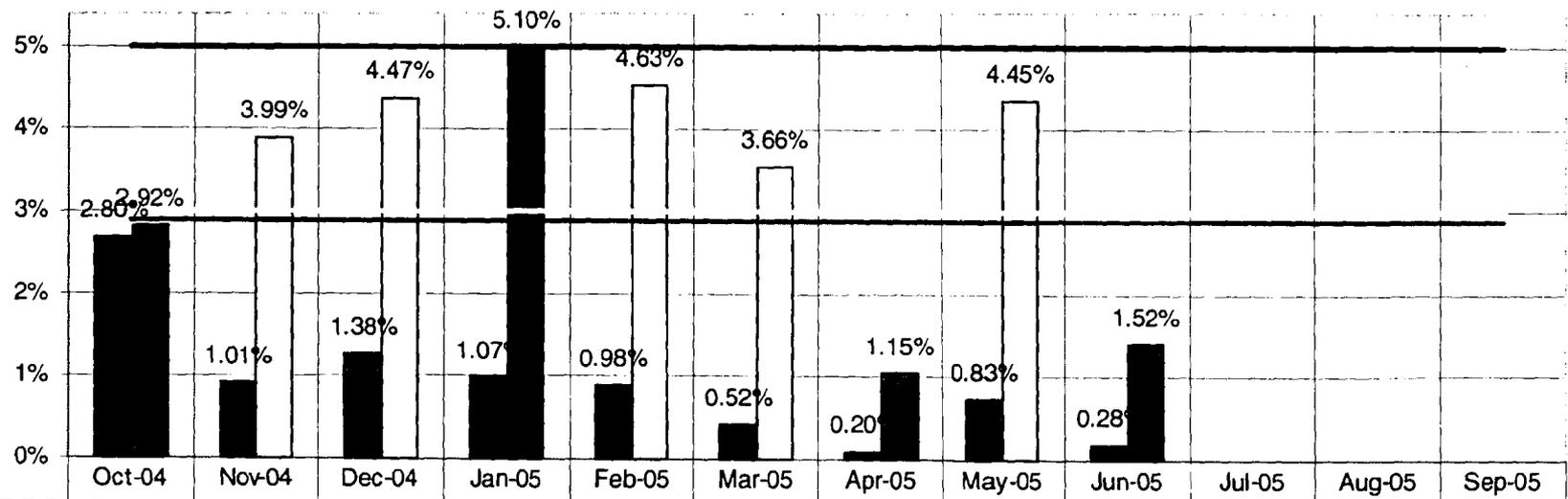
BSC #543: Fund Balance With Treasury (FBWT) Deficiency Rate
Perspective: Internal



Objective: Improve the auditability of FBWT

Target: Total deficiencies are 3% or less of the current FY month end FBWT amount (abs)

Green = ≤ 3%
 Yellow ⇒ 3% but ≤ 5%
 Red = > 5%

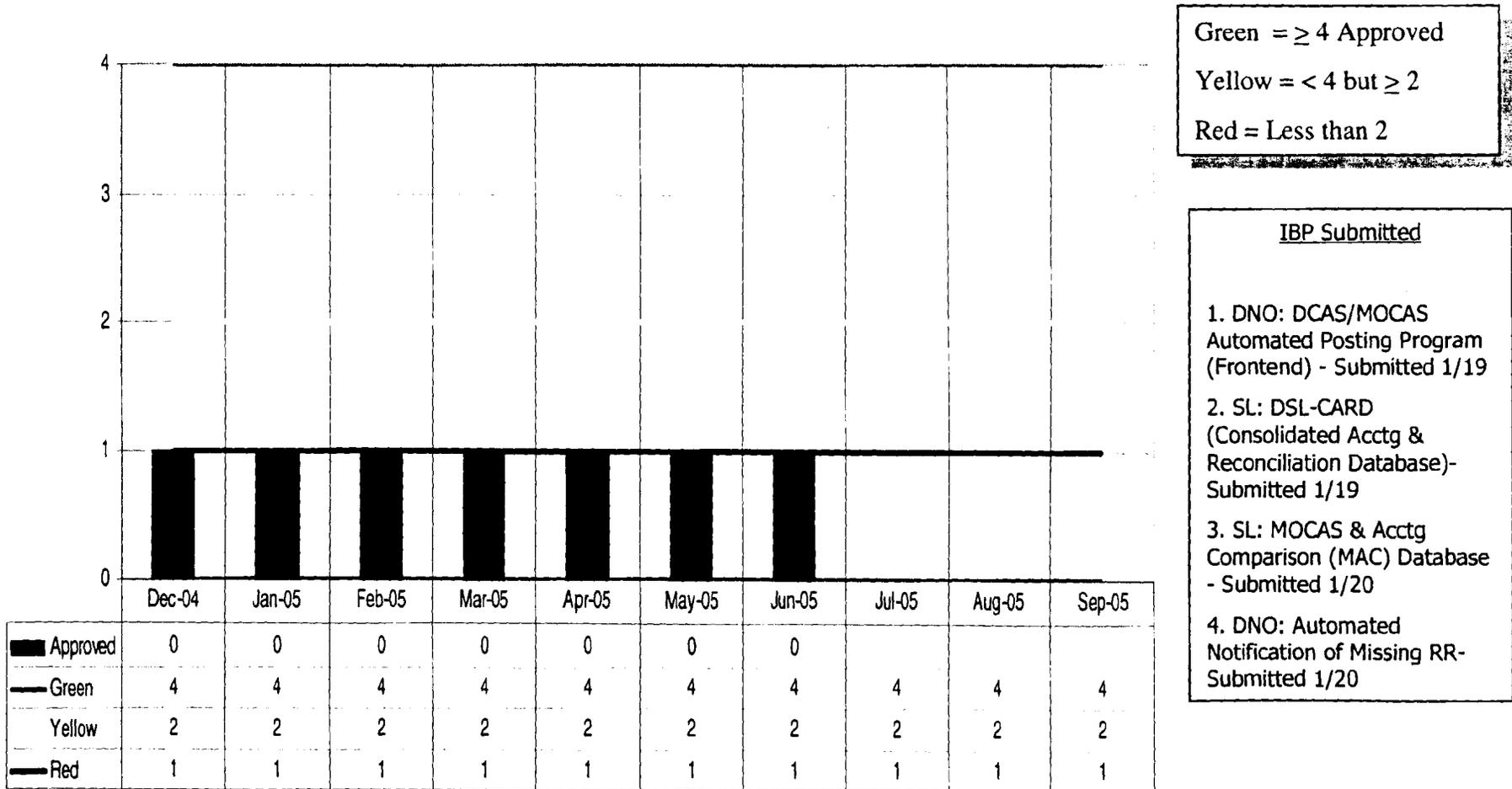


| | | | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|
| GF Percentage | 2.80% | 1.01% | 1.38% | 1.07% | 0.98% | 0.52% | 0.20% | 0.83% | 0.28% | | | |
| WCF Percentage | 2.92% | 3.99% | 4.47% | 5.10% | 4.63% | 3.66% | 1.15% | 4.45% | 1.52% | | | |
| Green | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Yellow | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% |
| Red | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |

BSC #630: Innovative Business Practices - Accounting
Perspective: Internal



Objective: Encourage innovation within DFAS
Target: ABL- 24 IBPs approved by the end of FY05. Army - 4 approved by the end of FY05

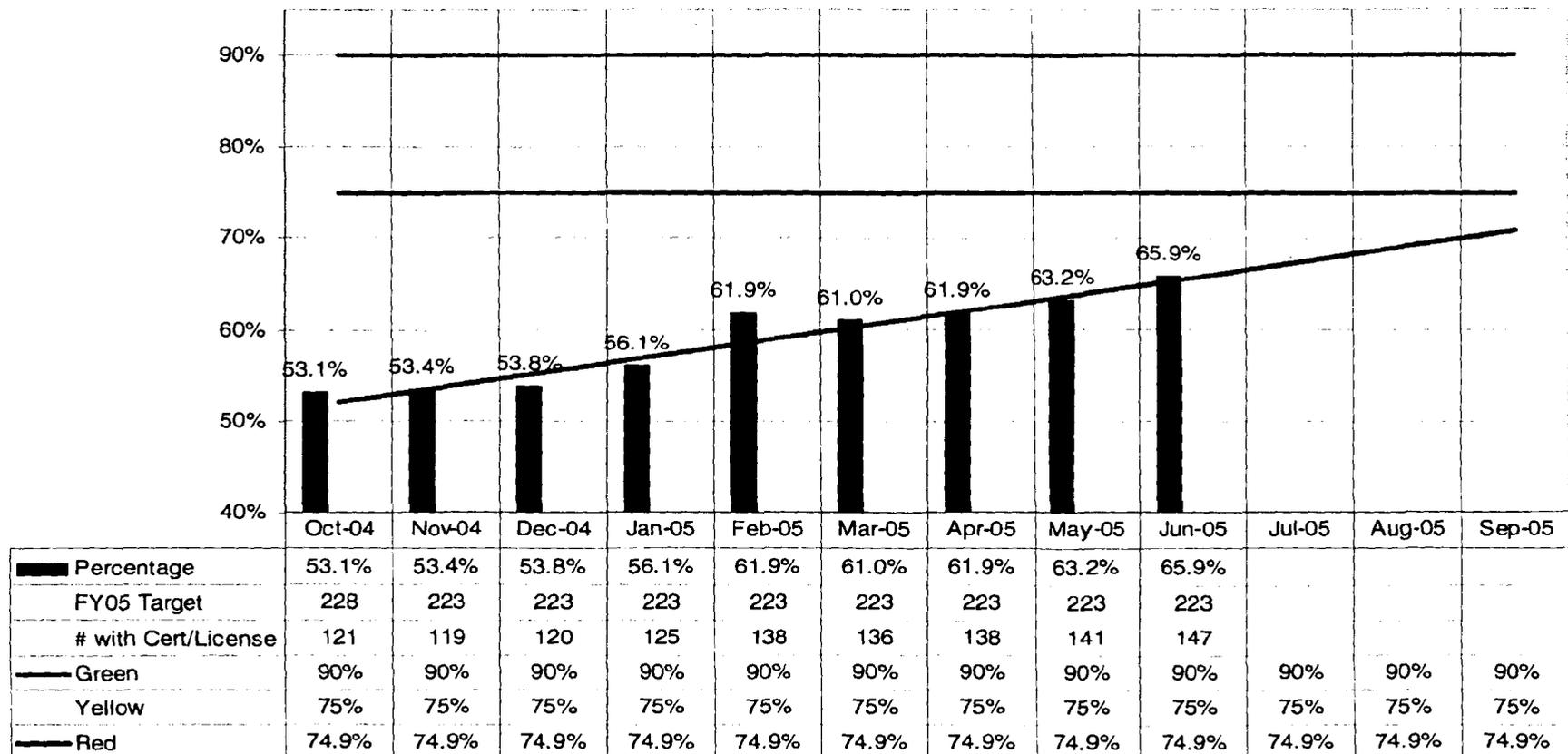


BSC #515: Professional Certifications and Licenses and Certifications (Qualifications)
Perspective: Growth and Learning



Objective: Increase number of Individuals with Professional Certifications/Licenses/Certificates (Qualifications)
Target: Achieve 90% or above target goal

Green = 90% or above target goal
 Yellow = ≥ 75% to < 90% of target goal
 Red = Less than 75% of target goal



The FY05 target/goal/base number is 11% of the September 2004 end strength shown on the Flash Report.

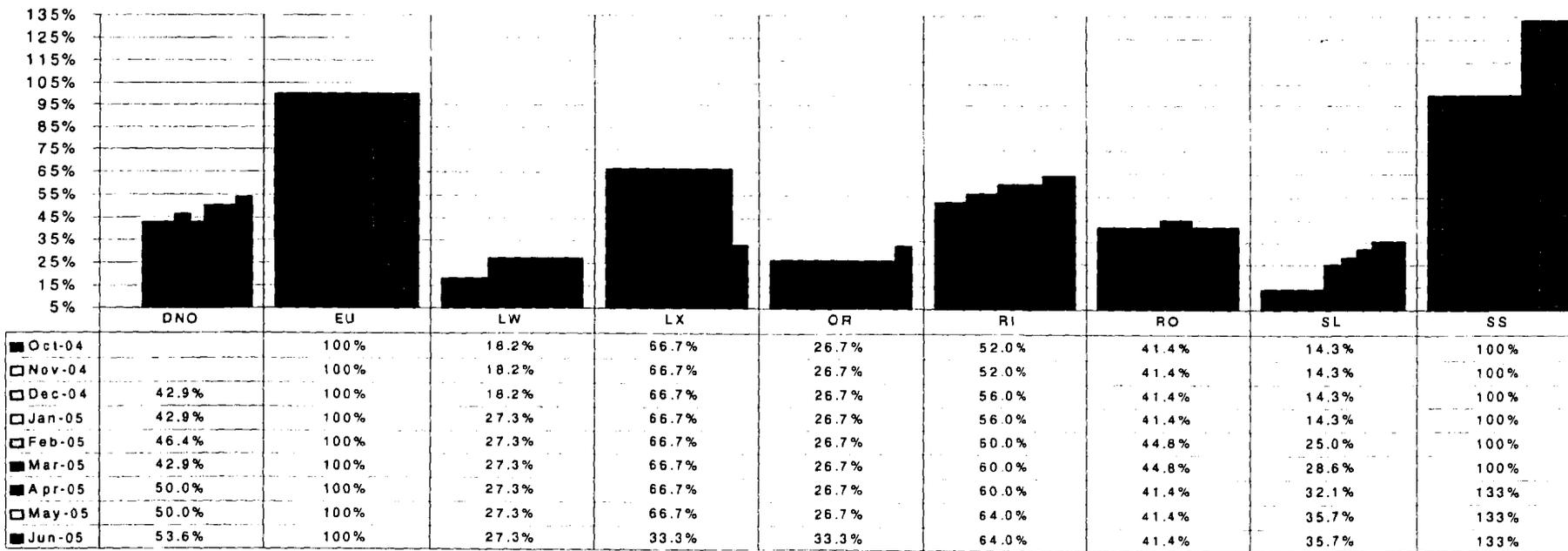
The count of 121 for Sept included 8 employees in Disbursing.

BSC #515: Professional Certifications and Licenses and Certifications (Qualifications)
Perspective: Growth and Learning



Objective: Increase number of Individuals with Professional Certifications/Licenses/Certificates (Qualifications)
Target: Achieve 90% or above target goal

| BSC #515 | | |
|----------|---------------------|-------------------|
| | Sep 04 End Strength | Target/Goal (11%) |
| DNO | 253 | 28 |
| EU | 23 | 3 |
| LW | 101 | 11 |
| LX | 31 | 3 |
| OR | 132 | 15 |
| RI | 231 | 25 |
| RO | 263 | 29 |
| SL | 259 | 28 |
| SS | 29 | 3 |



| | DNO | EU | LW | LX | OR | RI | RO | SL | SS |
|--------|-----|----|----|----|----|----|----|----|----|
| Oct-04 | N/R | 3 | 2 | 2 | 4 | 13 | 12 | 4 | 3 |
| Nov-04 | N/R | 3 | 2 | 2 | 4 | 13 | 12 | 4 | 3 |
| Dec-04 | 12 | 3 | 2 | 2 | 4 | 14 | 12 | 4 | 3 |
| Jan-05 | 12 | 3 | 3 | 2 | 4 | 14 | 12 | 4 | 3 |
| Feb-05 | 13 | 3 | 3 | 2 | 4 | 15 | 13 | 7 | 3 |
| Mar-05 | 12 | 3 | 3 | 2 | 4 | 15 | 13 | 8 | 3 |
| Apr-05 | 14 | 3 | 3 | 2 | 4 | 15 | 12 | 9 | 4 |
| May-05 | 14 | 3 | 3 | 2 | 4 | 16 | 12 | 10 | 4 |
| Jun-05 | 15 | 3 | 3 | 1 | 5 | 16 | 12 | 10 | 4 |

BSC #515: Professional Certifications and Licenses and Certifications (Qualifications)

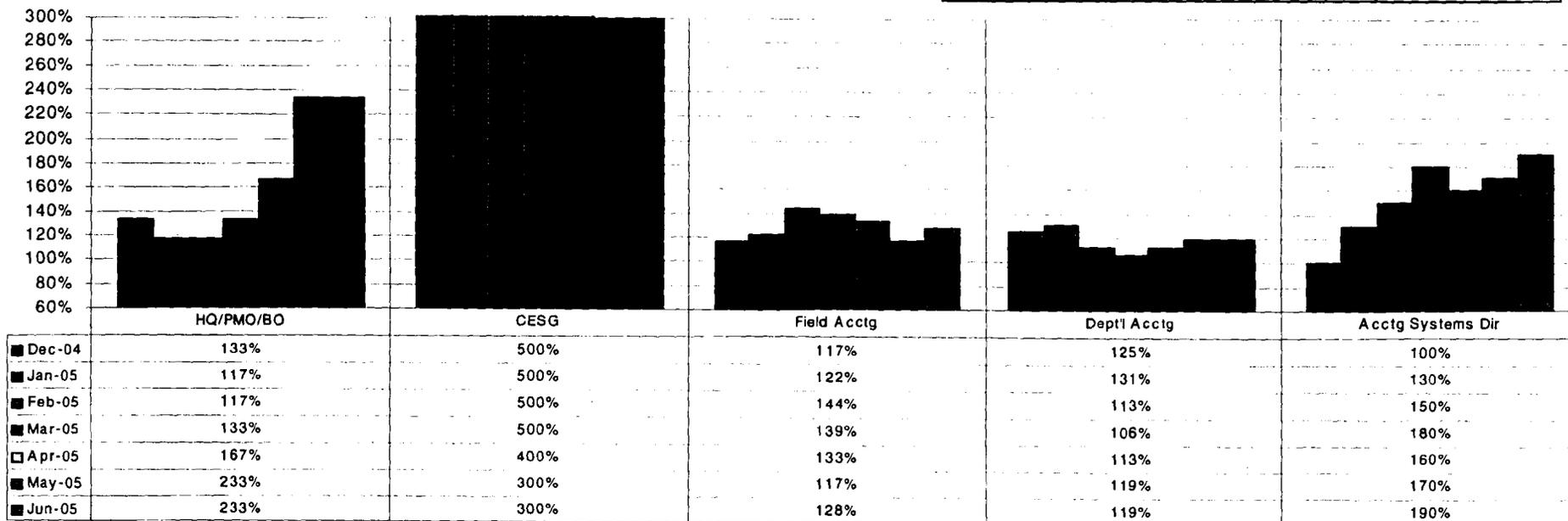
Perspective: Growth and Learning



Objective: Increase number of Individuals with Professional Certifications/Licenses/Certificates (Qualifications)

Target: Achieve 90% or above target goal

| BSC #515 | | |
|------------------|---------------------|-------------------|
| | Sep 04 End Strength | Target/Goal (11%) |
| HQ/BO/PMO | 59 | 6 |
| CESG | 12 | 1 |
| Field Acctg | 162 | 18 |
| Dept'l Acctg | 149 | 16 |
| Acctg System Dir | 91 | 10 |



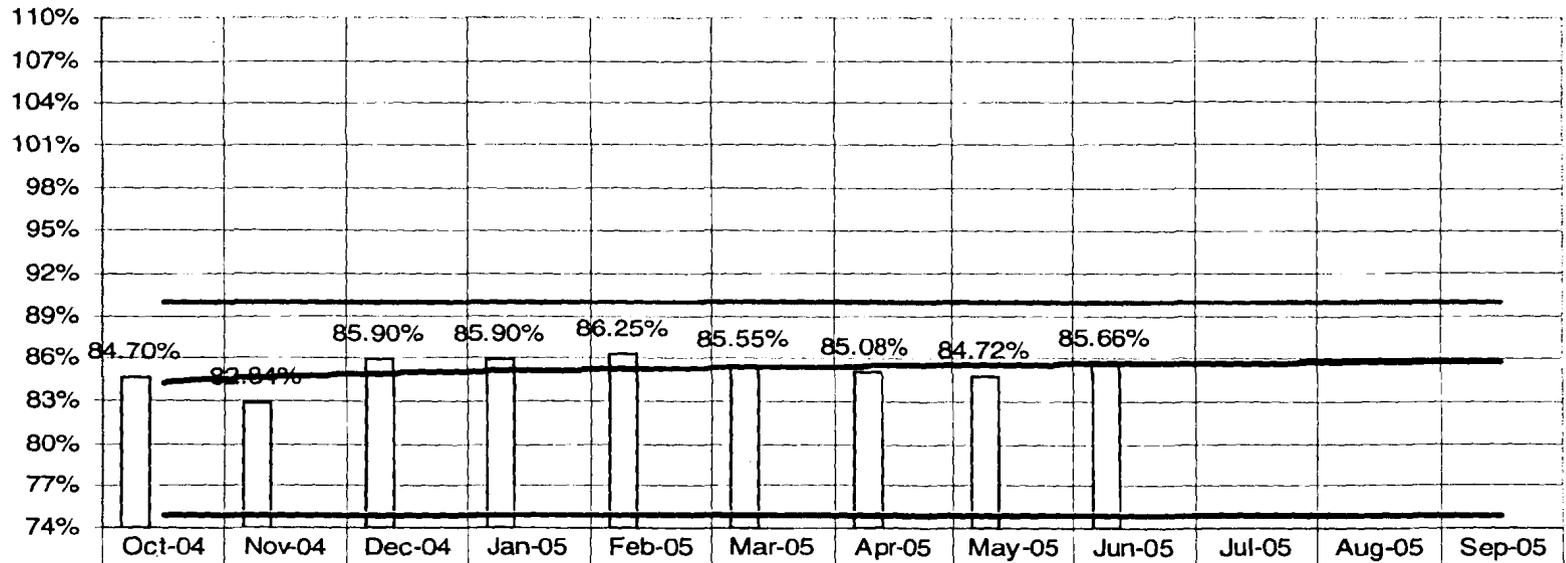
| | HQ/PMO/BO | CESG | Field Acctg | Dptl Acctg | Acctg Systems Dir |
|--------|-----------|------|-------------|------------|-------------------|
| Dec-04 | 8 | 5 | 21 | 20 | 10 |
| Jan-05 | 7 | 5 | 22 | 21 | 13 |
| Feb-05 | 7 | 5 | 26 | 18 | 15 |
| Mar-05 | 8 | 5 | 25 | 17 | 18 |
| Apr-05 | 10 | 4 | 24 | 18 | 16 |
| May-05 | 14 | 3 | 21 | 19 | 17 |
| Jun-05 | 14 | 3 | 23 | 19 | 19 |

BSC #548: Number of Employees with Degrees
Perspective: Growth and Learning



Objective: Increase Number of Employees with Degrees within the DFAS Workforce
Target: Achieve 90% or above target goal

Green = 90% or above target goal
 Yellow = ≥ 75% to < 90% of target goal
 Red = Less than 75 % of target goal



| | | | | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| Percentage | 84.70% | 82.84% | 85.90% | 85.90% | 86.25% | 85.55% | 85.08% | 84.72% | 85.66% | | | |
| FY 05 Target | 869 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | | |
| # Employees w/Degrees | 736 | 705 | 731 | 731 | 734 | 728 | 724 | 721 | 729 | | | |
| Green | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| Yellow | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Red | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% | 74.9% |

The FY05 target/goal/base number is 42% of the September 2004 end strength shown on the Flash Report.

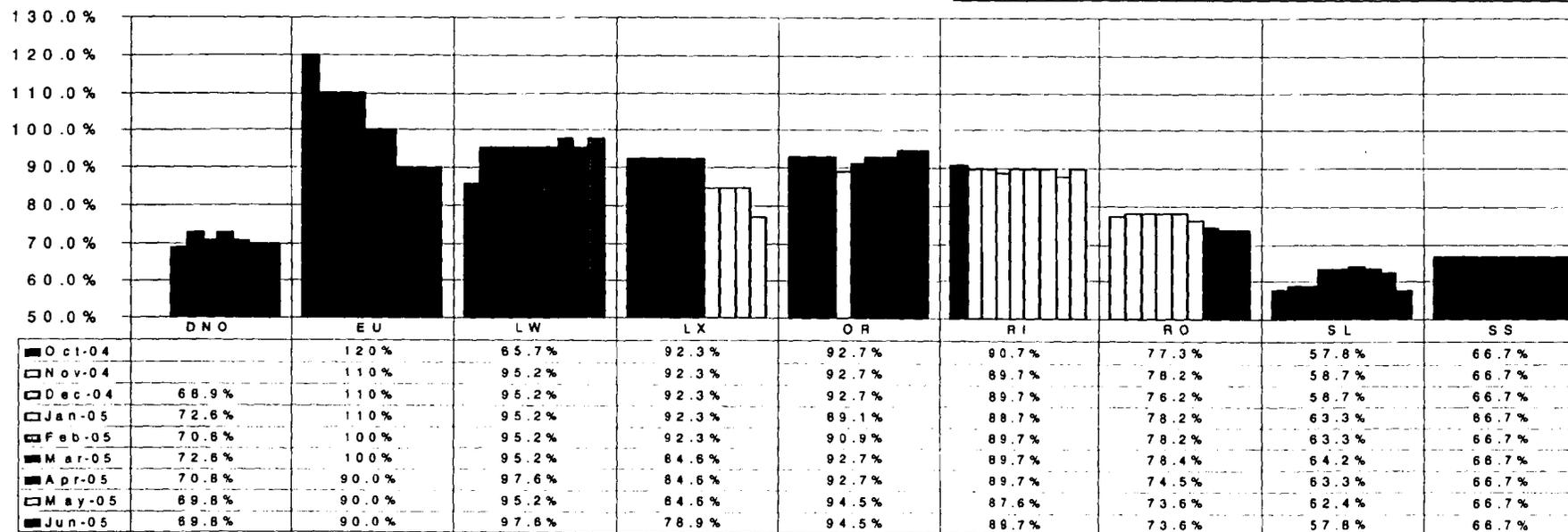
The count of 736 for Sept included 31 employees in Disbursing.

BSC #548: Number of Employees with Degrees
Perspective: Growth and Learning



Objective: Increase Number of Employees with Degrees within the DFAS Workforce
Target: Achieve 90% or above target goal

| | Sep 04 End Strength | Target/Goal (42%) |
|-----|---------------------|-------------------|
| DNO | 253 | 106 |
| EU | 23 | 10 |
| LW | 101 | 42 |
| LX | 31 | 13 |
| OR | 132 | 55 |
| RI | 231 | 97 |
| RO | 263 | 110 |
| SL | 259 | 109 |
| SS | 29 | 12 |



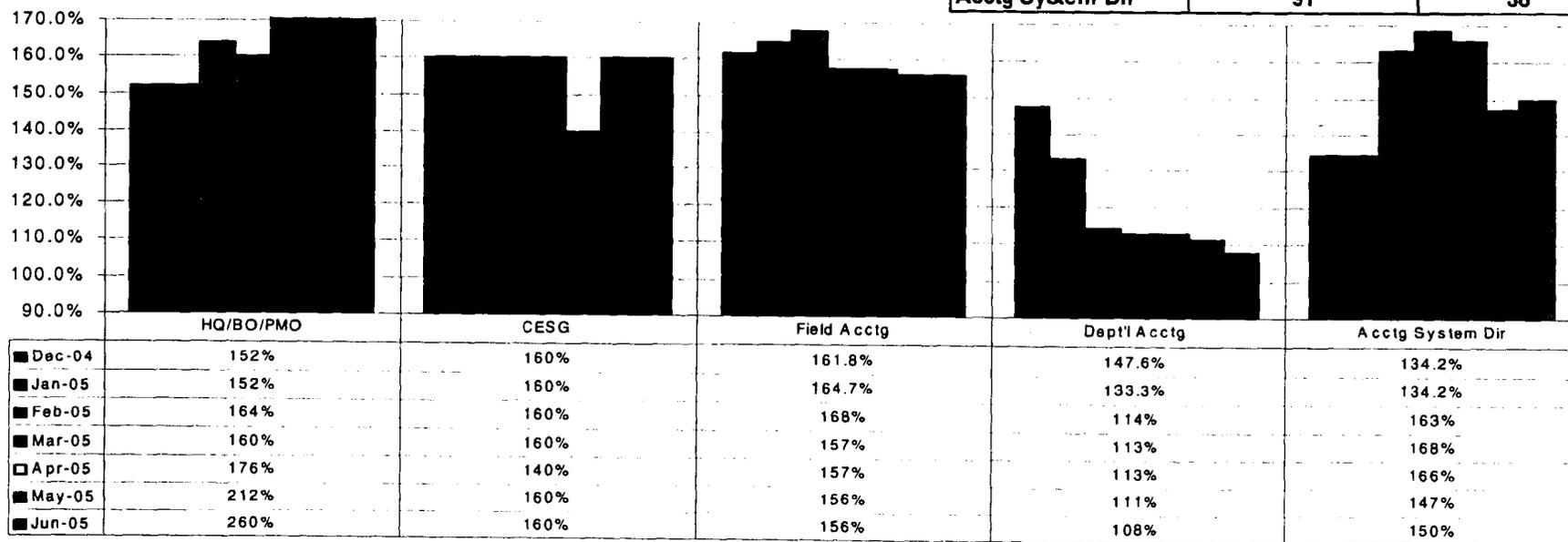
| | DNO | EU | LW | LX | OR | RI | RO | SL | SS |
|--------|-----|----|----|----|----|----|----|----|----|
| Oct-04 | N/R | 12 | 36 | 12 | 51 | 88 | 85 | 63 | 8 |
| Nov-04 | N/R | 11 | 40 | 12 | 51 | 87 | 86 | 64 | 8 |
| Dec-04 | 73 | 11 | 40 | 12 | 51 | 87 | 86 | 64 | 8 |
| Jan-05 | 77 | 11 | 40 | 12 | 49 | 86 | 86 | 69 | 8 |
| Feb-05 | 75 | 10 | 40 | 12 | 50 | 87 | 86 | 69 | 8 |
| Mar-05 | 77 | 10 | 40 | 11 | 51 | 87 | 84 | 70 | 8 |
| Apr-05 | 75 | 9 | 41 | 11 | 51 | 87 | 82 | 69 | 8 |
| May-05 | 74 | 9 | 40 | 11 | 52 | 85 | 81 | 68 | 8 |
| Jun-05 | 74 | 9 | 41 | 10 | 52 | 87 | 81 | 63 | 8 |

BSC #548: Number of Employees with Degrees
Perspective: Growth and Learning



Objective: Increase Number of Employees with Degrees within the DFAS Workforce
Target: Achieve 90% or above target goal

| BSC #548 | | |
|------------------|---------------------|-------------------|
| | Sep 04 End Strength | Target/Goal (42%) |
| HQ/BO/PMO | 59 | 25 |
| CESG | 12 | 5 |
| Field Acctg | 162 | 68 |
| Dept'l Acctg | 149 | 63 |
| Acctg System Dir | 91 | 38 |

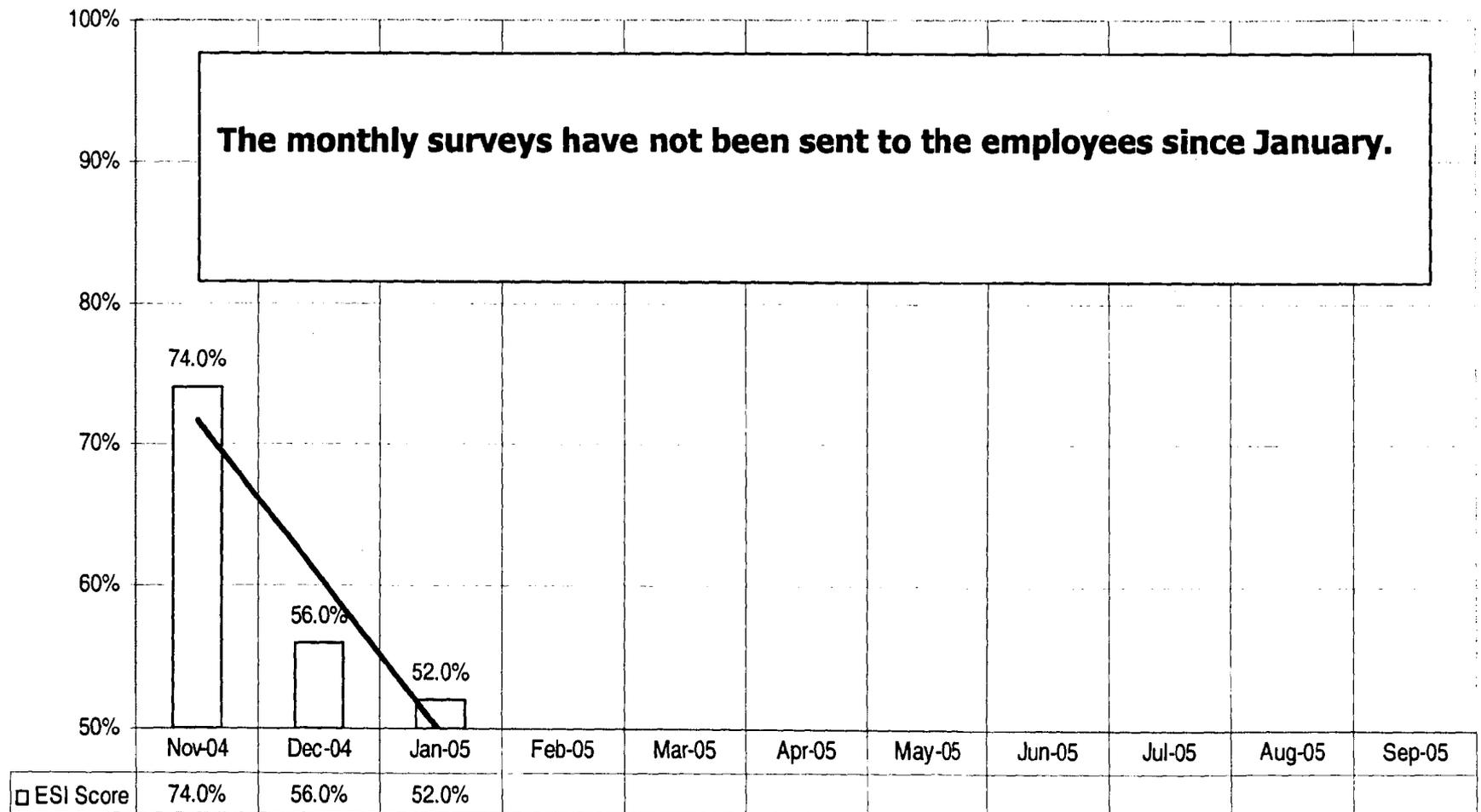


| | HQ/PMO/BO | CESG | Field Acctg | Dptl Acctg | Acctg Systems Dir |
|--------|-----------|------|-------------|------------|-------------------|
| Dec-04 | 38 | 8 | 110 | 93 | 51 |
| Jan-05 | 38 | 8 | 112 | 84 | 51 |
| Feb-05 | 41 | 8 | 114 | 72 | 62 |
| Mar-05 | 40 | 8 | 107 | 71 | 64 |
| Apr-05 | 44 | 7 | 107 | 71 | 63 |
| May-05 | 53 | 8 | 106 | 70 | 56 |
| Jun-05 | 65 | 8 | 106 | 68 | 57 |

BSC #614: Monthly Employee Satisfaction
Perspective: Growth and Learning



Objective: Employee satisfaction should not fluctuate more than 5% from month to month.
Target: This measure does not receive a rating. It is used as an internal monitoring tool.

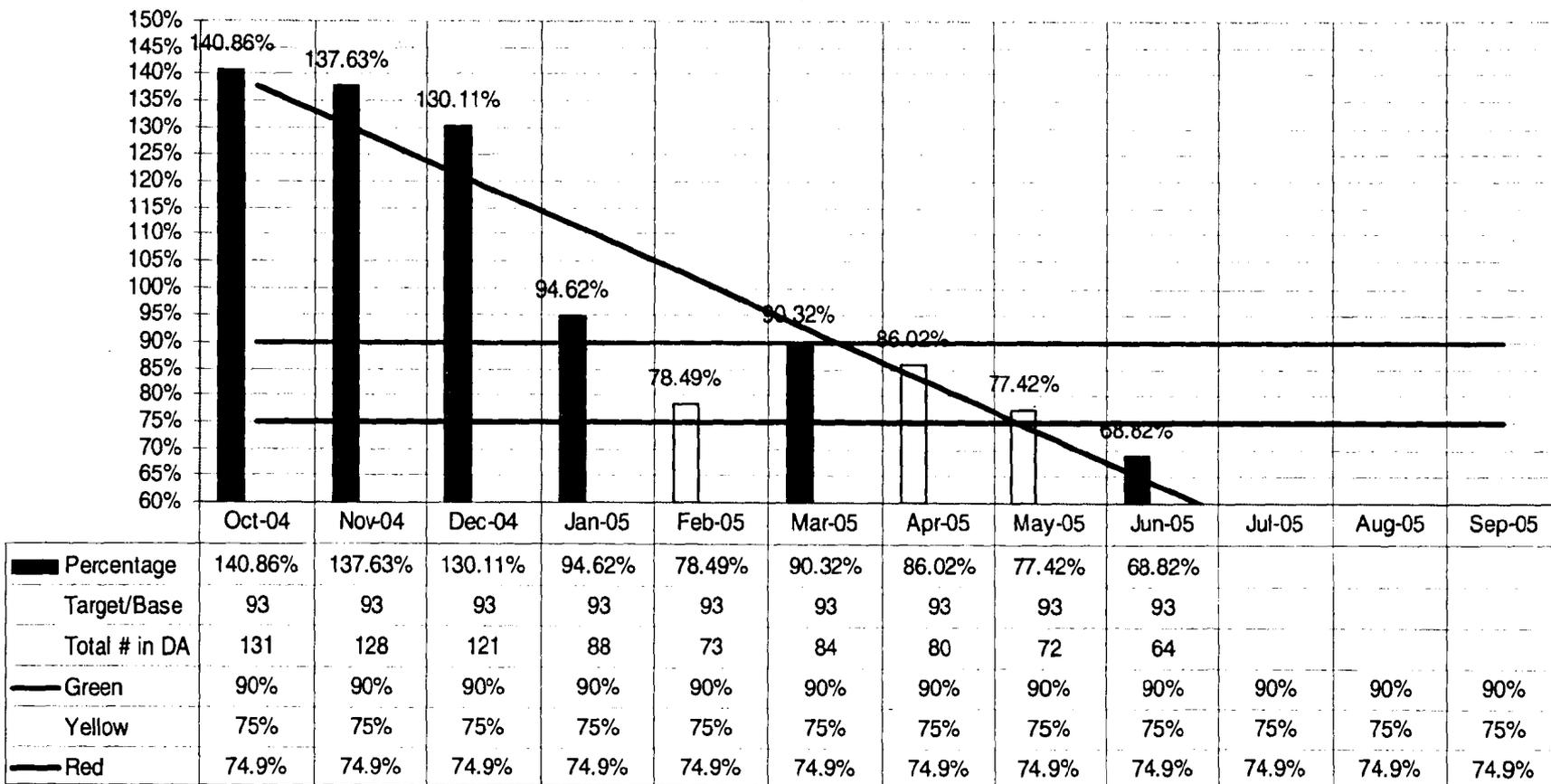


BSC #625: Employees in Developmental Assignments - Accounting Services
Perspective: Growth and Learning



Objective: Enhance breadth of employee competence
Target: Achieve 90% or above target goal

Green = 90% or above target goal
 Yellow = ≥ 75% to < 90% of target goal
 Red = Less than 75 % of target goal



The FY05 target/goal/base number is 4.5% of the September 2004 end strength shown on the Flash Report.

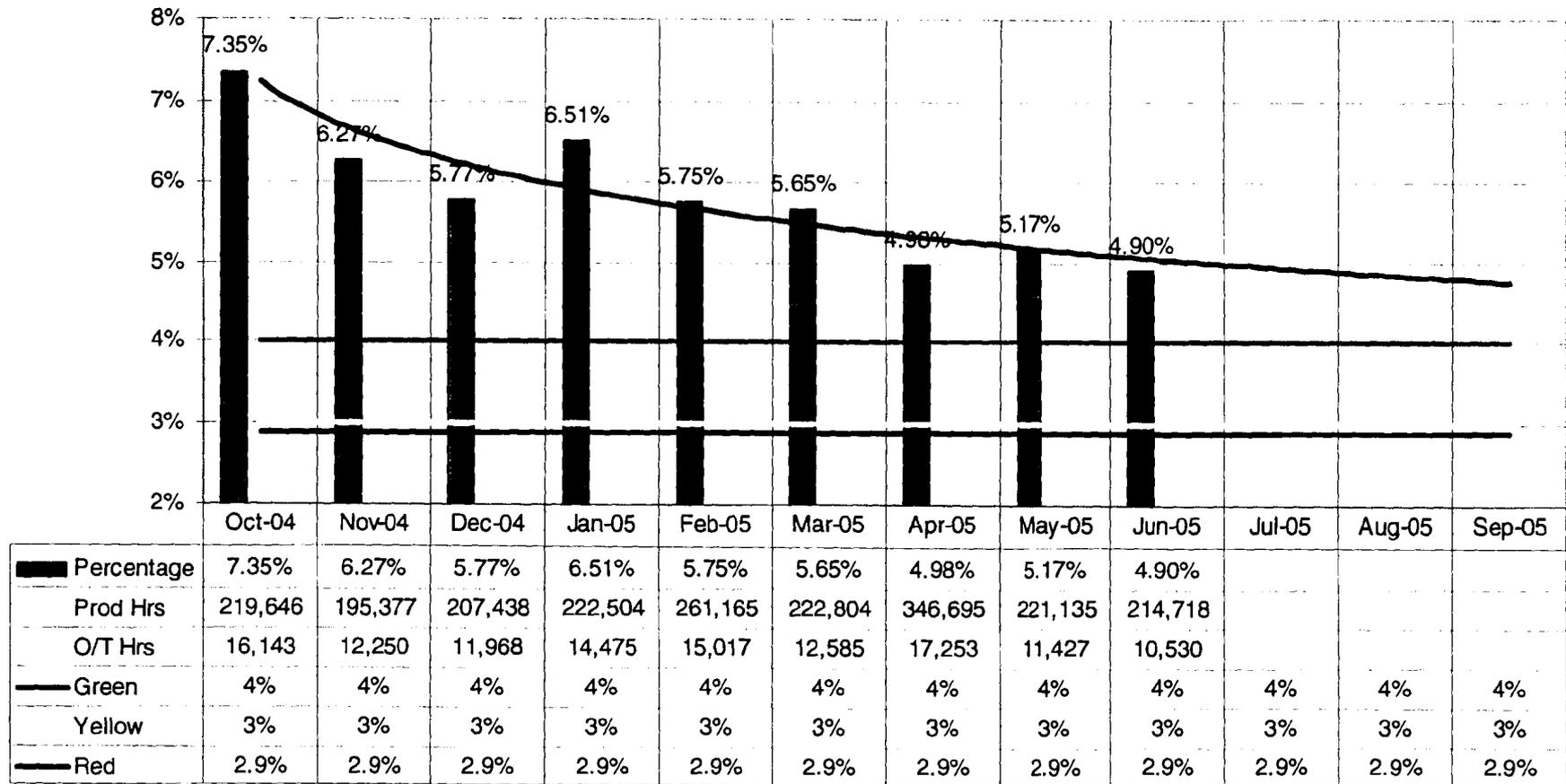
Unique #1: Utilization of Overtime Usage

Target: Use up to 4% Overtime in Lieu of Requesting Additional Workyears



-Data pulled from eBiz by pay periods for 6/10 & 6/24
 -OT Percentage = Overtime Hours/Regular Hours

Green = ≥ 4%
 Yellow = ≥ 3% and < 4%
 Red = < 3%

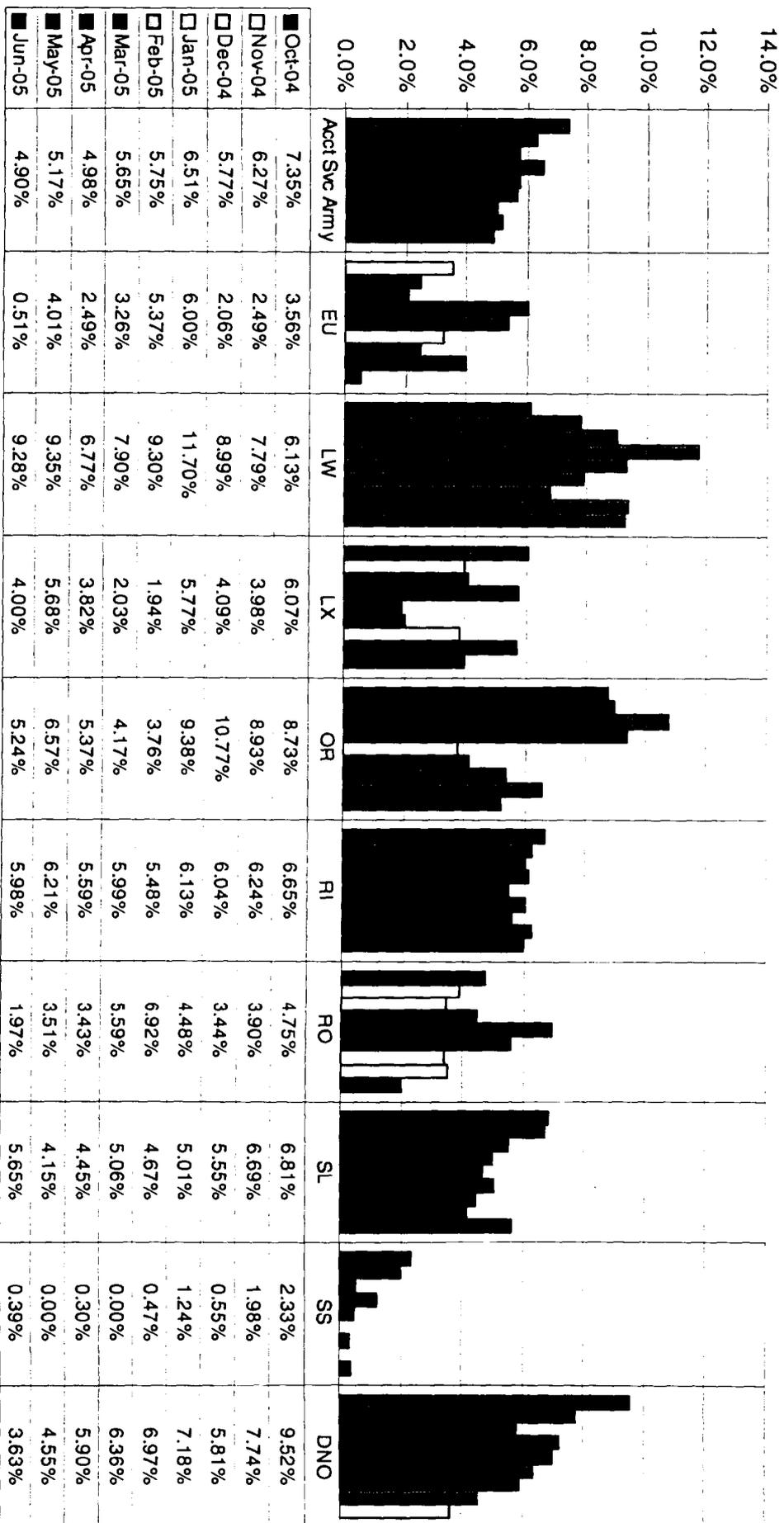


Unique #1: Utilization of Overtime Usage



-Data pulled from eBiz by pay periods for 6/10 & 6/24
 -OT Percentage = Overtime Hours/Regular Hours

Green = ≥ 4%
 Yellow = ≥ 3% and < 4%
 Red = < 3%

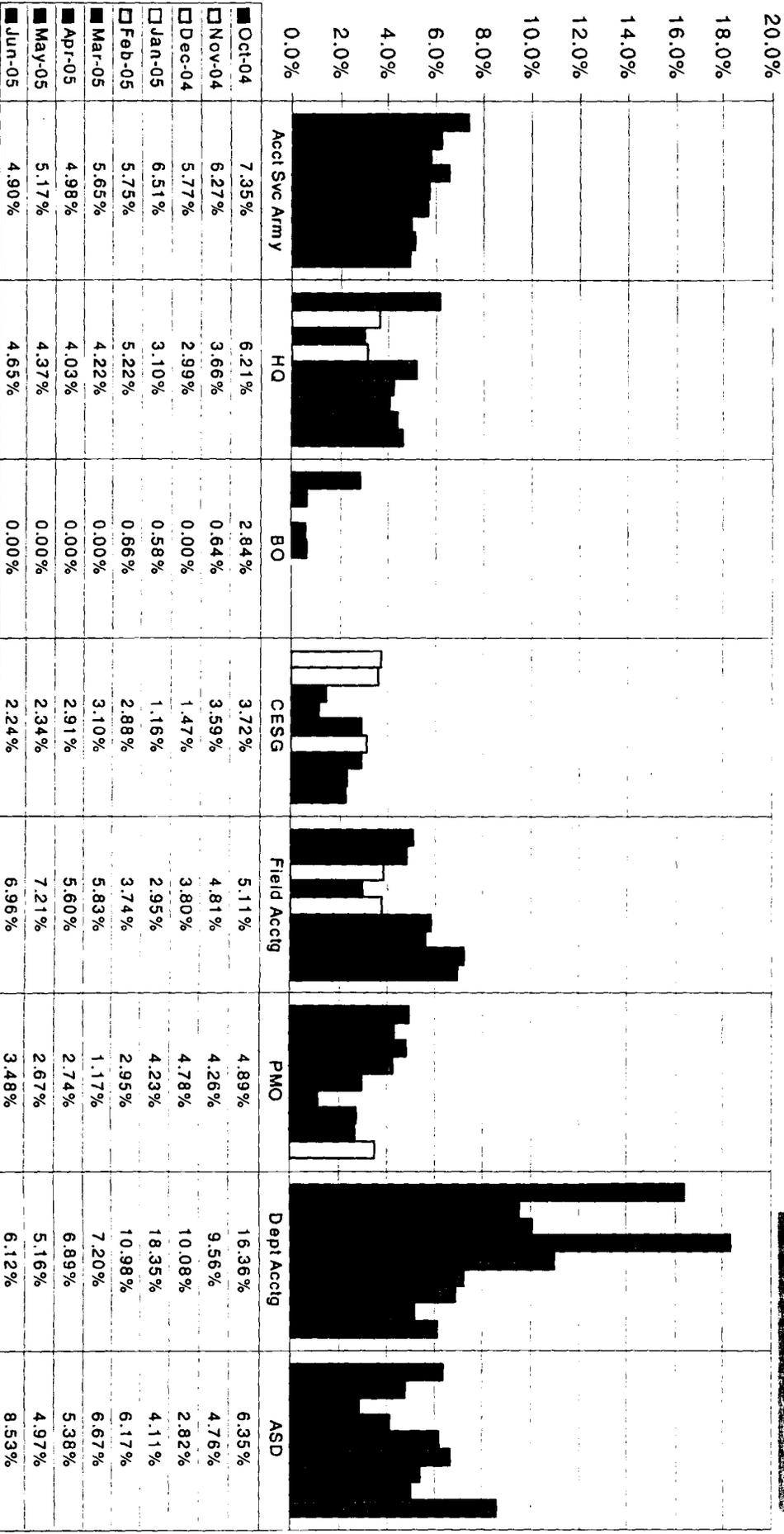


Unique #1: Utilization of Overtime Usage



-Data pulled from ebiz by pay periods for 6/10 & 6/24
 -OT Percentage = Overtime Hours/Regular Hours

Green = ≥ 4%
 Yellow = ≥ 3% and < 4%
 Red = < 3%

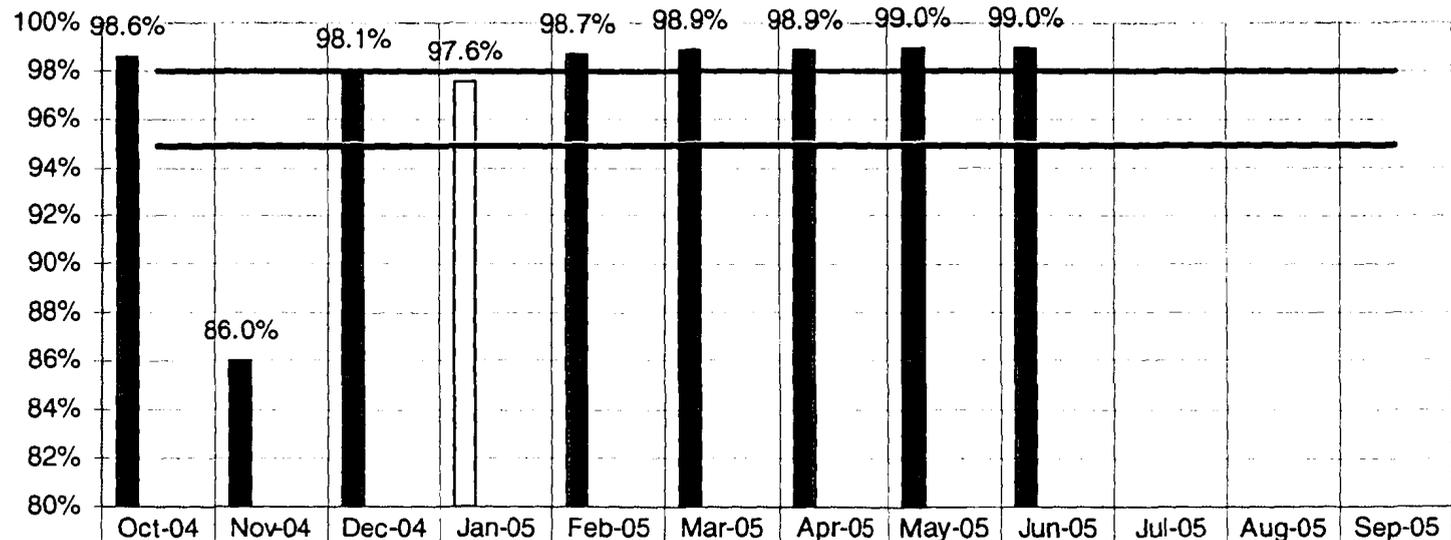




Unique #2: Accuracy of Field Site Report Submissions

Target: FY2004-Receive Budget Execution, General Ledger, and Expenditure Report Feeds from the Field Sites >98% Accurate

Green = 98% or above
 Yellow = 97.9% - 95%
 Red = 94.9% & below



| | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Combined Accuracy Rate | 98.6% | 86.0% | 98.1% | 97.6% | 98.7% | 98.9% | 98.9% | 99.0% | 99.0% | | | |
| Status Accuracy Rate | 98.5% | 82.8% | 97.7% | 97.2% | 98.5% | 98.8% | 98.7% | 98.9% | 98.9% | | | |
| GL Accuracy Rate | 99.0% | 99.2% | 99.2% | 99.4% | 99.2% | 99.2% | 99.0% | 98.8% | 99.0% | | | |
| Exp Accuracy Rate | 99.6% | 99.5% | 99.6% | 99.6% | 99.6% | 99.7% | 99.7% | 99.8% | 99.7% | | | |
| Green | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Yellow | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Red | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% | 94.9% |

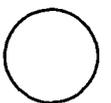
Data is reported one month in arrears. For example, Dec 04 represents November EOM data.



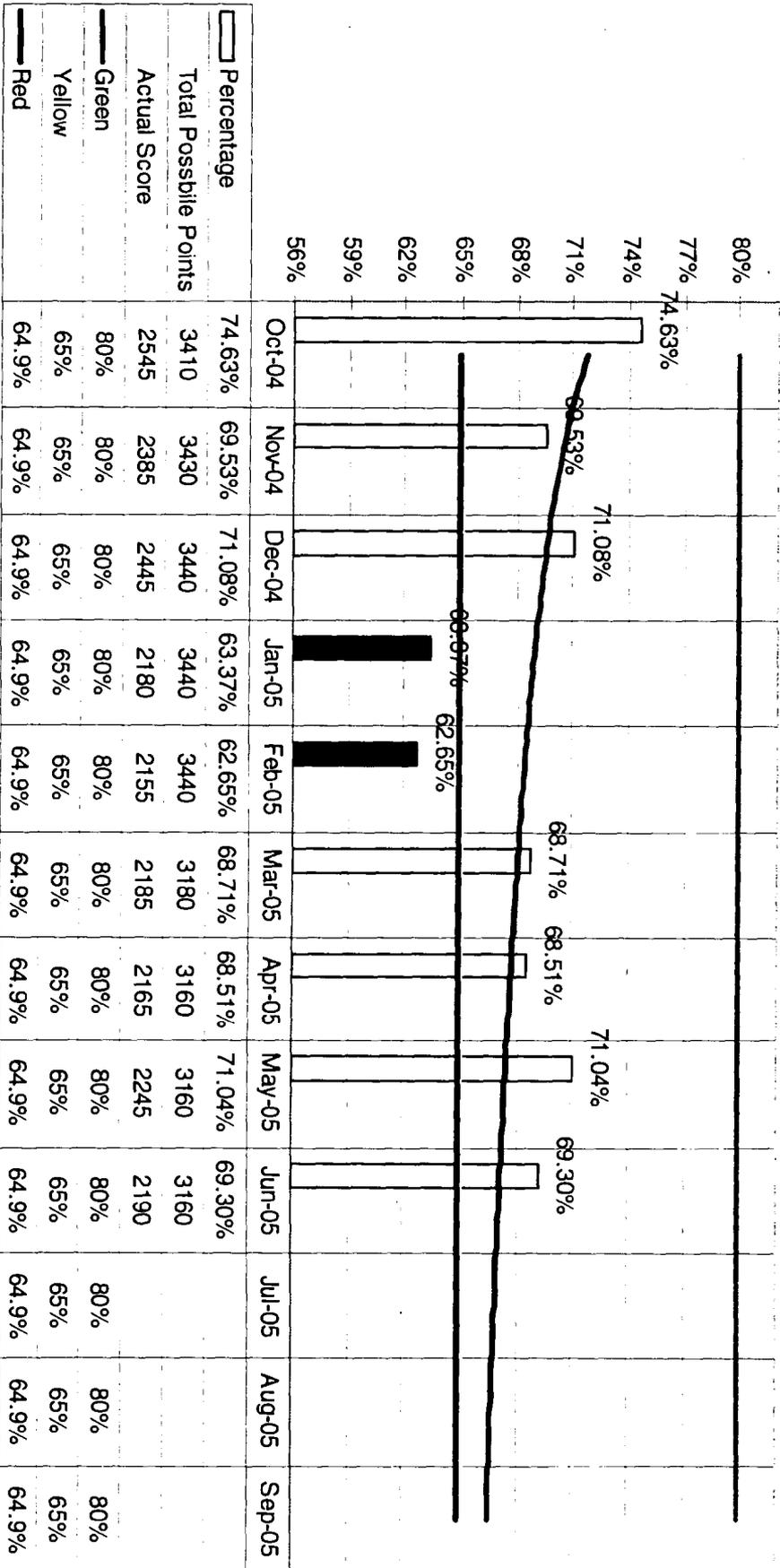
Unique #2: Accuracy of Field Site Report Submissions

| Accounting Services, Army | Status Errors | Status Trans | Accur % | GL Errors | GL Trans | Accur % | Exp Errors | Exp Trans | Accur % | All Errors | All Trans | Accur % | Status |
|---|---------------|------------------|--------------|------------|---------------|--------------|------------|----------------|--------------|---------------|------------------|--------------|--------------|
| DCD Accounting | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 3 | 2,737 | 99.9% | 3 | 2,737 | 99.9% | Green |
| DFAS Europe | 180 | 45,367 | 99.6% | 4 | 1,142 | 99.6% | 9 | 9,978 | 99.9% | 193 | 56,487 | 99.7% | Green |
| DFAS-Pacific | 33 | 28,656 | 99.9% | 5 | 554 | 99.1% | 2 | 685 | 99.7% | 40 | 29,895 | 99.9% | Green |
| DFAS-Lawton | 503 | 69,658 | 99.3% | 0 | 878 | 100.0% | 2 | 1,776 | 99.9% | 505 | 72,312 | 99.3% | Green |
| DFAS-Lexington | 108 | 14,571 | 99.3% | 5 | 142 | 96.5% | 0 | 1 | 100.0% | 113 | 14,714 | 99.2% | Green |
| DFAS-Orlando | 284 | 67,451 | 99.6% | 14 | 797 | 98.2% | 6 | 1,988 | 99.7% | 304 | 70,236 | 99.6% | Green |
| DFAS-Rome | 1,315 | 174,636 | 99.2% | 10 | 1,634 | 99.4% | 19 | 18,723 | 99.9% | 1,344 | 194,993 | 99.3% | Green |
| DFAS-Seaside | 222 | 15,491 | 98.6% | 1 | 215 | 99.5% | 14 | 554 | 97.5% | 237 | 16,260 | 98.5% | Green |
| Directorate for Network Operations | 1,067 | 122,522 | 99.1% | 10 | 1,766 | 99.4% | 16 | 5,665 | 99.7% | 1,093 | 129,953 | 99.2% | Green |
| Directorate for Network Operations - SC | 104 | 2,139 | 95.1% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 104 | 2,139 | 95.1% | Yellow |
| Japan | 12 | 8,034 | 99.9% | 0 | 0 | 100.0% | 1 | 825 | 99.9% | 13 | 8,859 | 99.9% | Green |
| Korea | 158 | 35,995 | 99.6% | 0 | 0 | 100.0% | 4 | 2,378 | 99.8% | 162 | 38,373 | 99.6% | Green |
| Military Pay Accounting | 974 | 7,007 | 86.1% | 0 | 0 | 100.0% | 24 | 1,965 | 98.8% | 998 | 8,972 | 88.9% | Green |
| National Guard Bureau | 4,753 | 224,767 | 97.9% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 4,753 | 224,767 | 97.9% | Yellow |
| Corps of Engineers | 448 | 97,561 | 99.5% | 16 | 1,665 | 99.0% | 5 | 5,177 | 99.9% | 469 | 104,403 | 99.6% | Green |
| DFAS-Omaha | 538 | 1,743 | 69.1% | 40 | 151 | 73.5% | 0 | 0 | 100.0% | 578 | 1,894 | 69.5% | Green |
| DFAS-Rock Island | 1,494 | 164,481 | 99.1% | 20 | 1,849 | 98.9% | 10 | 69,184 | 100.0% | 1,524 | 235,514 | 99.4% | Green |
| DFAS-San Antonio | 1,002 | 112,200 | 99.1% | 0 | 978 | 100.0% | 24 | 3,474 | 99.3% | 1,026 | 116,652 | 99.1% | Green |
| DFAS-St. Louis | 2,151 | 159,973 | 98.7% | 15 | 2,301 | 99.3% | 77 | 77,825 | 99.9% | 2,243 | 240,099 | 99.1% | Green |
| NSA | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | Green |
| Transportation & Settlements | 0 | 0 | 100.0% | 13 | 1,025 | 98.7% | 0 | 0 | 100.0% | 13 | 1,025 | 98.7% | Green |
| DFAS-Cleveland | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 101 | 1,691 | 94.0% | 101 | 1,691 | 94.0% | Green |
| DFAS-Pensacola | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | Green |
| Finance & Accounting Offices | 0 | 0 | 100.0% | 6 | 547 | 98.9% | 0 | 0 | 100.0% | 6 | 547 | 98.9% | Green |
| GSA | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 43 | 10,679 | 99.6% | 43 | 10,679 | 99.6% | Green |
| Defense Threat Reduction Agency | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | Green |
| State Department | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 218 | 932 | 76.6% | 218 | 932 | 76.6% | Green |
| Tech Research Institute | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 1 | 37 | 97.3% | 1 | 37 | 97.3% | Yellow |
| Treasury | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | 0 | 0 | 100.0% | Green |
| TOTAL ACCOUNTING SERVICES, ARMY | 15,346 | 1,352,252 | 98.9% | 159 | 15,644 | 99.0% | 579 | 216,274 | 99.7% | 16,084 | 1,584,170 | 99.0% | Green |

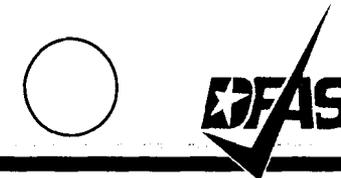
Unique #3 : Customer Index
 Target: Achieve 80%



Green = \geq 80%
 Yellow = \geq 65% and $<$ 80%
 Red = $<$ 65%



Unique #3 : Customer Index



FY 2005 Monthly Customer Index
July 2005 Report from June 2005 Data

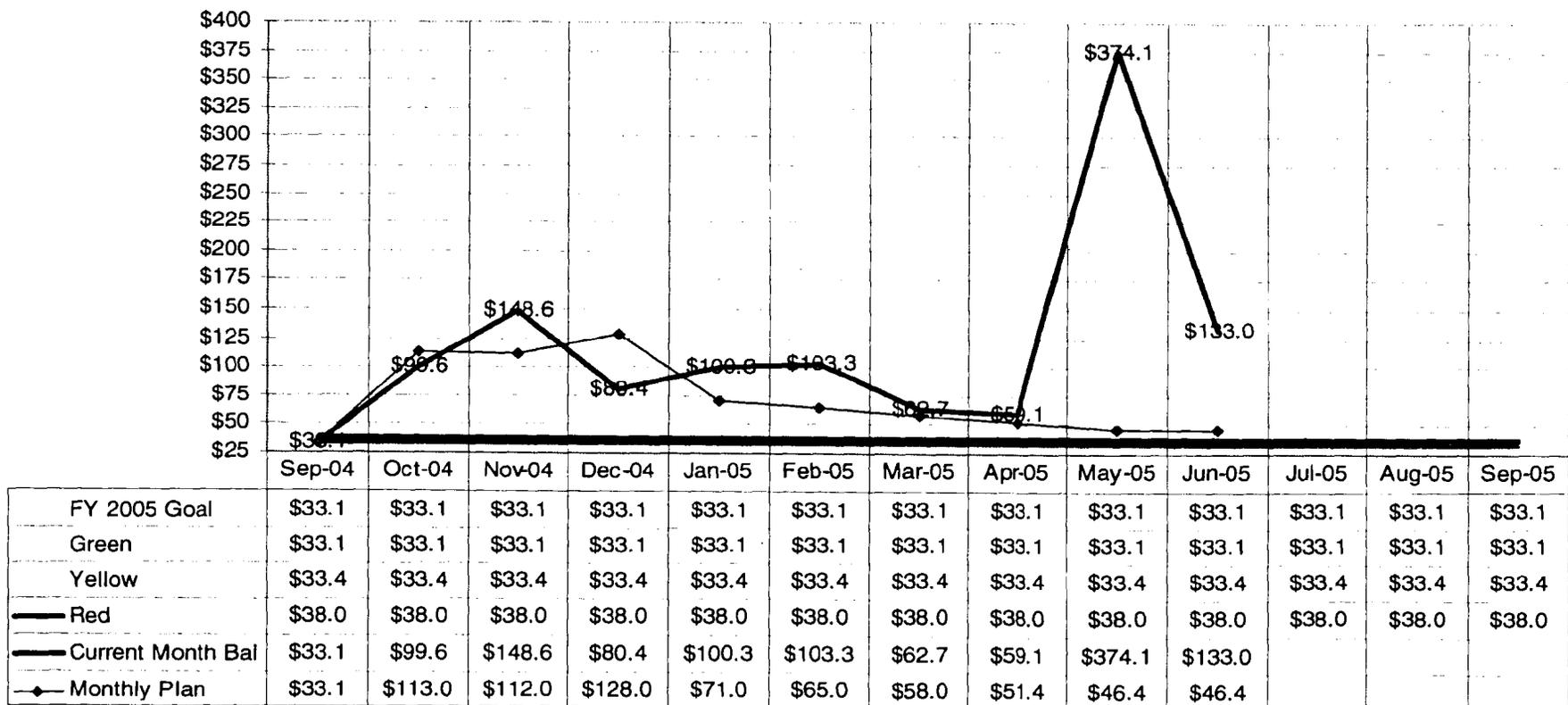
| Cl # | Measure | Weight | DN | EU | LW | LX | OR | RO | SS | JP | PC | SA | RI | SL | Total |
|------|--|--------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1 | Delmar Timeliness | 1 | | | | N/A | | | | | | | | | |
| 2 | Prior Year Funding | 2 | N/R |
| 3 | Current Year Funding | 2 | N/R |
| 4 | Status CER Variances (reporting one month backlog) | 3 | | | | | | | | | | | | | 210 |
| 5a | Delinquent Receivables (Non-Public) | 3 | | | | 15 | | | | | | | | | 255 |
| 5b | Delinquent Receivables (Public) | 3 | | | | | 15 | | | | | | | | |
| 6a | ULO - Closing Year Appropriations | 3 | Reported but not Rated |
| 6b | Other - Closing Year Appropriations | 3 | Reported but not Rated |
| 7 | ULO - Expired Year Appropriations | 2 | Reported but not Rated |
| 8 | TDY Advances | 2 | Reported but not Rated |
| 9 | Status Reports | 1 | | | | N/A | | | | | | | | | |
| 10 | Credit Accounts Receivables | 2 | | | | | | | | | | | | | 180 |
| 11 | Credit Unfilled Orders | 2 | | | | | | | | | | | 10 | | 230 |
| 12 | Refunds Receivable - Travel Related | 1 | | | | N/A | | | N/A | | N/A | | | | |
| 13 | Refunds Receivable - Vendor Pay Related | 1 | | | | | | | | | 5 | | | | |
| 14 | SSF Credit Tracking | 1 | | | | | | | | | | | N/A | N/A | 80 |
| 15 | Credit Accounts Payable | 2 | | | | | | | | | | | | | 160 |
| 16 | Credit Undelivered Orders | 2 | | | | | | | | | | | | | 200 |
| 17 | Prob Deb > 120 days | 3 | | | | | | | | | | | | | 240 |
| 18 | Refunds Receivable - Other Debt | 1 | | | | | | | | | | | | | 90 |
| 19 | Refunds Receivable - Intra Gov Debt | 1 | | | | | | 5 | | | | | | N/A | 95 |
| | Number of Items rated | 21 | 15 | 15 | 15 | 14 | 15 | 15 | 14 | 15 | 14 | 15 | 14 | 13 | 15 |
| | Actual Score | | 220 | 190 | 150 | 155 | 235 | 185 | 140 | 270 | 135 | 230 | 130 | 150 | 2190 |
| | Total Possible Score | | 270 | 270 | 270 | 240 | 270 | 270 | 260 | 270 | 260 | 270 | 260 | 250 | 3180 |
| | Percentage Achieved | | | 70.37% | | | | 68.52% | | | | | | | 69.30% |

Unique #4: PMI #178 - Reduction of NULOs



Target: Reduce NULOS 10% from the September 2003 goal

Green = at or below goal
 Yellow = 1% - 15% above goal
 Red = 15% above goal



Note: Numbers are in millions.

Each activity has a monthly plan in order to meet the FY 2005 goal. The rating of green/yellow/red (Met and Not Met) is based on the current month balance compared to the monthly plan.

Unique #4: PMI #178 - Reduction of NULOs



| DATE | Rept Month | IN | Dept' | DNO | EUR | LW | LX | OR | RO | RI | SL | SS |
|--------|------------|----|-------|-----|-----|----|----|----|----|----|----|----|
| Sep-04 | Sep-04 | | N/A | | | | | | | | | |
| Oct-04 | Oct-04 | | N/A | | | | | | | | | |
| Nov-04 | Nov-04 | | N/A | | | | | | | | | |
| Dec-04 | Dec-04 | | N/A | | | | | | | | | |
| Jan-05 | Jan-05 | | N/A | | | | | | | | | |
| Feb-05 | Feb-05 | | N/A | | | | | | | | | |
| Mar-05 | Mar-05 | | N/A | | | | | | | | | |
| Apr-05 | Apr-05 | | N/A | | | | | | | | | |
| May-05 | May-05 | | N/A | | | | | | | | | |
| Jun-05 | Jun-05 | | N/A | | | | | | | | | |

| DATE | Rept Month | MP | NG | NOR | OM | COE | PAC | SA | JA | KO | TP |
|--------|------------|-----|----|-----|----|-----|-----|----|----|----|-----|
| Sep-04 | Sep-04 | N/A | | | | N/A | | | | | N/A |
| Oct-04 | Oct-04 | N/A | | | | N/A | | | | | N/A |
| Nov-04 | Nov-04 | N/A | | | | N/A | | | | | N/A |
| Dec-04 | Dec-04 | N/A | | | | N/A | | | | | N/A |
| Jan-05 | Jan-05 | N/A | | | | N/A | | | | | N/A |
| Feb-05 | Feb-05 | N/A | | | | N/A | | | | | N/A |
| Mar-05 | Mar-05 | N/A | | | | N/A | | | | | N/A |
| Apr-05 | Apr-05 | N/A | | | | N/A | | | | | N/A |
| May-05 | May-05 | N/A | | | | N/A | | | | | N/A |
| Jun-05 | Jun-05 | N/A | | | | N/A | | | | | N/A |

Note: Numbers are in millions. N/Met stands for Not Met.

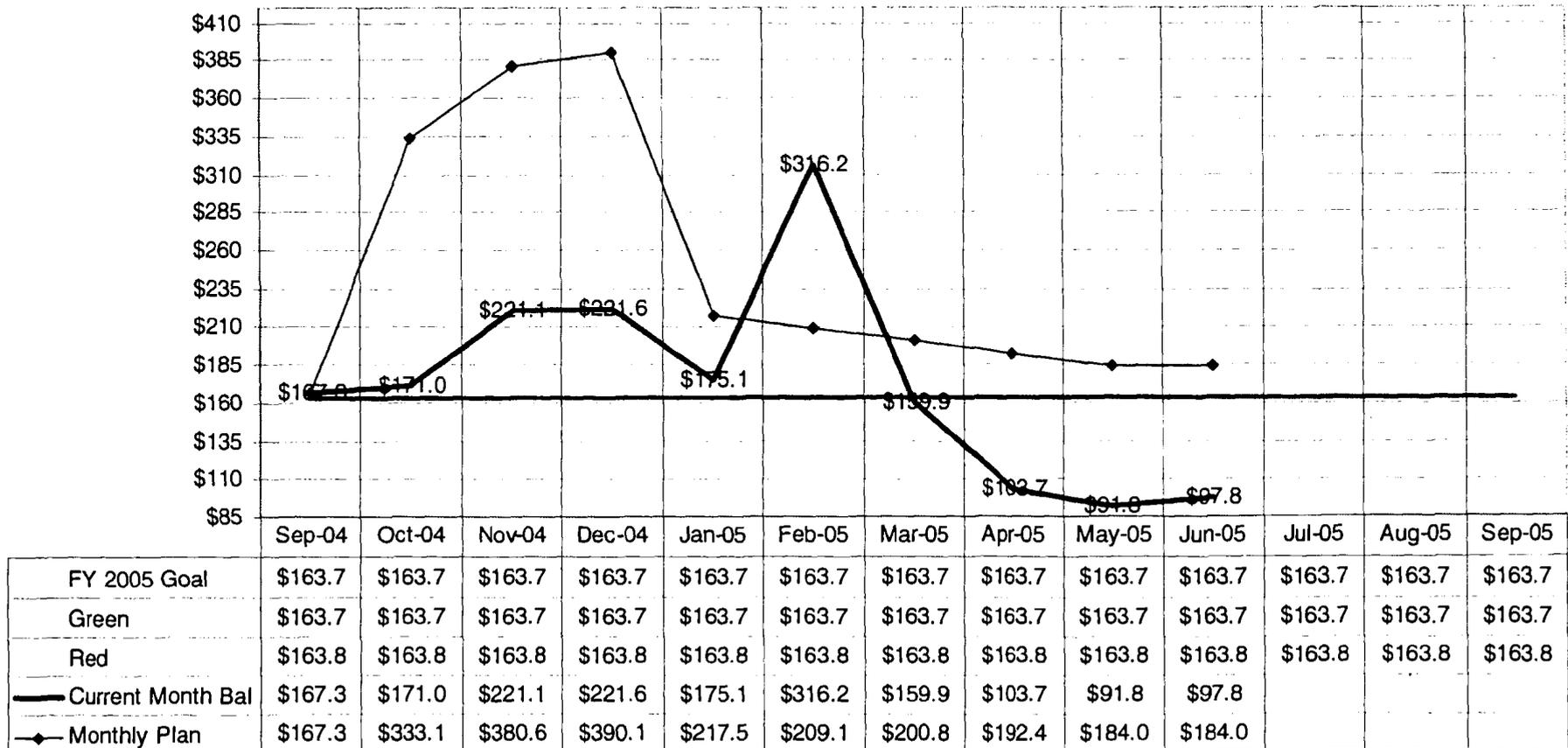
8/12/2005

Integrity - Service - Innovation



Unique #5: PMI #179 - Maintain Unmatched Disbursements (UMDs) Balance

Target: Maintain or reduce UMDs by September 2005, using the FY 2004 year-end balance as the baseline. This is measured in absolute dollars.



Note: Numbers are in millions.

Each activity has a monthly plan in order to meet the FY 2005 goal. The rating of green/red (Met and Not Met) is based on the current month balance compared to the monthly plan.

Unique #5: PMI #179 - Reduction of UMDs



| DATE | Rept Month | IN | Dept'l | DNO | EUR | LW | LX | OR | RO | RI | SL | SS |
|--------|------------|----|--------|-----|-----|----|----|----|----|----|----|----|
| Sep-04 | Sep-04 | | | | | | | | | | | |
| Oct-04 | Oct-04 | | | | | | | | | | | |
| Nov-04 | Nov-04 | | | | | | | | | | | |
| Dec-04 | Dec-04 | | | | | | | | | | | |
| Jan-05 | Jan-05 | | | | | | | | | | | |
| Feb-05 | Feb-05 | | | | | | | | | | | |
| Mar-05 | Mar-05 | | | | | | | | | | | |
| Apr-05 | Apr-05 | | | | | | | | | | | |
| May-05 | May-05 | | | | | | | | | | | |
| Jun-05 | Jun-05 | | | | | | | | | | | |

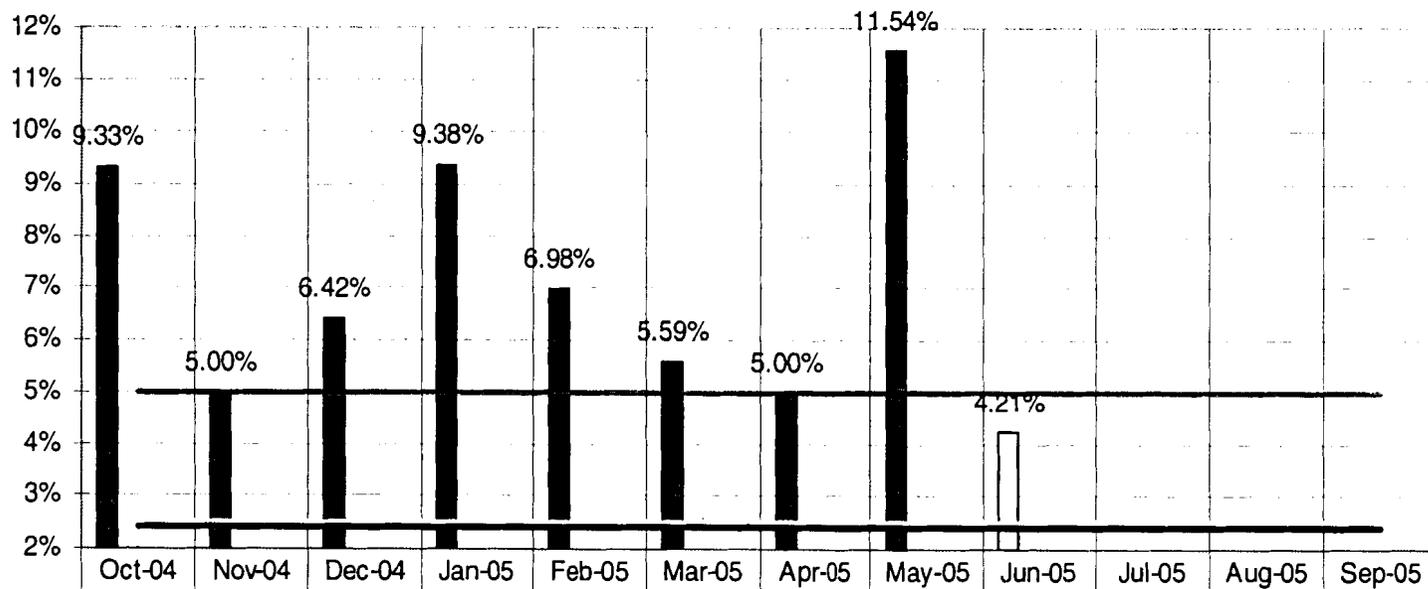
| DATE | Rept Month | MP | NG | NOR | OM | COE | PAC | SA | JA | KO | TP |
|--------|------------|----|----|-----|----|-----|-----|----|----|----|----|
| Sep-04 | Sep-04 | | | | | | | | | | |
| Oct-04 | Oct-04 | | | | | | | | | | |
| Nov-04 | Nov-04 | | | | | | | | | | |
| Dec-04 | Dec-04 | | | | | | | | | | |
| Jan-05 | Jan-05 | | | | | | | | | | |
| Feb-05 | Feb-05 | | | | | | | | | | |
| Mar-05 | Mar-05 | | | | | | | | | | |
| Apr-05 | Apr-05 | | | | | | | | | | |
| May-05 | May-05 | | | | | | | | | | |
| Jun-05 | Jun-05 | | | | | | | | | | |

Note: Numbers are in millions. N/Met stands for Not Met.

Unique 6: Non Monetary Recognition Program
Target: 5% of end strength per month



Green = $\geq 5\%$
 Yellow = $>2.5\%$ and $< 5\%$
 Red = $< 2.5\%$



| | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Percentage | 9.33% | 5.00% | 6.42% | 9.38% | 6.98% | 5.59% | 5.00% | 11.54% | 4.21% | | | |
| Indpls Ctr End Strength | 697 | 689 | 685 | 682 | 673 | 662 | 645 | 641 | 641 | | | |
| Target | 35 | 34 | 34 | 34 | 34 | 33 | 32 | 32 | 32 | | | |
| # of Recognitions | 65 | 34 | 44 | 64 | 47 | 37 | 32 | 74 | 27 | | | |
| Green | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Yellow | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Red | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |

Unique 6: Non Monetary Recognition Program



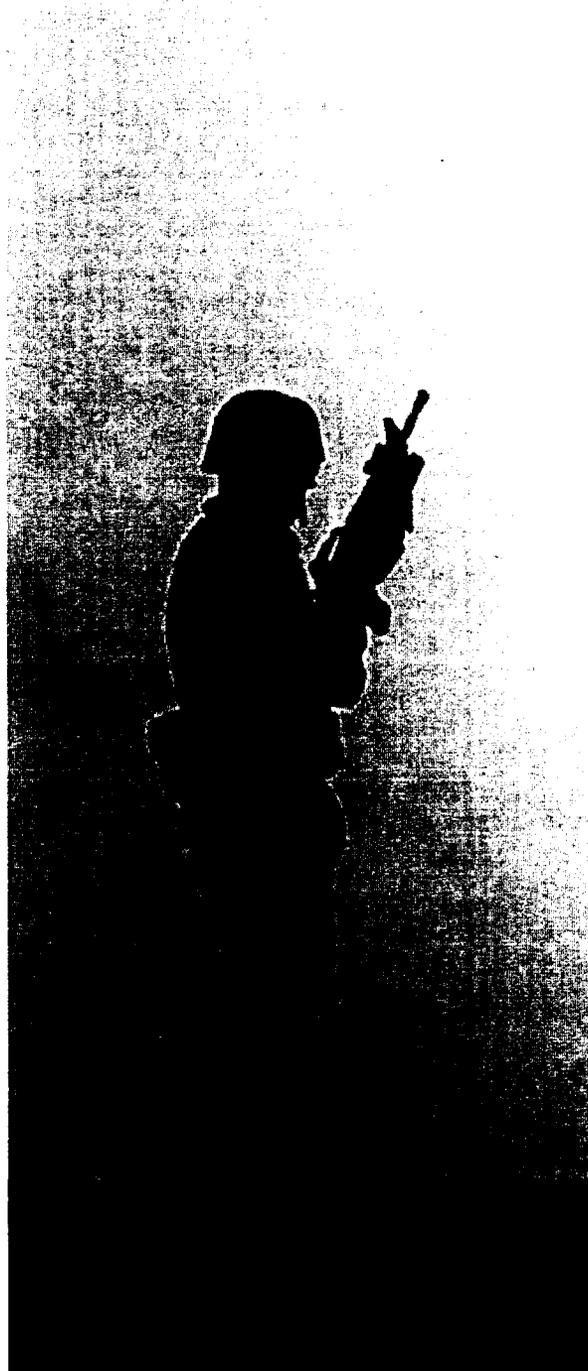
Green = $\geq 5\%$
 Yellow = $>2.5\%$ and $< 5\%$
 Red = $< 2.5\%$

| Month | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | FY 05 YTD Average |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Acctg Svs, Army | 65 | 34 | 44 | 64 | 47 | 37 | 32 | 74 | 27 | 47 |
| % | | 4.93% | | | | | | | 4.21% | |
| ASD | 9 | 17 | 0 | 0 | 0 | 0 | 0 | 43 | 3 | 8 |
| % | | | | | | | | | 3.95% | |
| Departmental Acctg | 7 | 0 | 4 | 45 | 19 | 4 | 3 | 8 | 6 | 11 |
| % | 4.70% | | 2.76% | | | 3.20% | | | | |
| DNO | 20 | 17 | 5 | 17 | 14 | 22 | 20 | 7 | 18 | 16 |
| % | | | | | | | | 2.92% | | |
| Field Acctg | 28 | 0 | 34 | 1 | 13 | 10 | 5 | 12 | 0 | 11 |
| % | | | | | | | 3.03% | | | |
| CESG | 0 | 0 | 1 | 1 | 1 | 0 | 2 | 3 | 0 | 1 |
| % | | | | | | | | | | |
| HQS/PMO/BO | 1 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 0 | 1 |
| % | 3.57% | | | | | 4.55% | | 2.86% | | |
| Agency Wide FS | | | | | | | | | 0 | 0 |
| % | | | | | | | | | | |
| Audit & Compliance | | | | | | | | | 0 | 0 |

8/12/2005

Integrity - Service - Innovation





**Accounting Services
Balanced Scorecard Update
for Month of June 2005**

Marine Corps Accounting

*Defense Finance and Accounting
Service – Kansas City*

July 20, 2005



Marine Corps Accounting Services Business Line Balanced Scorecard



Corporate Measures

- Customer Satisfaction with the DFAS Experience
- Operational Performance Index
- Financial Performance Index
- Close Benchmark and Service Gaps

Accounting Measures

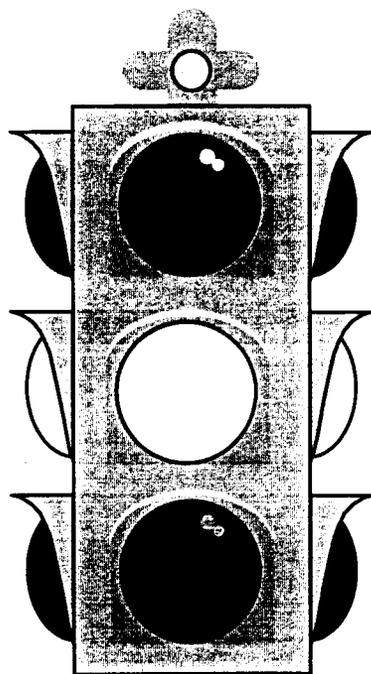
- Critical Initiatives Required for Assertion
- FMFIA Material Weaknesses
- Audit Deficiencies
- OSD Metrics
- Developmental Assignments
- Employees with Business Related Degrees

Marine Corps Accounting Services Business Line



ACCOUNTING SCORECARD SUMMARY

Data Reporting: June



RED 0

1

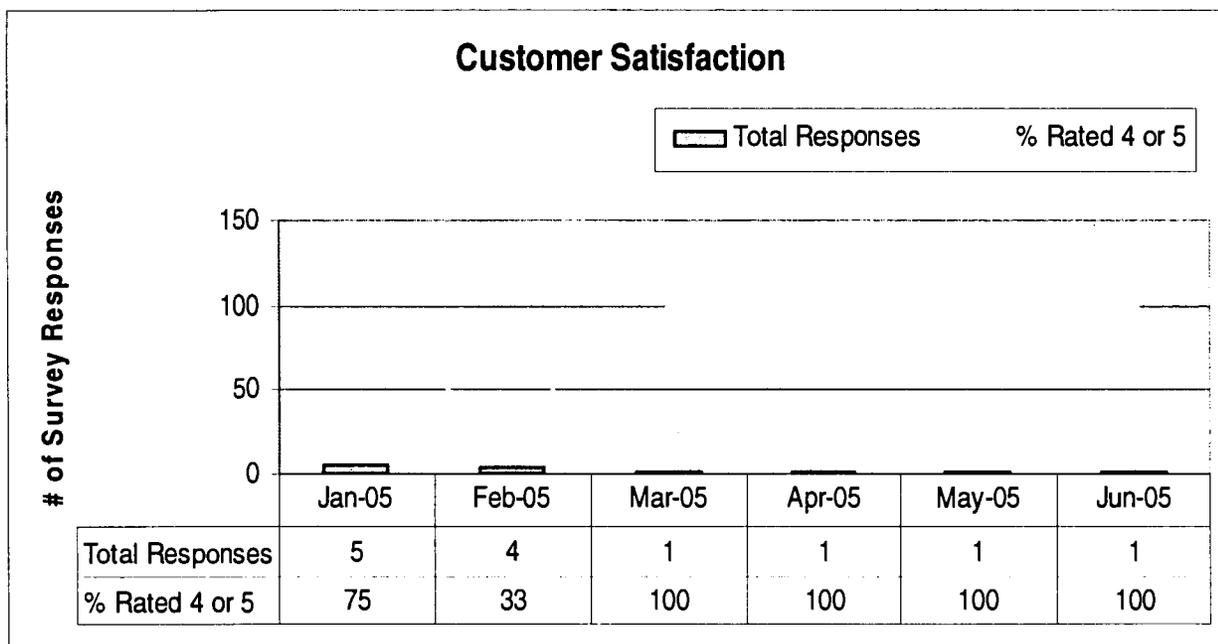
GREEN 8

Not Reported 2

Total 11

Customer Satisfaction with the DFAS Experience – Marine Corps Accounting Services

Perspective: Customer



SCORECARD

Rating: GREEN
Data Reporting: June

GOAL:
 Over 75% of Customer responses are rated 4 (GOOD) or 5 (EXCELLENT).

MEASURE:
 Compare the number of responses that were rated 4 or 5 by our customers to the total number of response received.

RATING SCALE:
 GREEN = > 75%
 = ≥ 65% or < 75%
 RED = < 65%

Performance Summary: June

- 1 Response was received from customers, the same count as received in March and May. One response is not enough to provide a good statistical measurement.

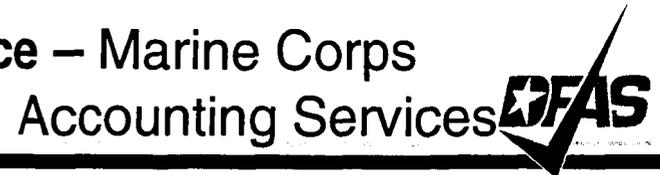
Performance Summary: FYTD Jan 2005 – June 2005

- Total Responses FYTD 13
- The FYTD customer satisfaction is 84.66%, a Green rating on the rating scale.

Network Performance Current Month:

- The number of responses that we receive drives the score. The higher the response rate, the better chance we have of getting a good rating. Other drivers are the ratings themselves. One ICE survey was returned, with 100% rating.
- Post-site visit ICE Surveys are administered to measure customer expectations and satisfaction. Customers are randomly asked to participate in feedback through use of ICE Survey email links.

Customer Satisfaction with DFAS Experience – Marine Corps Perspective: Customer



Variance Analysis:

The average customer satisfaction rating for January - June is 84.6% (GREEN).

•Note: The FYTD variance analysis on a percentage basis became effective January 2005.

Initiatives

ECD

- Continue monitoring the ICE survey cards results and outline regularly occurring problem areas and corrective actions. Ongoing

- Review and monitor how and when the ICE survey cards are sent out, in effort to increase the number of responses received. Ongoing

- Contact the dissatisfied customers to better understand their issues/concerns and to determine root cause(s) to prevent similar problems from occurring in the future. Ongoing

Operational Performance Index (OPI) – Marine Corps Perspective: Customer Accounting Services



SCORECARD

Rating: Green
Data Reporting: June

GOAL:
Execute to the planned goal each month.

MEASURE:
Monthly actual balances compared to planned monthly balances

RATING SCALE:
 GREEN = 4 Green
 = None Red/Any Yellow
 RED = 1 or more Red

| FY2005 | May | | | June | | |
|---|--------------|-----------------|----------------|-----------------|----------------|--------|
| | Monthly Goal | Monthly Planned | Monthly Actual | Monthly Planned | Monthly Actual | Rating |
| Suspense Account (3000 Non-Exempt Over 60 Days Old) | \$1.0M | \$1.0M | \$1M | \$1M | \$1M | |
| Overaged Intransits | \$0M | \$0M | \$0.2M | \$0M | \$0.3M | |
| Total UMDs | \$44M | \$65M | \$46M | \$60M | \$56M | |
| Timeliness of Accounting Rep. | 95% | 100% | 100% | 100% | 100% | |

Performance Summary: June

- 4 of the four metrics in this index are rated GREEN

Performance Summary: FYTD

- FYTD Average Rating: 2.85
- Positive Trend for Index as of January's performance.
- Numerous initiatives in process include customer business practices and system related issues which are expected to render an overall reduction that impacts 3 of the 4 measures.

Monthly Variance: Explanations of Rating on following slides:

| Metric | May | June | +/- | Rating |
|----------------------------------|------|------|-----|--------|
| Suspense Overaged | 0.1M | 0.1M | - | Green |
| Overaged In-Transits | 0.2M | 0.3M | + | Green |
| Total Unmatched Disbursements | 46M | 56M | + | Green |
| Timeliness of Accounting Reports | 100% | 100% | - | Green |

Financial Performance Index – Marine Corps Accounting Services

Perspective: Financial



| | Work Years* | | Dollars* | | DBH Work Counts | |
|------|-------------|--------|----------|----------|-----------------|--------|
| | Planned | Actual | Planned | Actual | Planned | Actual |
| Oct | 19.3 | 19.3 | 1372810 | 1372810 | 31081 | 31080 |
| Nov | 39.4 | 39.4 | 3451212 | 3451212 | 62563 | 62562 |
| Dec | 61.0 | 60.5 | 5510809 | 5503319 | 96015 | 94006 |
| Jan | 81.8 | 78.6 | 7506005 | 7844746 | 127883 | 120697 |
| Feb | 101.0 | 96.8 | 9486777 | 10101607 | 158167 | 154285 |
| Mar | 122.9 | 117.1 | 12855835 | 12686172 | 203958 | 184548 |
| Apr | 135.9 | 135.1 | 14722660 | 14222863 | 236245 | 231318 |
| May | 153.4 | 155.2 | 16808389 | 16204830 | 268113 | 251407 |
| June | 174.9 | 173.2 | 18889185 | 18125946 | 281682 | 281937 |

SCORECARD

Rating: N/R
Data Reporting: June

GOAL:
 Execute to Plan.

RATING SCALE:
 GREEN = $\geq 75\%$
 = $\geq 60\%$ or $< 75\%$
 RED = $< 60\%$

DEFINITION:
 Successfully meet deliverables for all three financial performance metrics: Workyear Execution, Budget Execution to Spending Plan, and Revenue Execution.

Performance Summary: May Work year, dollar execution, and DBH are under plans.

Performance Summary: FYTD
 •Work year, dollar execution, and DBH FYTD remain under plans.

Network Performance:
 Work years are executing at 99% of the KC spending plan projection and the total dollars are executing at 95.9 % of the plan. The DBH work count reflected in execution reports displays a rate of 100% of the KC spending plan.

Close Benchmark and Service Gaps – Avg. Salary – Marine Corps Perspective: Customer

Accounting Services 

SCORECARD

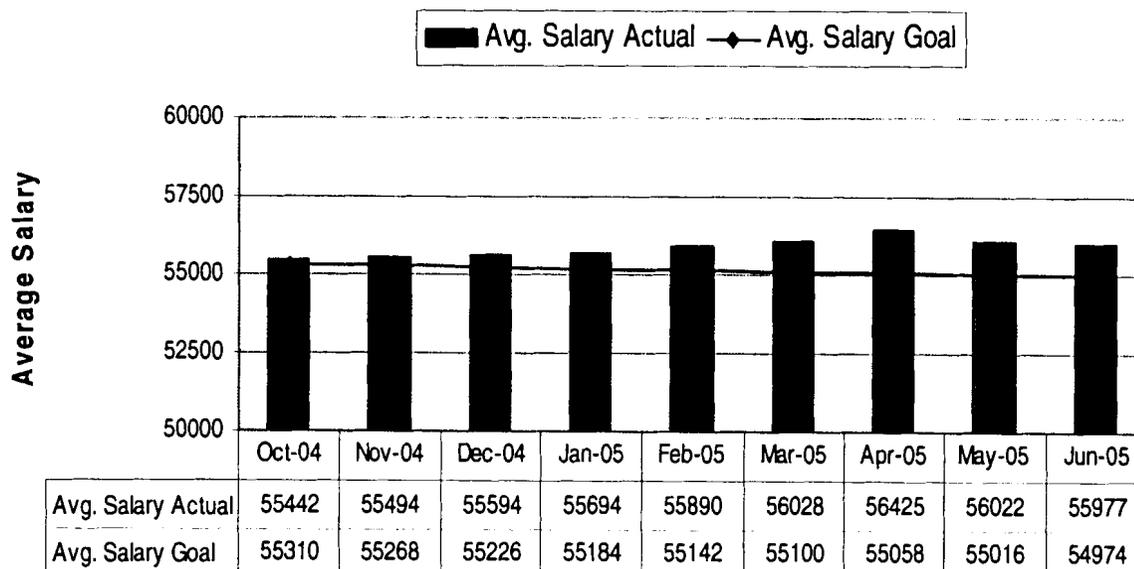
Rating: N/R
Data Reporting: June

GOAL:
June Goal = \$54,974

RATING SCALE:
GREEN = $\geq 95\%$
 = $\geq 85\%$ or $< 90\%$
RED = $< 85\%$

DEFINITION:
Reduce the average salary per employee by \$500 for the FY2005. Scale for goal is a sliding scale and will adjust monthly.

Average Salary



Performance Summary: June

- Average Salary Actual = \$55,977
- Average Salary Goal = \$54,974
- Approx.\$ variance from goal = \$1,003

Performance Summary: FYTD

- Average Salary FYTD = \$55,840
- Sept 2005 Goal is \$54,842

Network Performance:

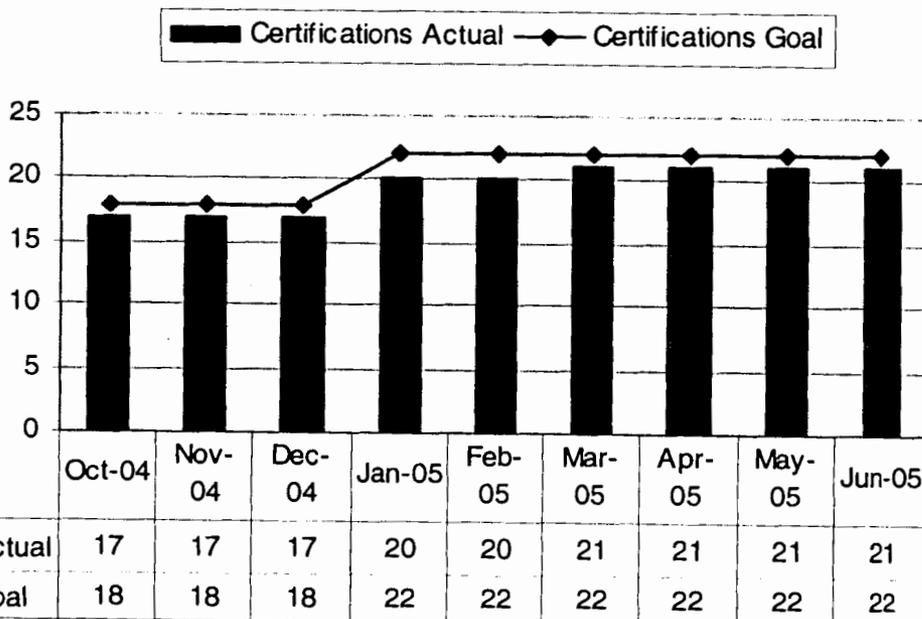
- Marine Corps Accounting average salary for September 2004 was \$55352, and we used a sliding scale of \$42 reduction per month: \$500/12 months. The number of employees has reduced by 8 from the Sept 2004 count of 203.
- Marine Corps Accounting is currently offering VERA/VSIPs for GS-7 through GS-15s. In addition, as attrition occurs, we are attempting to restructure the functions and responsibilities of the positions to reduce grade levels.

Close Benchmark and Service Gaps – Employee Certifications – Perspective: Customer Marine Corps Accounting Services



Employee Certifications

Number of Employees with Certification



SCORECARD

Rating: GREEN
Data Reporting: June

GOAL:
Increase number of certifications by 5%

RATING SCALE:
GREEN = $\geq 90\%$
 = $\geq 85\%$ or $< 90\%$
RED = $< 85\%$

DEFINITION:
Increase the total number of certifications of employees by 5% from the September 2004 goal. Scale for goal is a sliding scale and will adjust monthly.

Performance Summary: June

- Total Certifications Actual = 21
- Total Certification Goal = 22
- No change from May

Performance Summary: FYTD

- Certifications FYTD = 21
- Certification Goal for FY = 22
- 21/22 = 95%

Network Performance:

Marine Corps Accounting has 18 GS 510s with Certifications, out of 83 GS 510 employees, for 21.7% of GS 510s certified. We expect to have several individuals certified before the end of FY 05.

Close Benchmark and Service Gaps – Employee Certifications – Perspective: Customer Marine Corps Accounting Services



Variance Analysis:

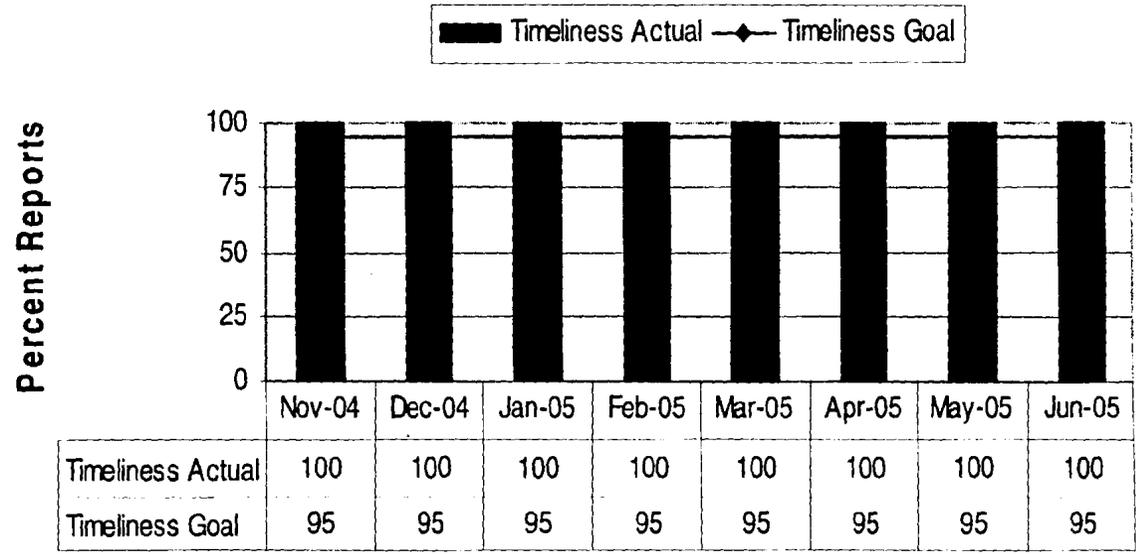
The ICE Survey achieved a 59.3% response rate with 136 out of 229 employees participating in the survey. The results of the survey are:
Of those who attended a CDFM training class, 29% actually tested.
Of those who attended a CGFM training class, 13% actually tested.
Those who intend to take either the CDFM or CGFM equaled 71%

Initiatives

| | ECD |
|---|------------|
| ▪Provide local study group to assist CDFM/CGFM candidates in achieving certifications | Ongoing |
| ▪Encourage employees to register and test for certification | Ongoing |

Close Benchmark and Service Gaps – Timeliness of Acctg. Reports – Perspective: Customer Marine Corps Accounting Services

Timeliness of Accounting Reports



SCORECARD

Rating: GREEN
 Data Reporting: June

GOAL:
 Produce financial reports in 10 calendar days

RATING SCALE:
 GREEN = $\geq 95\%$
 = $\geq 85\%$ or $< 90\%$
 RED = $< 85\%$

DEFINITION:
 Financial reports, SF133s, 1002's and 1307s are due on the 10th calendar day of the month. This measure tracks total number of reports against the total number of reports late.

Performance Summary: June Percent of reports actual delivered on Time = 100%
 • Percent of reports goal delivered on Time = 95%

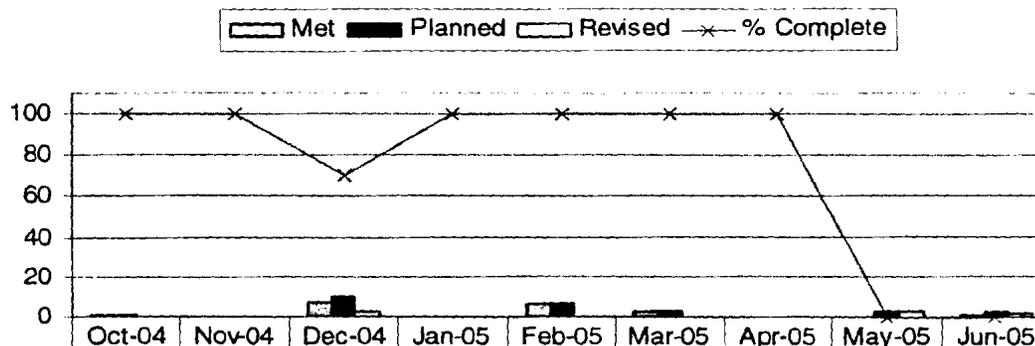
Performance Summary: FYTD
 • Percent of reports FYTD delivered on Time = 100%
 • Goal has been surpassed every month this fiscal year.

Network Performance:
 Marine Corps Accounting will continue with streamlined processes to meet accelerated reporting goals. No current outstanding issues.

Critical Initiatives Required for Assertion – Marine Corps Perspective: Customer Accounting Services



FY2005 Critical Actions-ABL Percent Monthly Actions Completed as Planned



| | Oct-04 | Nov-04 | Dec-04 | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Met | 1 | 0 | 7 | 0 | 6 | 3 | 0 | 0 | 1 |
| Planned | 1 | 0 | 10 | 0 | 6 | 3 | 0 | 3 | 3 |
| Revised | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 3 | 2 |
| % Complete | 100 | 100 | 70 | 100 | 100 | 100 | 100 | 0 | 33% |

SCORECARD

Rating: Green
 Data Reporting: June

GOAL:
 Complete Critical Milestones for Critical Initiatives as planned.

RATING SCALE:
 GREEN = $\geq 95\%$
 = $\geq 85\%$ or $< 95\%$
 RED = $< 85\%$

DEFINITION:
 Track the progress of Critical Milestone completion as identified in the Financial Improvement Plans. Specific questions relate to total number of Critical Milestones Planned, Met, and Revised.

Performance Summary: June

- 3 critical actions were planned for completion
- 1 actions were met as planned
- 2 actions were revised for completion dates

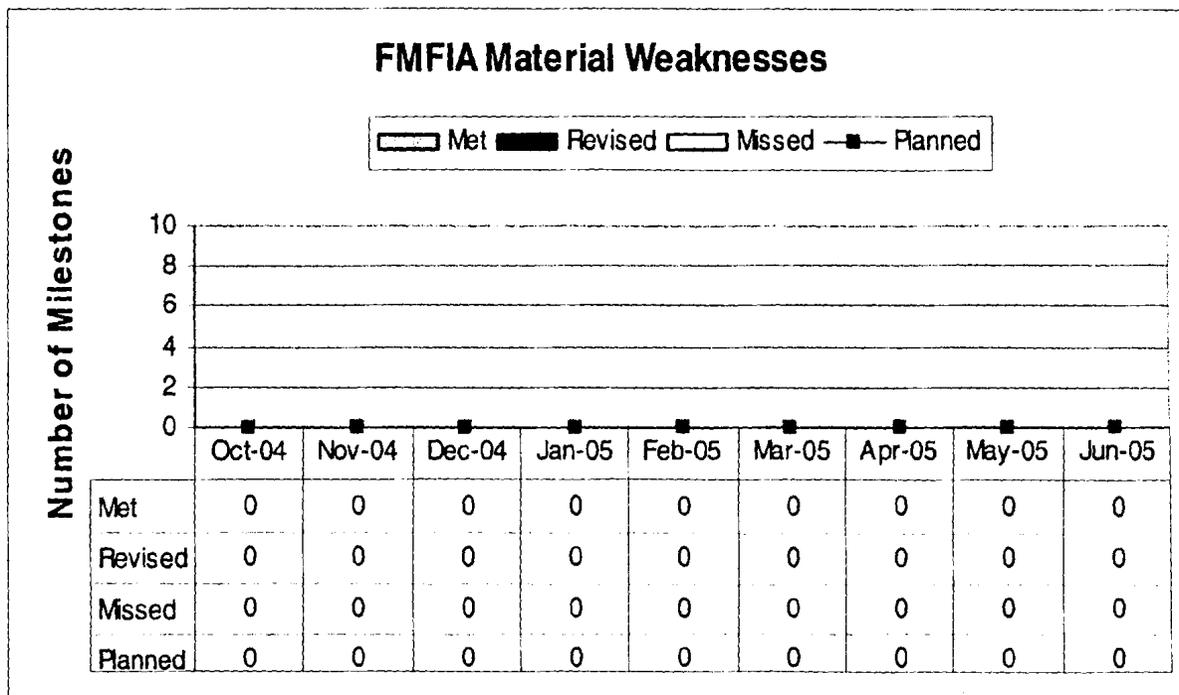
Performance Summary: FYTD

- Total Actions FYTD Planned = 25
- Total Actions FYTD Met = 17
- Total Actions FYTD Revised = 8

Network Performance:

Completion of the receivables initiatives are dependent on the SCR that won't go into effect until 9/30/05. Marine Corps Accounting is Green for June, and all milestones met or revised have no impact on assertion date.

FMFIA Material Weaknesses – Marine Corps Accounting Services Perspective: Customer



SCORECARD

Rating: GREEN
Data Reporting: June

GOAL:
Achieve 90% of scheduled milestones

RATING SCALE:
GREEN = $\geq 90\%$
 = $\geq 80\%$ or $< 90\%$
RED = $< 80\%$

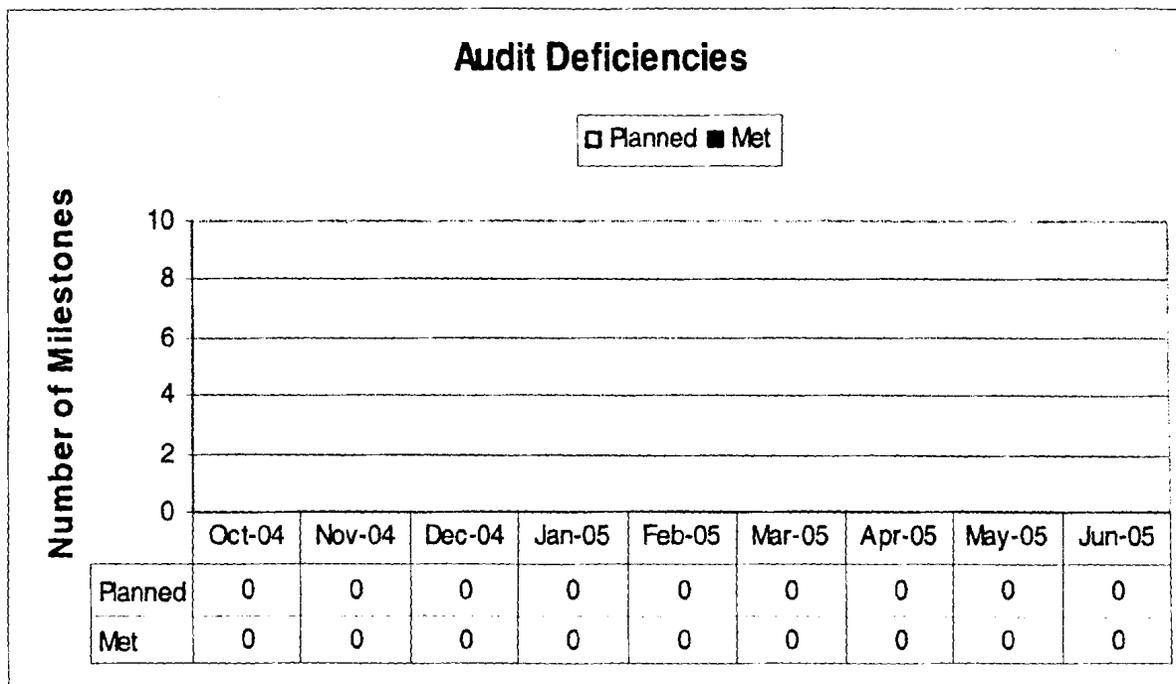
DEFINITION:
This measure is designed to manage the elimination of Section 2 Material Weaknesses. For each material weakness, a plan of action and milestones have been established to ensure that steps are taken to correct the weakness.

Performance Summary: June 0 milestones were planned for completion
• 0 revised

Performance Summary: FYTD
0 milestones were planned for completion
0 revised

Network Performance:
Marine Corps Accounting has no material weaknesses or planned milestones.
Marine Corps Accounting is Green for June, and all milestones met or revised have no impact on assertion date.

Audit Deficiencies – Marine Corps Accounting Services Perspective: Customer



SCORECARD

Rating: GREEN
Data Reporting: June

GOAL:
Achieve 90% of all outstanding audits

RATING SCALE:
GREEN = $\geq 90\%$
 = $\geq 80\%$ or $< 90\%$
RED = $< 80\%$

Performance Summary: June

- 0 milestones were planned for completion
- 0 revised

Performance Summary: FYTD

- 0 milestones were planned for completion
- 0 revised

Network Performance:
Marine Corps Accounting has no audit deficiencies or planned milestones.
Marine Corps Accounting is Green for June, and all milestones met or revised have no impact on assertion date.

OSD Metrics – Marine Corps Accounting Services

Perspective: Internal



GOVERNMENT-WIDE METRICS

- Fund Balance with Treasury Reconciled/Unreconciled Cash Balances
- Delinquent Accounts Receivable from Intragovernmental over 180 days
- Delinquent Accounts Receivable from Public over 180 days
- Suspense Clearing (Absolute) Greater than 60 days
- Suspense Clearing (Net) Greater than 60 days

FY2005 GOALS

- ≥ 98% Reconciled
- ≤ 10% Delinquent
- ≤ 10% Delinquent
- ≤ 10% Aged
- ≤ 10% Aged

SCORE

- GREEN
- GREEN
- RED
- GREEN
- GREEN

QUAD METRICS

- Suspense Overaged (3000 Non-Exempt over 60 days old)
- Overaged In-Transit Disbursements & Collections
- Unmatched Disbursements (UMDs) Total
- Timeliness of Accounting Reports to Customers

FY2005 GOALS

- 10% Reduction 12/31/04 Balance
- 75% Reduction FY04 YE Balance
- Maintain FY04 Within Timeframe YE Balance
- ≥ 95% On-time Delivery

SCORE

- GREEN
- GREEN
- GREEN
- GREEN

REMAINING OSD METRICS

- Unmatched Disbursements (UMDs) Under 120 Days Old
- Unmatched Disbursements (UMDs) Over 120 Days Old
- Negative Unliquidated Obligations (NULOs) Under 120 Days Old
- Negative Unliquidated Obligations (NULOs) Over 120 Days Old
- Suspense Account – 3000 Non-Exempt Within Allowable 60-Day Timeframe
- Appropriations with Negative Balances
- Deposit Accounts with Negative Balances
- A/R Available for Collection
- Public A/R Requiring Due Process At Field Level > 90 Days
- Reduction of Public Debt > 180 Days Residing in Debt Management Systems
- Unsupported Accounting Adjustments

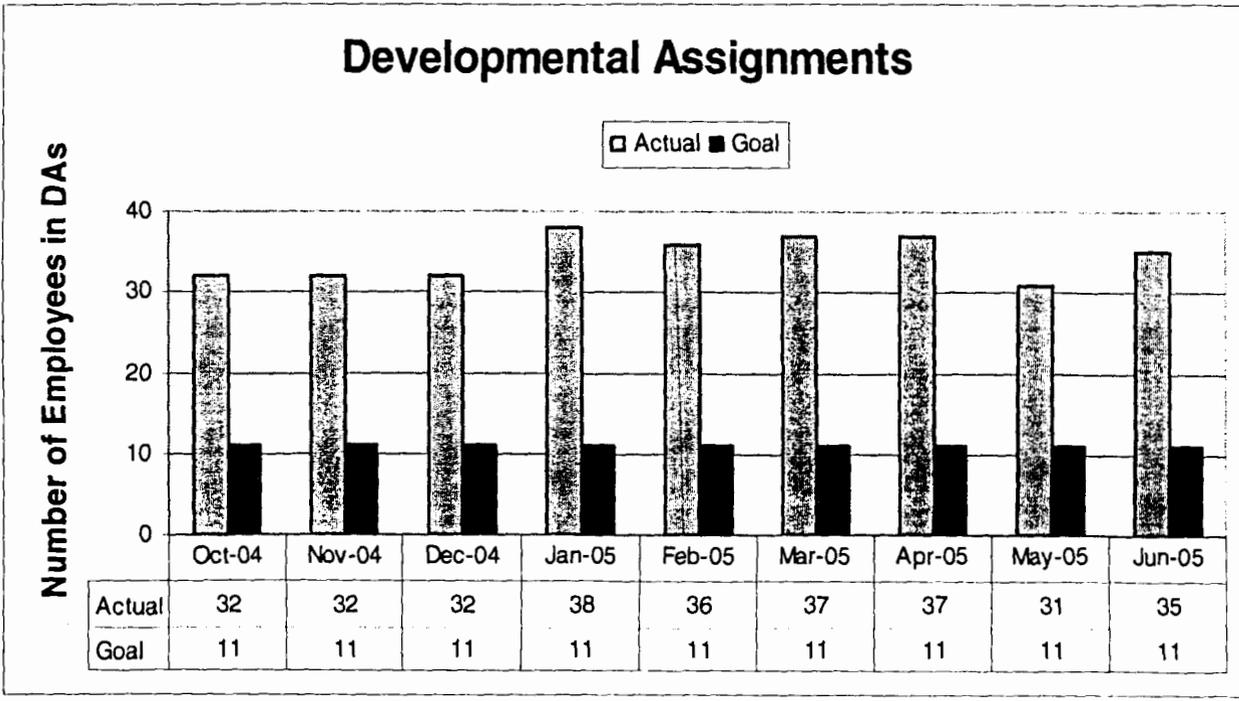
FY2005 GOALS

- Maintain FY04 YE Balance
- Zero Overaged
- Maintain FY04 YE Balance
- Zero Overaged
- 10% Reduction from FY04 Average Balance
- None over 3 months old
- None over 3 months old
- 75% Reduction FY03 YE Bal
- 95% Reduction FY03 YE Bal
- 95% Reduction FY03 YE Bal
- ≤ \$175B Unsupported

SCORE

- GREEN
- RED
- RED
- N/A

Developmental Assignments – Marine Corps Accounting Services Perspective: Learning and Growth



SCORECARD

Rating: GREEN
Data Reporting: June

GOAL:
Achieve 4.5% (11) of total end-strength from September 2004 (239 employees).

RATING SCALE:
GREEN = $\geq 90\%$
 = $\geq 75\%$ or $< 90\%$
RED = $< 75\%$

DEFINITION:
This measure focuses on broadening employees skills and knowledge through well defined Developmental Assignments.

Performance Summary: June

- Total number of employees in DAs = 35
- Total number of employees goal in DAs = 11

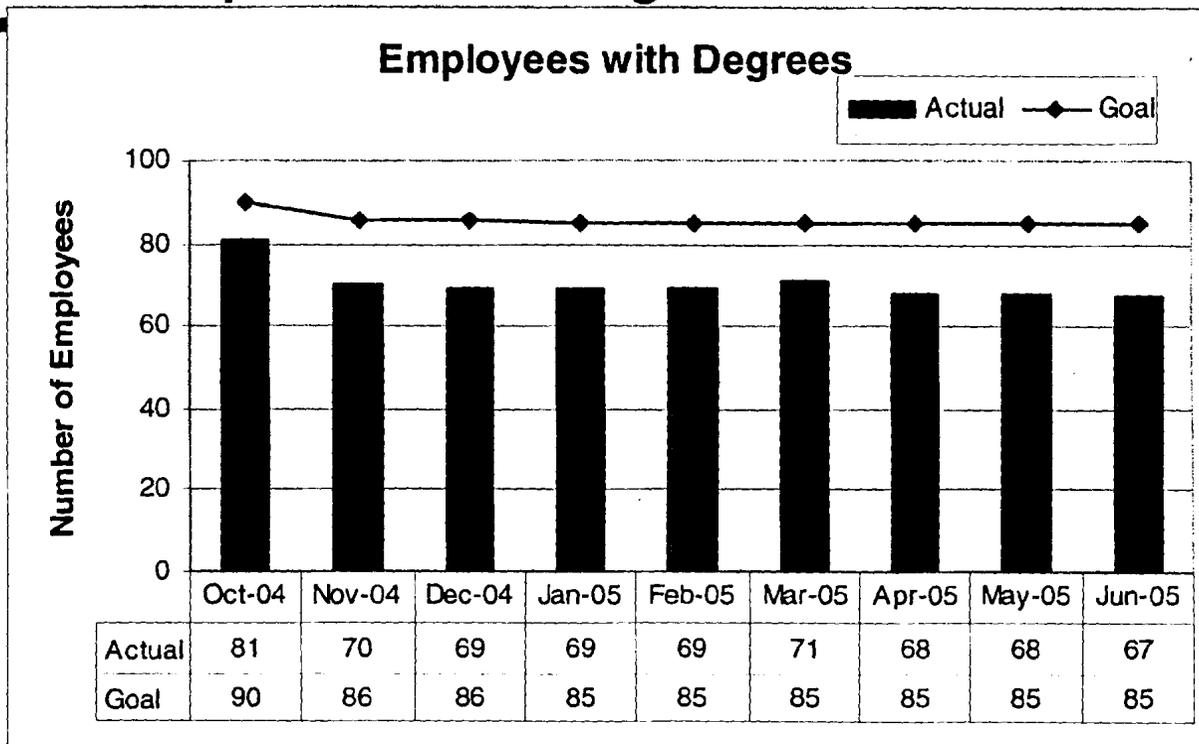
Performance Summary: FYTD

- Total FYTD Average = 34.43
- Overall number of employees in DAs increased by 3 since October 2004

Network Performance:

Marine Corps Accounting had 205 civilian employees and 34 military employees as of 10/31/04, and as of 1/31/05, we had 203 civilians and 29 military. We have consistently surpassed our goal, with an average of 34.9 employees, or over 300%, in Developmental Assignments over the past 6 months. Learning objectives for these developmental assignments are to expand, develop and improve current financial and accounting skills. These assignments provide cross training while maintaining oversight on current year transactions. Developmental Assignments are essential to meet our goals, objectives and the mission, as well as maintaining continuous outstanding customer service.

Employees with Degrees – Marine Corps Accounting Services Perspective: Learning and Growth



SCORECARD

Rating:
Data Reporting: June

GOAL:
Increase number of employees with degrees by 5% to 42% of total end-strength

RATING SCALE:
GREEN = $\geq 90\%$
 = $\geq 75\%$ or $< 90\%$
RED = $< 75\%$

DEFINITION:
Increase the total number of employees with business related degrees.

Performance Summary: June

- Total Number of Employees with Degrees = 67 for 79%
- Total Certification Goal = 85

Performance Summary: FYTD

- Degrees FYTD = 67
- 80% of Goal

Network Performance: Probable loss of one employee.
 • Marine Corps Accounting has 203 civilian employees as of 1/31/05. We expect the number of employees with degrees to trend upward through the end of the fiscal year.

| Accounting Services - Navy | | | | |
|---|--------------------------------|--|----------------|-----------------|
| June FY05 | | | | |
| BSC Metrics based on Site - Goal - Actual | | | | |
| ABL #1 Suspense Overaged (3000 non-Exempt over 60 Days Old) | | | | GREEN |
| Absolute (in millions) | | | | |
| Certification - June FY05 | | | | |
| | Site: | | Goal | Actual |
| | DFAS Cleveland Network Summary | | | |
| | Charleston | | | \$5.08 |
| | Cleveland | | | 18.93 |
| | Japan | | | 0.00 |
| | Norfolk | | | 5.96 |
| | Oakland | | | 0.00 |
| | Pacific | | | 0.00 |
| | Pensacola | | | 1.20 |
| | San Diego | | | 6.58 |
| | Navy/Other | | | 233.55 |
| NABL Grand Total | | | \$376.0 | \$271.30 |
| Goal: 10% Reduction FY04 YE Balance (adjusted for write-off packages) | | | | |

| | | | | |
|---|--------------------------------|--|----------------|----------------|
| BSC Metrics based on Site - Goal - Actual | | | | |
| ABL #1 Overaged In-Transit Disbursements & Collections | | | | RED |
| Absolute (in millions) | | | | |
| Certification - June FY05 | | | | |
| | Site: | | Goal | Actual |
| | DFAS Cleveland Network Summary | | | |
| | Charleston | | | \$55.629 |
| | Cleveland | | | 1.079 |
| | Japan | | | 0.213 |
| | Norfolk | | | 6.539 |
| | Oakland | | | 0 |
| | Pacific | | | 0 |
| | Pensacola | | | 7.527 |
| | San Diego | | | 8.997 |
| | Unassigned | | | 12.489 |
| | Navy/Other | | | 411.523 |
| NABL Grand Total | | | -\$48.0 | \$504.0 |
| Goal: 75% Reduction FY04 YE Balance | | | | |

| | | | |
|---|-----------------------------------|----------------------|----------------------|
| BSC Metrics based on Site - Goal - Actual | | | RED |
| ABL #1 Unmatched Disbursements (UMDs) Total | | | |
| Certification - June FY05 | | | |
| | Site: | Goal | Actual |
| | DFAS Cleveland Network Summary | | |
| | Charleston | | Not |
| | Cleveland | | Available |
| | Japan | | by |
| | Norfolk | | Site |
| | Oakland | | |
| | Pacific | | |
| | Pensacola | | |
| | San Diego | | |
| NABL Grand Total | | \$2.7 Billion | \$2.8 Billion |
| Goal: Maintain FY04 within Timeframe YE Balance | | | |
| | | | |
| BSC Metrics based on Site - Goal - Actual | | | GREEN |
| ABL #1 Timeliness of Accounting Reports to Customers | | | |
| Certification - June FY05 | | | |
| | Site: | Goal | Actual |
| | DFAS Cleveland Network Summary | | |
| | Charleston | | Not |
| | Cleveland | | Applicable |
| | Japan | | |
| | Norfolk | | |
| | Oakland | | |
| | Pacific | | |
| | Pensacola | | |
| | San Diego | | |
| NABL Grand Total | | 95% | 100% |
| Goal: > or equal to 95% On-time Delivery | | | |
| | | | |
| BSC Metrics based on Site - Goal - Actual | | | |
| ABL # 2 | | | |

| Average Salary - June FY05 | | | |
|---|---------------------------------------|-----------------|---|
| | Site: | Goal | Actual |
| | DFAS Cleveland Network Summary | | |
| | | | Unburdened Avg Salary w/Locality |
| | Charleston | | \$48,725 |
| | Cleveland | | 70,561 |
| | Japan | | 0 |
| | Norfolk | | 45,164 |
| | Pacific | | 43,664 |
| | Pensacola | | 50,038 |
| | San Diego/Oakland | | 52,208 |
| Avg. Total Salary | | \$52,696 | \$51,726 |
| <p>Goal: Reduce the average salary per employee by \$500 to \$52,696. The scale for measure is a sliding scale adjusted monthly from the Sept-04 baseline, Avg Salary with Locality of \$53,196.</p> | | | |
| BSC Metrics based on Site - Goal - Actual | | | |
| ABL # 3 | | | |
| Certification - June FY05 | | GREEN | |
| | Site: | Goal | Actual |
| | DFAS Cleveland Network Summary | | |
| | Charleston | | 2 |
| | Cleveland | | 47 |
| | Japan | | 7 |
| | Norfolk | | 1 |
| | Oakland | | 2 |
| | Pacific | | 13 |
| | Pensacola | | 10 |
| | San Diego | | 5 |
| NABL Grand Total | | 88 | 87 |
| <p>Goal: Increase number of certifications by 15 from the September 30, 2004 baseline of 76, which would be an increase of 20%.</p> | | | |

| | | | | |
|---|--|--|-------------------|---------------|
| BSC Metric | | | | |
| ABL # 4 | | | | |
| Customer Satisfaction - ICE Survey | | | | |
| June FY05 | Not available by site | | | |
| | Macro Level | | Goal | Actual |
| | | | | 7 |
| | Goal: Over 75% of Customer responses are rated 4 (GOOD) or 5 (EXCELLENT). | | | |
| | | | | |
| BSC Metrics | | | | |
| ABL#5 | | | | |
| Financial Performance Index | | | RED | |
| June FY05 | Cleveland Network monthly execution by site as of Jun-05 | | | |
| | Planned goals not available by site at the Navy ABL Level | | | |
| | Site | | Jun-05 | |
| | CL - Departmental | | 1,318,626 | |
| | CL - Business Office | | 3,299,866 | |
| | CL - Field Level Training | | 0 | |
| | CH - Foreign Military Sales | | 5,859 | |
| | CH - Field Level | | 945,898 | |
| | JA - Field Level | | 50,998 | |
| | NO - Field Level | | 1,137,291 | |
| | PC - Field Level | | 853,040 | |
| | PE - Field Level | | 711,846 | |
| | SD/OK - Field Level | | 1,759,265 | |
| Total | | | 10,082,689 | |
| | | | | |
| BSC Metrics | | | | |
| ABL # 7 | | | | |
| Audit Deficiencies Corrected | | | GREEN | |
| | Not Available by Site | | Goal | Actual |
| | | | 11 | 9 |

| | | | |
|--|--|--------------|---------------|
| Goal: Close Audit recommendations within estimated timeframes. | | | |
| BSC Metric | | | |
| ABL # 8 | | | |
| FMFIA Material Weaknesses Corrected | | GREEN | |
| Not Available by Site | | Goal | Actual |
| | | 4 | 3 |
| Goal: Correction of Material Weaknesses as scheduled | | | |
| BSC Metric | | | |
| ABL # 9 | | | |
| OSD Metrics | | | |
| Not Available by Site at this time | | Goal | Actual |
| BSC Metrics based on Site - Goal - Actual | | | |
| ABL # 10 | | | |
| Degrees - June FY05 | | | |
| Site: | | Goal | Actual |
| DFAS Cleveland Network Summary | | | |
| Charleston | | | 57 |
| Cleveland | | | 179 |
| Japan | | | 14 |
| Norfolk | | | 48 |
| Pacific | | | 68 |
| Pensacola | | | 41 |
| San Diego/Oakland | | | 94 |
| NABL Grand Total | | 484 | 501 |
| Goal: Our goal is to have 41% of our employees with business related degrees by FY05. | | | |

| BSC Metrics based on Site - Goal - Actual | | | |
|--|-------------|---------------|--|
| ABL # 11 | | | |
| Developmental Assignments | | GREEN | |
| June FY05 | | | |
| Site: | Goal | Actual | |
| DFAS Cleveland Network Summary | | | |
| Charleston | | 8 | |
| Cleveland | | 9 | |
| Japan | | 18 | |
| Norfolk | | 0 | |
| Pacific | | 1 | |
| Pensacola | | 9 | |
| San Diego/Oakland | | 5 | |
| NABL Grand Total | 53 | 50 | |
| Goal: Achieve 4.5% of our Accounting workforce in Developmental Assignments each month. | | | |



White Paper

DFAS Rome: Model Facility, Regional Economic Engine, National Asset



July 28, 2005

Introduction: DFAS Rome a Key Location within a New DFAS Model

Currently the BRAC Commission is intensively scrutinizing a Department of Defense (DoD) recommendation to overhaul the Defense Finance and Accounting Service (DFAS) network. Under the DoD recommendation, the 24 DFAS locations presently sited around the country would be consolidated at three "Megacenter" sites in Columbus, Denver and Indianapolis. This was the lone model proposed by the DoD, and as the Commission has noted, it was the only option analyzed through a COBRA analysis.

The Commission is now examining DoD's proposed DFAS model to better understand whether or not the realignment of 24 locations at three Megacenters would in fact provide the best model to meet cost-saving, customer service, economic impact and military value goals. On July 19, 2005, the Commission took the proactive step of voting to reconsider the model presented by DoD and to explore alternative organizational structures that might better meet the objectives of the BRAC process. The community of Rome, New York has also been involved in this discussion. With almost 400 prized DFAS jobs at stake in a tight-knit community, supporters of Rome's thriving, low-cost, state-of-the-art DFAS facility have scoured the data at hand to try to better understand DoD's rationale for shuttering Rome's model DFAS facility.

With this white paper, the Rome community asserts that an alternative DFAS model that includes Rome should be considered by the BRAC Commission. This assertion is based not on emotional arguments, but on firm, objective data that has not been generated by our effort, but has been provided by DFAS and DoD.

With this data, the Rome community has conducted a rankings analysis of all DFAS sites. This rankings analysis shows Rome is a leading, if not the leading, facility in the DFAS network based on the criteria deemed most important by the Commission. DFAS Rome's high ranking within the DFAS network should not be a surprise. Situated in free, Air Force-owned real estate, DFAS Rome has the ability to expand immediately into available, new plug-and-go space, a result of an FY 2001 \$10 million MILCON investment that modernized, upgraded, and expanded space within the facility. DFAS Rome also has some of the lowest operating costs of any DFAS facility on a per square foot basis, and also has the nation's lowest locality pay in a Central New York area with a pool of labor skilled in financial services readily available.

Beyond real estate and operating cost savings, other equally compelling reasons exist to retain DFAS Rome. First, DFAS Rome's trained and award-winning work force has a unique role in Operation Iraqi Freedom and the Global War on Terror. DFAS Rome is also co-located with the Northeast Air Defense Sector (NEADS) and AFRL-Rome, ensuring that it remains a safe and secure location. Finally, the economic impact of closing DFAS Rome would be particularly harsh, given the

DCN: 11559

previous closure of Griffiss Air Force Base in 1993 and the flight of the base's major private sector contractors soon after.

Forming an Alternative DFAS Model: Rankings Analysis of DFAS Facilities

At the July 19 hearing, the Commission voted to consider alternative models for DFAS to best meet the Commission's and DoD's goals for BRAC 2005. As a result, the Rome team has examined the data that has been provided by DoD in data categories considered pertinent to the process of considering alternative models. These data categories are centered on business factors such as operating costs, locality pay, and ability to accommodate growth.

Based on the quantitative data available, the Rome team has conducted an analysis of Rome's competitive standing among the 24 DFAS locations currently being examined. This analysis was undertaken using DoD-defined categories and DoD data. The Rome team has not selectively chosen specific criteria or data preferential to its arguments.

Rankings Analysis Methodology

For each of five data categories, the Rome team ranked the 24 DFAS facilities from 1 to 24. In this analysis based on DoD data, a number 1 ranking is the most desirable. The five data categories were:

1. Lowest Cost per Square Foot
2. Highest Number of Employees¹
3. Greatest Capacity to Expand by Square Foot²
4. Costliest Facility to Move³
5. Lowest Locality Pay

After each facility was ranked from 1-24 in each of these five data categories, the analysis calculated the *average* rank of each facility (for example, DFAS Orlando scored rankings in the five data categories of 9th, 19th, 12th, 16th and 11th for an average ranking of 11.8). Finally, the average ranking of each facility was compared to the average ranking of all other facilities. As a result, one can contemplate the overall ranking of each DFAS facility compared to other DFAS facilities (again using the DFAS Orlando example, its 11.8 average ranking placed it 16th among 24 facilities).

¹ BRAC staffers informed the Rome team that smaller facilities are at a great disadvantage

² This data was provided to DoD by individual facilities and may not have been subjected to a formal internal vetting process

³ From a cost savings perspective, a facility that is *more* costly to move is at an advantage

Results of Quantitative Rankings Analysis

The rankings analysis revealed that based on DoD data, Rome ranks 2nd among 24 facilities (see Table 1 on the following page). More specifically, among the 24 facilities⁴:

1. Rome ranks fourth in terms of lowest operating cost per square foot
2. Rome ranks eighth in greatest number of employees
3. Rome ranks second in greatest capacity to expand
4. Rome ranks thirteenth in greatest cost to move
5. Rome ranks tied for first in lowest locality pay

Among DFAS locations serving Army customers, DFAS Rome ranks 1st overall among seven locations (see Table 2 on the following page).

Consistent with Commission and DoD objectives, this analysis clearly rewards larger, cost-efficient facilities with room to grow. Quite simply, DFAS Rome meets these criteria. As per the attached Table 1, only DFAS Charleston scored higher than DFAS Rome among the 24 facilities. Significantly, the three Megacenter sites proposed by DoD also scored well, all in the top ten, providing justification for a revised Megacenter structure that includes facilities that best meet DoD criteria.

DFAS Rome's outstanding customer service record, compelling economic impact argument, and secure location aside, this straightforward rankings analysis offers strong evidence that from an efficiency perspective, DFAS Rome is among the DFAS network's most valuable locations.

⁴ See Appendix for full rankings lists, including rankings lists for each of the five data categories

Table 1: Quantitative Ranking of DFAS Locations

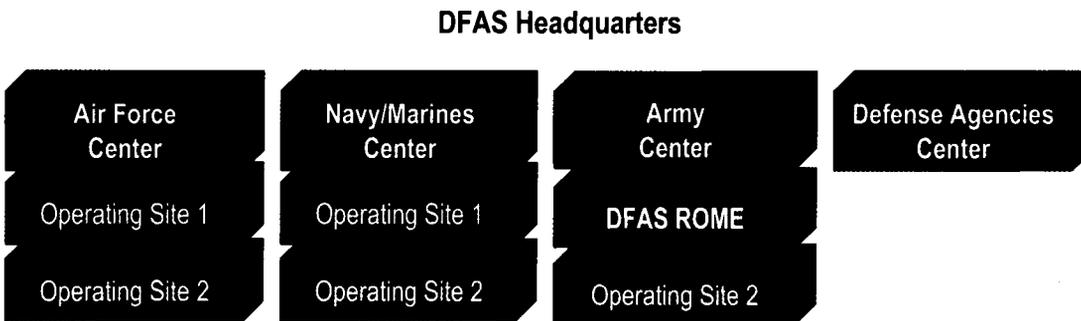
| Facility Rank Order (1-24) | DFAS Facility | Rank Among 24 DFAS Facilities | | | | | Avg Facility Ranking |
|----------------------------|---------------|-------------------------------|--------------------------|-----------------------------|-------------------|---------------------|----------------------|
| | | Lowest Cost Per SF | Highest No. of Employees | Greatest Capacity to Expand | Costliest to Move | Lowest Locality Pay | |
| 1 | Charleston | 3 | 9 | 4 | 7 | 1 | 4.8 |
| 2 | Rome | 4 | 8 | 2 | 13 | 1 | 5.6 |
| 3 | Pensacola | 7 | 6 | 13 | 4 | 1 | 6.2 |
| 4 | Columbus | 16 | 2 | 3 | 2 | 16 | 7.8 |
| 5 | Kansas City | 12 | 5 | 7 | 5 | 14 | 8.6 |
| 6 | Lawton | 1 | 14 | 9 | 19 | 1 | 8.8 |
| 7 | Denver | 18 | 3 | 5 | 1 | 20 | 9.4 |
| 8 | Limestone | 5 | 15 | 10 | 17 | 1 | 9.6 |
| 9 | Norfolk | 10 | 12 | 15 | 11 | 1 | 9.8 |
| 9 | Indianapolis | 15 | 1 | 1 | 20 | 12 | 9.8 |
| 11 | Rock Island | 11 | 13 | 11 | 15 | 1 | 10.2 |
| 12 | Cleveland | 19 | 4 | 14 | 3 | 16 | 11.2 |
| 12 | Omaha | 6 | 17 | 18 | 14 | 1 | 11.2 |
| 14 | Dayton | 2 | 18 | 6 | 18 | 15 | 11.8 |
| 15 | San Antonio | 20 | 11 | 24 | 10 | 1 | 13.2 |
| 16 | Orlando | 9 | 19 | 12 | 16 | 11 | 13.4 |
| 17 | St. Louis | 21 | 10 | 16 | 12 | 13 | 14.4 |
| 18 | Arlington | 24 | 7 | 19 | 6 | 18 | 14.8 |
| 19 | Hawaii | 8 | 20 | 17 | 8 | 24 | 15.4 |
| 20 | Lexington | 13 | 24 | 21 | 23 | 1 | 16.4 |
| 21 | San Bernadino | 17 | 21 | 8 | N/A | 21 | 16.8 |
| 22 | San Diego | 22 | 16 | 23 | 9 | 19 | 17.8 |
| 23 | Seaside | 14 | 22 | 20 | 22 | 22 | 20 |
| 24 | Oakland | 23 | 23 | 22 | 21 | 22 | 22.2 |

Table 2: Quantitative Ranking of DFAS Locations Serving Army Customers

| Facility Rank Order (1-24) | DFAS Facility | Rank Among DFAS Facilities Serving Army Customers | | | | | Avg Facility Ranking |
|----------------------------|---------------|---|--------------------------|-----------------------------|-------------------|---------------------|----------------------|
| | | Lowest Cost Per SF | Highest No. of Employees | Greatest Capacity to Expand | Costliest to Move | Lowest Locality Pay | |
| 1 | Rome | 4 | 8 | 2 | 13 | 1 | 5.6 |
| 2 | Lawton | 1 | 14 | 9 | 19 | 1 | 8.8 |
| 3 | Indianapolis | 15 | 1 | 1 | 20 | 12 | 9.8 |
| 4 | Rock Island | 11 | 13 | 11 | 15 | 1 | 10.2 |
| 5 | San Antonio | 20 | 11 | 24 | 10 | 1 | 13.2 |
| 6 | St. Louis | 21 | 10 | 16 | 12 | 13 | 14.4 |
| 7 | Lexington | 13 | 24 | 21 | 23 | 1 | 16.4 |

Based on these rankings, and other non-quantitative factors, the Rome team has discussed with BRAC staff the possibility of adopting a DFAS model that includes the facilities that best respond to the Commission’s priorities. The Rome community feels that a 10-field site model--in addition to a Headquarters site--would better address key issues such as disruption of service: DoD’s existing Megacenter proposal would require 7,000 individuals to relocate, and yet DFAS itself has concluded that only 5% of those individuals would move. The 10-site model, justified by the above rankings analysis, could incorporate those facilities that fulfill DoD’s infrastructure and cost requirements, while reducing the disruption that would inevitably stem from a massive wartime relocation effort. BRAC staffers could then conduct a COBRA analysis of this 10-site model and compare the results to DoD’s three-Megacenter proposal.

This proposed 10-site model is illustrated below:



DFAS Rome: A Leading Record in Customer Service

In a recent customer survey conducted by the Office of Personnel Management, DFAS Rome scored far above the DFAS average in a number of key categories. The results of the survey underscore DFAS Rome’s exemplary record and reputation and are reflected in the below table:

Table 3: Survey of DFAS Locations

| Office of Personnel Management Survey of DFAS Locations | | |
|--|------------------|---------------------|
| Survey Category | DFAS Rome | DFAS Average |
| Customer orientation | 83% | 68% |
| Training | 78% | 51% |
| Leadership | 84% | 40% |
| Communication | 70% | 43% |
| Teamwork | 74% | 52% |
| Performance measures | 69% | 40% |

DFAS Rome's well-trained workforce has resulted in numerous awards and commendations. These include:

- Vice President's Hammer Award for Government Reinvention
- DFAS-IN Director's Eagle Award for Outstanding Performance
- DFAS-IN Director's Eagle Award for Transfer of Europe Workload
- Plaque for Partnership -- National Guard Unit
- Plaque for Partnership -- Syracuse Army Comptroller Programs, and
- New York State Governor Award

DFAS Rome's reputation for excellence has spurred consistent workload increases at the request of DFAS customers. After absorbing scheduled workload increases through 1999, DFAS Rome has taken on new, unscheduled work from a number of important Army customers including the Defense Acquisition University, the Army Contracting Agency, and the Army Europe Joint Program Executive Office— Chemical and Biological Defense and most recently the entire Army European Theatre.

DFAS Rome: A Unique and Crucial Wartime Role

DFAS Rome is the primary Army DFAS site managing confiscated wartime holdings, and plays a key role in Operation Iraqi Freedom and the Global War on Terror. Specifically, DFAS Rome is a key player in the following process:

1. U.S. troops seize holdings from the old Iraqi regime, or from frozen U.S.-based accounts,
2. Through the U.S. Department of Treasury, these confiscated funds along with special congressionally-appropriated funds are processed, accounted for, and reported,
3. Finally, DFAS Rome accounts for the redirection of seized and appropriated funds to finance the rebuilding effort in Iraq.

DFAS Rome is the only Army DFAS site that processes these sensitive wartime accounts. If DFAS Rome were to be shuttered, a sizable disruption in service would result, and the training and intellectual capital that comprise finance and accounting services would need to be recreated from scratch.

The size and scope of DFAS Rome's role in these wartime efforts is significant. In 2004, DFAS Rome managed and processed over \$3 billion in seized assets from the previous Iraqi regime and in U.S. development appropriations to Iraq. These funds related to Operation Iraqi Freedom are sizable but represent just one component of DFAS Rome's \$29 billion, and growing, annual workload.

DFAS Rome: \$10 Million MILCON Upgrade Lays Platform for Growth

A \$10 million MILCON investment in 2001 ensured that DFAS Rome maintains world-class, low-cost facilities. The investment upgraded the quality and expanded the number of workstations at DFAS Rome.

This investment, coupled with the DFAS Rome's advantageous real estate deal within Griffiss Business and Technology Park, contributes to an extremely low-cost environment. From a real estate perspective, DFAS Rome has the following assets:

- 50-year, no-cost building permit (equivalent to a license or right of occupancy agreement on use of facility)
- Additional space and work stations currently available (up to 1,000 employees can immediately be accommodated without additional MILCON)
- Ample free parking exists for more than 1,000 employees

The ability to grow will not be an obstacle in the potential expansion of DFAS Rome. While the Rome Metropolitan Statistical Area offers a labor pool that might be smaller than larger cities that are home to DFAS sites, DFAS Rome currently draws employees from a 14-county area that encompasses a population of over 1.5 million and a labor pool of over 750,000 individuals. The Utica-Rome MSA is home to a population of 298,000 and a labor force of 135,000 workers.⁵

Further, the Utica-Rome MSA is a valued location of prominent insurance, financial services, and other back office employers such as: Bank of America, Bank of New York, the Hartford Financial Group, MetLife, ACS, Commercial Travelers, and Utica National to name just a few. According to a February 2004 study produced for Central New York's Metropolitan Development Association, these employers have gravitated to Central New York because of "the region's competitive cost of highly productive labor, the low cost of real estate and a secure area while still having accessibility to major population and financial centers in Boston, Hartford, New York City, and Philadelphia. Employers also cited 'excellent private and public colleges and universities...and several very strong two-year colleges serving the region'.⁶"

The comparatively low cost of living in the region allows these financial services and back-office employees to live a quality of life that would not be possible elsewhere. For example, the median household income in Central New York is \$35,000. This compares to \$51,000 in Denver, \$46,000 in Indianapolis, and \$44,000 in Columbus. The average price of a home in Central New York is \$75,000. This compares to \$180,000 in Denver, \$121,000 in Columbus, and \$111,000 in Indianapolis.⁷

⁵ U.S. Bureau of Labor Statistics and the Real Estate Center at Texas A&M University

⁶ "Central New York Resource Profile for Attracting Financial Services Companies," by Moran, Stahl & Boyer, LLC, February 2004.

⁷ U.S. Census Bureau data for Metropolitan Statistical Areas

DFAS Rome: Particularly Harsh “Double Shock” on Recovering Community

“So by closing them (DFAS field offices sited at locations that had previously experienced a base closure) it’s kind of a double shock, double hit to these communities.”

Commissioner Anthony Principi
Consideration of Closure and Realignment
Conditions Hearing
July 19th, 2005

Given that the Rome community is still rebounding from the 1993 closure of Griffiss Air Force Base and the subsequent flight of the base’s private sector contractors, the \$21 million⁸ impact of DFAS Rome’s closure would be acutely felt. The 1993 closing of Griffiss Air Force Base resulted in the direct loss of 1,191 civilian and 3,338 military jobs, a total loss of 4,529 jobs. The shuttering of Griffiss was soon followed by the closure of another key defense employer, Lockheed Martin Aerospace (formerly General Electric and Martin Marietta) in 1995. As late as 1988, more than 4,000 people were employed at this Utica-Rome-based facility, providing many of the area’s highest-paying, and most sought -after jobs. Not surprisingly, the impact on the community was swift, acute, and wide-ranging. From 1990 to 2000, Oneida County experienced a drastic 6.1% loss in population⁹, a rate among the nation’s highest, and a steep drop in home prices (only in 2005 did the average sales price in Rome recover to 1992 levels)¹⁰. Local businesses found they no longer had customers. Community groups, charitable organizations, and the school systems reeled from the flight of leaders and resources.

Compounding matters, the nearby Seneca Army Depot closed soon after Griffiss. At the height of its operations, the Depot employed more than 2,000 civilians at its facility near Romulus, NY. In 1992, the Army eliminated Seneca’s special weapons missions, resulting in the loss of 550 civilian positions as well as 500 military posts. The 1995 round of BRAC closings further eliminated around 1,000 jobs; and by 1999 only 22 employees were left at the Depot before it was fully decommissioned in 2000.

Today, slowly, the Central New York area is beginning to rebound. The population has once again begun to grow, and the local economy, though fragile, is recovering. DFAS Rome continues to be an integral part of this recovery, providing well-paying jobs to a new population of skilled workers who are populating leadership positions in the community, buying homes, and sending their children to local schools. The departure of these valued people after a period of such profound shock to the

⁸ This figure was calculated using an IMPLAN econometric model

⁹ U.S. Census Bureau

¹⁰ Greater Utica-Rome Board of Realtors

economy and the community would constitute a second wave of turmoil to an area that has endured its fair share.

For a major metropolitan area, the loss of 380 jobs would hardly register. To the population of Central New York, the loss of DFAS Rome would be particularly painful. The chart below¹¹ reflects Upstate New York's ranking among 51 "States" when regarded as its own independent economy (in this instance, upstate and downstate New York count as two separate states in addition to the 49 states outside of New York.)

Average Annual Employment Growth Nonagricultural Employment

| Year | Upstate NY (Percent) | Upstate Ranking (Out of Fifty-One States) | United States (Percent) |
|------|-------------------------|--|----------------------------|
| 1990 | 1.31 | 36 | 1.41 |
| 1991 | -2.21 | 41 | -1.06 |
| 1992 | -0.84 | 45 | 0.32 |
| 1993 | 0.35 | 47 | 1.95 |
| 1994 | 0.75 | 50 | 3.12 |
| 1995 | 0.67 | 50 | 2.65 |
| 1996 | 0.00 | 50 | 2.06 |
| 1997 | 1.17 | 50 | 2.58 |
| 1998 | 1.24 | 49 | 2.56 |

Not only would the closure of the DFAS Rome facility push over 380 skilled workers into direct unemployment, but a projected total loss of almost 600 jobs to the community is estimated as a result of its closure. The DFAS Rome facilities are host to a number of government and non-profit organizations, each of which pays a reimbursable dollar based on square footage occupied and services provided under individual support agreements with DFAS. The following organizations, housed on current DFAS property, would be put in jeopardy by the closure of DFAS Rome for loss of patrons and space:

- Army/Air Force Exchange Service (AAFES) Shoppette
- AAFES Barber Shop
- AAFES Satellite Grill
- AAFES Tailor Shop
- United States Satellite Post Office
- Scheduled Airline Traffic Office (SATO)
- NEADS Security Forces
- NEADS Canadian Family Support Center
- Defense Contract Audit Agency
- New York Rivers United (environmental organization)

¹¹ Current Issues in Economics and Finance, May 1999, Volume 5 Number 6

-Rome Teachers Center

DFAS Rome was sited where it is because of the dramatic losses that accompanied base closure. In this sense, DFAS Rome continues to be a success. To close the DFAS facility now, just as the area is showing signs of new life, would resume the steady drumbeat of Department of Defense closings that have brought great pain to a proud area over the past fifteen years.

DFAS Rome: Sited in Secure Location

DFAS Rome is co-located with NEADS and AFRL facilities that meet federal Force Protection Requirements. DFAS Rome has the benefit of handling mission-critical, sensitive data in a secure location with 24-hour policing from both NEADS and the City of Rome. Concrete barriers are also available from the Air Force to further bolster security if needed. In addition, DFAS Rome is in a Central New York region that is at low risk for terrorism. Lastly, at a time when large corporations are opting for multiple sites to reduce the threat of terrorism, natural disaster, or technology failures that accompanies a single Megasite, it is questionable whether it would make sense for DFAS to abandon a secure site like DFAS Rome in favor of three Megacenters that are vulnerable to such threats as terrorism, severe weather, and surge capacity.

DFAS Rome: DoD Analysis Overlooked Key Factors

BRAC 2005's Headquarters Support and Activities Subgroup analysis produced several ratings for DFAS Rome that appear questionable. Clarification of these points is critical to gain a full understanding of the true value and merit of DFAS Rome and its employees.

- DFAS Rome received a "red" rating for facility condition, yet, as stated previously, it has newly renovated space that can accommodate 1,000 work stations.
- DFAS Rome received a "no" rating for one-of-a-kind corporation process applications in spite of the one-of-a-kind Operation Iraqi Freedom workload described earlier in this document.
- Finally, DFAS Rome received a "no" rating on being located on a DoD location, yet DFAS Rome is federally retained property under ownership of the Air Force.

In any review of DFAS Rome by the BRAC Commission, the Rome community respectfully requests that these ratings be revisited.

Conclusion: Rome a Clear Choice for Inclusion within Reorganized DFAS

As the Rome community hopes is clear from this white paper, a thorough review of the BRAC 2005 proposal to align 24 DFAS locations at three Megacenters is flawed. More specifically, a DFAS Rome location that offers low-costs, a high-security environment, a recent \$10 million facilities upgrade, ample room for expansion, leading customer service, and a unique role in managing confiscated wartime accounts would appear to be a clear and compelling choice for inclusion in any new model for DFAS. In our view, the devastating economic impact that would accompany DFAS Rome's closure can and should be avoided. A review of quantitative and qualitative data related to costs, real estate, customer service, and unique business services offer firm evidence of DFAS Rome's tremendous value.

DCN: 11559

Appendix

Criteria and Numerical Rankings Based on DoD Data
Cost per Square Foot

| | Site | Cost per sq. ft. |
|----|---------------|------------------|
| 1 | Lawton | \$ 2.59 |
| 2 | Dayton | \$ 2.97 |
| 3 | Charleston | \$ 3.80 |
| 4 | Rome | \$ 3.81 |
| 5 | Limestone | \$ 4.39 |
| 6 | Omaha | \$ 5.22 |
| 7 | Pensacola | \$ 5.97 |
| 8 | Hawaii | \$ 5.99 |
| 9 | Orlando | \$ 6.37 |
| 10 | Norfolk | \$ 7.04 |
| 11 | Rock Island | \$ 7.95 |
| 12 | Kansas City | \$ 8.61 |
| 13 | Lexington | \$ 8.83 |
| 14 | Seaside | \$ 8.90 |
| 15 | Indianapolis | \$ 9.54 |
| 16 | Columbus | \$ 9.62 |
| 17 | San Bernadino | \$ 10.25 |
| 18 | Denver | \$ 13.95 |
| 19 | Cleveland | \$ 18.27 |
| 20 | San Antonio | \$ 18.70 |
| 21 | St. Louis | \$ 18.91 |
| 22 | San Diego | \$ 21.40 |
| 23 | Oakland | \$ 31.48 |
| 24 | Arlington | \$ 49.19 |

Criteria and Numerical Rankings Based on DoD Data
Number of Employees

| Site | Number of employees |
|------------------|---------------------|
| 1 Indianapolis | 2712 |
| 2 Columbus | 2328 |
| 3 Denver | 1746 |
| 4 Cleveland | 1028 |
| 5 Kansas City | 689 |
| 6 Pensacola | 637 |
| 7 Arlington | 408 |
| 8 Rome | 389 |
| 9 Charleston | 368 |
| 10 St. Louis | 330 |
| 11 San Antonio | 318 |
| 12 Norfolk | 314 |
| 13 Rock Island | 301 |
| 14 Lawton | 274 |
| 15 Limestone | 241 |
| 16 San Diego | 240 |
| 17 Omaha | 235 |
| 18 Dayton | 230 |
| 19 Orlando | 209 |
| 20 Hawaii | 206 |
| 21 San Bernadino | 120 |
| 22 Seaside | 61 |
| 23 Oakland | 50 |
| 24 Lexington | 45 |

Criteria and Numerical Rankings Based on DoD Data
Capacity to Expand

| | Site | Capacity to expand |
|----|---------------|--------------------|
| 1 | Indianapolis | 420,600 square ft. |
| 2 | Rome | 250,400 square ft. |
| 3 | Columbus | 225,900 square ft. |
| 4 | Charleston | 159,100 square ft. |
| 5 | Denver | 127,900 square ft. |
| 6 | Dayton | 126,000 square ft. |
| 7 | Kansas City | 122,200 square ft. |
| 8 | San Bernadino | 110,500 square ft. |
| 9 | Lawton | 94,023 square ft. |
| 10 | Limestone | 77,000 square ft. |
| 11 | Rock Island | 67,000 square ft. |
| 12 | Orlando | 65,400 square ft. |
| 13 | Pensacola | 62,400 square ft. |
| 14 | Cleveland | 50,000 square ft. |
| 15 | Norfolk | 41,100 square ft. |
| 16 | St. Louis | 41,000 square ft. |
| 17 | Hawaii | 39,700 square ft. |
| 18 | Omaha | 34,600 square ft. |
| 19 | Arlington | 24,300 square ft. |
| 20 | Seaside | 18,000 square ft. |
| 21 | Lexington | 12,100 square ft. |
| 22 | Oakland | 10,200 square ft. |
| 23 | San Diego | 9,500 square ft. |
| 24 | San Antonio | 8,500 square ft. |

DCN: 11559



Dayton Region Community Support Meeting

Presented to

General Lloyd W. "Fig" Newton (USAF, Ret.)

The Honorable Samuel K. Skinner

2005 Defense Base Closure and Realignment Commission

August 2, 2005



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DAYTON DEVELOPMENT COALITION

Dayton Region: The WRIGHT Place for AFIT

SUMMARY

- Wright-Patterson Air Force Base is the right military base for Air Force graduate education
- Ohio is the right state for Air Force graduate education
- AFIT provides more benefits to the Air Force at less cost than privatization



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Wright-Patterson Air Force Base:

The Right Military Base for
Air Force Graduate Education



"The WRIGHT Place for AFIT"

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Dayton Region: The WRIGHT Place for AFIT

Science and Engineering Organizations at Wright-Patterson

1. Aeronautical Systems Center (ASC)
2. Acquisition Environmental, Safety & Health (ESH) Division (ASC/ENV)
3. Aerospace Engineering Directorate (ASC/EN)
4. Engineering Standards Office (ASC/ENOI)
5. Major Shared Resource Center (ASC)
6. Manufacturing Development Guide (ASC/ENSM)
7. Headquarters, Air Force Research Lab (AFRL)
 - AFRL Air Vehicles Directorate (AFRL/VA)
 - AFRL Deployment and Sustainment
 - AFRL Human Effectiveness Directorate (AFRL/HE)
 - AFRL Materials and Manufacturing Directorate (AFRL/ML)
 - AFRL Power and Propulsion Directorate (AFRL/PR)
 - Sensors Directorate (AFRL/SN)
8. Wright Research Site (Det 1 AFRL/WS)



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*Dayton Region: The WRIGHT Place for AFIT***WPAFB Sponsors of Focused Research at AFIT**
(Fiscal Year 2004)

| Sponsor Organization | Master's Theses | PhD Dissertations |
|--|------------------------|--------------------------|
| National Air and Space Intelligence Center | 5 | 1 |
| Air Force Materiel Command | 11 | |
| Aeronautical Systems Center | 8 | |
| Air Force Research Labs/VA | 8 | 3 |
| AFRL/HE | 5 | |
| AFRL/IF | 9 | |
| AFRL/ML | 6 | 1 |
| AFRL/PR | 10 | |
| AFRL/SN | 15 | |
| DAGSI | 1 | |



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Dayton Region: The WRIGHT Place for AFIT

Benefits of Colocation with Headquarters Air Force Materiel Command

- Students have immediate access to all the program offices, planning staffs and data libraries on Base.
- Headquarters staff have easy access to the students
- Experienced faculty are available to consult on the services' multi-billion dollar acquisition and logistics programs.



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Dayton Region: The WRIGHT Place for AFIT

WPAFB Primary Customers of AFIT

- Air Force Research Laboratory
- Aeronautical Systems Center
- National Air and Space Intelligence Center
- Headquarters Air Force Materiel Command



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Dayton Region: The WRIGHT Place for AFIT

Examples of Synergies Among AFIT and WPAFB Organizations

- AFIT and WPAFB share technical library
- AFIT student research assists the scientists at AFRL
- AFIT acquisition studies support the major weapon system program offices
- AFIT Operations Research students have provided real time support to the combatant commanders and the support agencies located at Wright-Patt



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*Dayton Region: The WRIGHT Place for AFIT***AFIT State-of-the-Art Facilities**

| Gross SF | Description | Amount | Date |
|----------|--|---------|------|
| 134,054 | Faculty/staff offices, classrooms, lab spaces, student support spaces; used primarily by Graduate School of Engineering and Management | \$4M | 1964 |
| | Current construction (interior renovation) | \$13M | 2005 |
| 82,718 | Faculty/staff offices, classrooms; Academic Support administrative offices; used primarily by Graduate School of Engineering and Management and the Center for Systems Engineering | \$3.5M | 1977 |
| 102,498 | Administrative space, Command section, library, student support spaces, computer labs, and a large auditorium | \$12.8M | 1989 |
| 53,594 | Faculty/staff offices, classrooms, labs spaces, student services support, and an auditorium; used primarily by School of Civil Engineering and Services | \$5.5M | 1994 |
| 26,622 | Laboratory space, clean rooms, high bay space; used primarily by the Graduate School of Engineering and Management | \$7.4M | 2000 |
| 399,486 | Total | \$46.2M | |
| 316,768 | Total in last 20 years | \$42.2M | |

Dayton Region: The WRIGHT Place for AFIT

Unrestricted Buildable Land Near Schools

(According to Military Value Calculation)

WPAFB: 47.3 acres

NPS: 4 acres

Total Buildable Land at WPAFB: 408 acres



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Dayton Region: The WRIGHT Place for AFIT

“This [Memorandum of Agreement] solidifies the long-standing relationship and common goals that both organizations share, and allows us to more fully leverage our resources. Both organizations have a critical role in creating the Air Force of the future and together we can solve future challenges.”

— Major General Perry Lamy, Commander
Air Force Research Laboratory

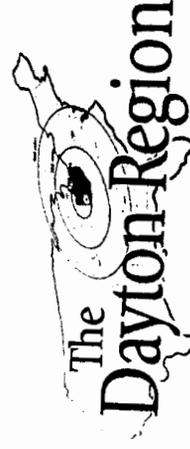


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Dayton Region: The WRIGHT Place for AFIT

Examples of Mistakes in Military Value Calculation of WPAFB

- The distance to nearest large or medium airport is listed as 67.3 miles
- AFIT loses points for not having enough housing when there are numerous vacancies in WPAFB base housing
- AFIT loses points for not having housing specifically termed "student billeting" even though all housing is available to students
- NPS receives points for being 3 miles from a civilian research center; however, the closest comprehensive doctoral degree granting institution is the University of California at Santa Cruz, about 40 miles away
- NPS receives points for having 52 commands or organizations on the installation. Wright-Patterson is scored for only 6 organizations. That is simply impossible.



Dayton Region: The WRIGHT Place for AFIT

Examples of Mistakes in Military Value Calculation of WPAFB (continued)

- The value entered for the fraction of AFIT staff that is civilian (36 percent) is wrong and points were deducted.
- Dayton and Monterey are given the same score in assessing the distance to Washington, D.C.
- Points were deducted from WPAFB for having “negative capacity” because of a large projected student load – even though those projections are no longer valid.
- Points are scored for proximity to distance of the school from a Service Center of Excellence in Test and Evaluation, which is insignificant; however, there are no points given for proximity to a major Research, Development, and Acquisition facility.
- Numerous errors in arithmetic in compiling AFIT score.



Ohio:

The Right State for Air Force Graduate Education



“The WRIGHT Place for AFIT”

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Dayton Region: The WRIGHT Place for AFIT

Support from Wright-Patterson community enhances the effectiveness of AFIT

- Available base housing
- Available day care
- Large and well-equipped hospitals

Enhances student environment, particularly with families



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Dayton Region: The WRIGHT Place for AFIT

“Issues” Pointed Out by Education and Training Joint Cross Service Group

- Number of nationally accredited child-care centers within the community: WPAFB 43, Monterey 7
- “Monterey has limited (or non-existent) medical providers that accept TRICARE in the local community.”



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Difference in Cost-of-Living

- Basic Housing Allowance for a Captain with dependents at WPAFB is \$1081
- Basic Housing Allowance for a Captain with dependents at Monterey is \$2,291
- Median House Value in Dayton area is \$99,000
- Median House Value in Monterey is \$265,800
- GS Locality Pay in Dayton is 12.0 percent
- GS Locality Pay in Monterey is 24.2 percent



Dayton Region: The WRIGHT Place for AFIT

Dayton Area Graduate Studies Institute (DAGSI)

Members: AFIT, Wright State University, University of Dayton
Affiliate Members: The Ohio State University, University of Cincinnati
Associate Member: Miami University

“Joining forces to provide world class graduate engineering education”



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Dayton Region: The WRIGHT Place for AFIT

DAGSI Benefits to Air Force

- Increases course offerings for AFIT students
 - Cuts down on redundant course offerings
 - AFIT faculty have collaborated on research programs
 - Educating skilled engineering graduates for the Air Force
-
- \$51M from the State of Ohio to DAGSI since 1996
 - Line item for AFIT in State Budget



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Dayton Region: The WRIGHT Place for AFIT

Other Ohio Support for AFIT

- AFIT is connected to Ohio's Third Frontier Network—the nation's leading "superscale broadband" network. This allows AFIT faculty and students to share information and participate in collaborative educational programs throughout the state.
- AFIT is also a member of the Ohio Aerospace Institute, a state supported collaboration to support aerospace research



United States Air Force:

The Best Way to Deliver
Military Graduate Education



“The WRIGHT Place for AFIT”

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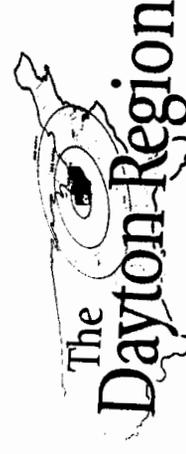
Dayton Region: The WRIGHT Place for AFIT

AFIT provides more benefits to the Air Force at less cost than privatization

**1997 AFIT Privatization Survey — Annual Cost per Student
Real Market Test of AFIT Privatization**

| | |
|----------------|-------------------|
| University "A" | \$38,000-\$62,000 |
| University "B" | \$52,000 |
| University "C" | \$50,000 |
| University "D" | \$34,000 |
| University "E" | \$40,000 |
| University "F" | \$25,000-\$40,000 |
| University "G" | \$40,000 |

*Estimated annual cost of AFIT student:
\$31,000 - \$38,000*



Dayton Region: The WRIGHT Place for AFIT

Booz-Allen and Hamilton Graduate Education Program Cost/Benefit Analysis (1998)

“The primary contributor to AFIT’s extreme benefit is its ability to focus on unique technologies that are key to the evolution of the USAF’s warfighting capacity. In analyzing the benefits of a program such as the [Graduate Education Program], the multisource or single-source alternatives cannot provide the unique benefits to the extent that a restructured AFIT can...Of the alternatives evaluated, a restructured AFIT provides the most cost-effective solution.”



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Report on Air Force Institute of Technology (AFIT) for Senate and House Armed Services Committees (2002)

“AFIT will continue to identify future AF and DoD needs in curricula development, research and consultation efforts. For instance, AFIT’s research efforts have kept pace with emerging scientific and technological trends. AFIT has also built appropriate support curricula in state-of-the-art fields including information operations and space operations.”



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Dayton Region: The WRIGHT Place for AFIT

Examples of AFIT Programs Tailored for Specific Air Force Needs

- AFIT tailored its Nuclear Engineering program to meet needs of AF/XOS, Army, Defense Threat Reduction Agency, and AFTAC in Chemical, Biological, Nuclear, and Radiological Explosives.
- AFIT created a Measurement and Signature Intelligence program to support scientific, technical, and operational activities of military intelligence for National Geospatial Agency, National Air and Space Intelligence Center (NASIC), civilian and other DoD intelligence organizations
- AFIT tailored fourteen Masters programs to the needs of field grade officers for Intermediate Development Education.
- AFIT developed two new graduate education programs, Aerospace & Info Ops and Space Systems Engineering in response to requirements of Air Force Special Projects Center and National Reconnaissance Office.



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Dayton Region: The WRIGHT Place for AFIT

Examples of Current Classified Classes at AFIT

- **OPER 676 Information Operations Research** — Awareness and Integration of relationships of IO and Warfare. Classified Modeling.
- **OPER 595 Issues in Defense Analysis** — classified seminar on current modeling, warfare simulations, and operations.
- **OPER 596 Applying Analysis to Defense Decisions** — classified seminar on information systems and their support to operations and combatant commanders.

The newly renovated AFIT building 640 contains classified laboratories and classroom facilities which will open up more opportunities to faculty members to use classified material, data, and analysis.



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Examples of AFIT Responsiveness to Air Force Immediate Needs

- AFIT was tasked to completely revise graduate program in Systems Engineering in June 2002. Forty students began the revised program in October, with all revisions completed by March 2003 and graduates in March 2004.
- AFIT initiated a military meteorology program to meet needs of the Air Force Weather Service. The program was built, faculty hired and students entered within one year.
- AFIT created, in under a year, an Information Assurance program to meet specific needs of the National Security Agency (NSA).



Dayton Region: The WRIGHT Place for AFIT

Research Assessment Questionnaire Results (FY04)

| | |
|--|-------------|
| Estimated total cost avoided for all theses and dissertations sponsored | \$29.6M |
| Average cost avoided per thesis/dissertation by the sponsors | \$118,283 |
| Average man-years of effort saved by the sponsors | .73 |
| Percentage of thesis work judged by sponsor to contribute to a current Air Force or Defense Department project | 97 Percent |
| Percentage of thesis work judged by sponsor to have some significance | 100 Percent |



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Dayton Region: The WRIGHT Place for AFIT

“I can assure you, in this increasingly complex and technical world, your education will prepare you to meet the challenges of the future, The skills you have learned here have armed you with the tools needed to meet these challenges head on. To succeed, you must be innovative, technically competent and creative -- in other words -- using all the capabilities that come from the solid education you received here at AFIT.”

— Air Force Secretary James G. Roche to the AFIT graduating class in March 2004



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Dayton Region: The WRIGHT Place for AFIT

“For twenty years the Air Force was built around pilots and more pilots. The next Air Force will be built around scientists.”

- General Henry “Hap” Arnold, Commander of the Army Air Forces in World War II and a founder of the modern U.S. Air Force



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Dayton Region: The WRIGHT Place for AFIT

“AFIT has met the changing needs of the Air Force over many years in an exemplary fashion. An institution like AFIT, that is Air Force-run, is more adaptable to the changing academic needs of the Air Force than are civilian institutions.”

- General Robert T. Marsh, commander of Air Force Systems Command from 1981 - 1984



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Dayton Region: The WRIGHT Place for AFIT

CONCLUSION

- Wright-Patterson Air Force Base is the right military base for Air Force graduate education
- Ohio is the right state for Air Force graduate education
- AFIT provides more benefits to the Air Force at less cost than privatization



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DCN: 11559

**Air Force Institute of Technology (AFIT) and Naval Postgraduate School (NPS):
An Evaluation of the Comparison of the Military Values Scored by the Education and
Training Joint Cross Service Group for the 2005 Base Closure Process**

I. Introduction

For purposes of this study, the chosen attributes and measures are retained, even though it may be questioned as to whether they are reflective of the values dictated by Undersecretary Wynne by letter dated October 14, 2004.

This study was conducted in two parts. In the first, the scoring was done by applying the scoring ranges apparently used by the Education and Training Joint Cross Service Group (E&T JCSG). This led to a number of discrepancies. While the effect of each of these is quite modest, they are cited here as they raise some question as to the accuracy and applicability of the final results. In the second part of this study, areas were identified in which the scoring range or the interpretation of the measure of the attribute appears to be inappropriate.

II. -Apparent Errors in Application of BRAC Scoring Methodology.

Location, Measure 2 Distance to nearest large or medium airport. AFIT at 67.3 miles is found to be closer than NPG (72.1 miles). Since the scoring is linear, with the closer receiving maximum score, the NPG score should be $3(67.3/72.1) = 2.8$, rather than 2.928 originally given.

Location, Measure 3 Distance from a Test and Evaluation (T&E) facility seems questionable as a metric for graduate education. It would seem that a Defense Department research laboratory would have been more appropriate. In consequence, both sides are scored at zero. But the *absence* of a measured military value has been allowed to receive a maximum score. It is appropriate to reduce both scores to zero from the maximum of three.

Location, Measure 4 Distance to a civilian research center. WPAFB is evaluated at 2 miles, Monterey as 3. Accepting these values, the score of 3 for the closer school (AFIT) is correct. However, since the scale is linear, the score for the more distant (NPG) should receive $3(2 \text{ miles}/3 \text{ miles}) = .2$, rather than 2.984848485.

Educational Output Measure 2 The percent of graduates receiving JPMEI is scored for AFIT as zero. It is curious that this is the only metric for which an average is specified over a time base. The newly instituted IDE program gives a fraction of about 1/3 for FY04 and 40% for FY05. The number completing IDE by other means is not available, but an average of 1/3 by all means seems reasonable. In consequence, the AFIT score is $6(1/3) = 2$, that of the NPG unchanged.

Facilities Measure 1 The expandability metric assigns a maximum score of 6 only to a facility with 150 acres available, and a score of 0.6 for 20 acres, with a linear scale. With 47.3 acres available, the AFIT score should be $6[0.1+0.9(47.3-20)/130] = 1.734$ (rather than 1.58). With four acres available, the NPS score should be $0.6(4/20) = 0.12$ (rather than 0.6).

Facilities Measure 4 The metric is the percentage of military specific laboratories (apparently organic) that can not be outsourced. With a percentage of 2.93, the NPS score should be $6 * 0.0293 = 0.1758$, rather than 0.2637.

Educational Staff Measure 2. The value entered for the fraction of AFIT staff that is civilian (36%) appears to actually be the fraction that is military. Recomputation gives a score of $2 * (0.64) = 1.28$, rather than 0.72.

Quality of Life Measure 1 The assignment of a zero score to AFIT may have resulted from the absence of any housing specifically termed "student billeting." As there is no substandard housing on WPAFB, and all housing is available to students (within grade limitations), the appropriate score for AFIT is the maximum value of 2.

Quality of Life Measure 5 At present, there are numerous vacancies in WPAFB base housing. Thus, the wait time is zero, and a maximum score of 2 should be assigned to AFIT, rather than 0.

Quality of Life Measure 6 The metric assigns a score of one to the maximum (in this case minimum wait) wait time for child care with a linear scale. Accordingly, AFIT should receive the maximum score of 1, rather than 0.7) and the NPS a score should be $(1) * 7/23 = 0.3043$, rather than zero.

Summary: The individual impact of each of these corrections (see attached spreadsheet, columns headed Original Metrics, Corrected Numerics) make only minor differences in the military value scores for the two institutions. The combined effect, however, is significant. In the original scoring, NPS = 74.7, AFIT = 52.0. After incorporating the changes noted above, the scores are NPS = 70.3 , AFIT = 56.2. ***The changes, taken together, however, reduce the difference between the two institutions by 38%.***

III. Apparent Inappropriate Interpretations of Measures of Military Value

Location, Measure 1 In assessing the distance of the school from Washington, D.C., it is time away from station that is critical. A more rational scoring might therefore use time, rather than distance, and give maximum to, say, less than 30 minutes, 0.5 to places from which single day visits are possible, and 10% to places from which overnight trips are necessary. The AFIT score is then 0.5, and NPG 0.1.

Location, Measure 2 | While the Dayton International Airport is not classified by the Federal Aviation Administration (FAA) as a large airport, it has 107 daily departures (compared to 52 at Monterey). Further, Monterey has nonstop service only to LAX, SFO and SJC, whereas Dayton has nonstop service to virtually every major city east of Denver. This, together with its ease of access, combine to make it about as useful to the traveler as San Jose SJC, but the distance from AFIT to DAY is about ¼ the distance from Monterey to San Jose. As one of the nation's 10 largest cargo airports, the Dayton International Airport also provides outstanding

service for rapid shipping and receiving of equipment. The AFIT score should remain at 3, but NPG score should be lowered to $3(18/72)$ or 0.75.

Location, Measure 3 As to the distance from the school to a Service Center of Excellence in T&E, a more appropriate measure for graduate programs would be the distance from a major Defense Department Research, Development and Acquisition facility. WPAFB meets this criterion, while nothing with 200 miles of NPG does. A scoring of AFIT = 3, NPG = 0 is more appropriate.

Location, Measure 4 As to the distances from a Civilian Research Center, such were identified at a distance of 2 miles from AFIT and 3 miles from NPG. However, as there does not appear to be a comprehensive, doctoral degree granting closer to NPG than the University of California, Santa Cruz, at about 40 miles. Ohio's Wright State University (WSU) is almost contiguous to AFIT, and both are members of the Dayton Area Graduate Studies Institute (DAGSI) educational consortium, exchanging courses and research support. In the case of AFIT, it is only 1 mile to WSU and 5 miles to the University of Dayton. In the case of the NPG, it is about 40 miles to University of California, Santa Cruz. A scoring of AFIT = 3, NPG = $3(1/40) = 0.075$ then results.

Educational Output Measures Once adjusted for the earning of JPME credit, these measures, although perhaps somewhat arbitrary, appear to be generally justifiable. However, Educational Output Measure 2, completion of JPMEI is actually a surrogate measure of rank, as junior officers are not eligible. In the case of Educational Output Measures, the current degree productivity(EO3) of AFIT is approximately double that for the time base used to obtain the value used in the study.

Facilities Measure 1 The measure of expandability presumes 150 acres are necessary. Since no foreseeable expansion could require more than, say, about 9 city blocks, or about 40 acres, such a value should be assigned a maximum score. With a linear scale, the AFIT score then becomes 6, and the NPG, with 4 acres, 0.6.

Facilities Measure 3 A reported measure of 52 commands or organizations on the NPG installation providing support appears to be impossible. While there is one component of the Naval Research Laboratory, the Marine Meteorology Division, this would be more comparable to one directorate of the Air Force Research Laboratory (AFRL). There are six AFRL directorates on WPAFB (each of which has many divisions), in addition to the headquarters Air Force Materiel Command (AFMC), Aeronautical Systems Division (ASD), Armed Services Technical Information Agency (ASTIA), and the Shared Resource Center. It would appear that AFIT has access to about 10 such organizations and the NPG one. A more appropriate linear scoring would then be AFIT = 6, NPG = 0.6.

Educational Staff Measure 5 As a measure of educational value, a high faculty to student ratio should be more desirable than low. The faculty/student ratio at AFIT is reported as 0.39, whereas the faculty/student ratio at NPS is 0.17. The original scoring algorithm is particularly arcane, being an assignment of maximum value to the school with the lower faculty student ratio (R_{MIN}) and a value to the school with the higher (R_{MAX}) given by

$$\text{Score} = \text{Weight} \frac{1 - R_{MIN}}{1 - R_{MAX}}$$

A more appropriate comparison might be the simple linear scale, with the maximum value given to the school with the higher ratio, and the other school receiving the fraction R_{MIN}/R_{MAX} of that value. This leads to scores of AFIT= 2, NPG = $2(0.17/0.39) = 0.8718$.

Quality of Life Measures Once the availability of quality housing at WPAFB is accounted for, and a minor scoring error accounted for, the measures (although quite arbitrary) are generally satisfactory. While it may be questioned if the contribution to quality of life (1 point) of a major military hospital complex and a dental clinic (1 point) are truly the same, or if the adequacy of the civilian pay differential, rather than the amount, should be the metric, these issues receive low weight, and have negligible impact on the overall scores.

Summary: Changes in the interpretation and scoring of the measures in Educational Output and Quality of Life as discussed in this section do not affect the scoring for the two institutions, and changes in the interpretation and scoring of the measures in Educational Staff have only a modest effect. The consequence of changes in measures and scoring for the Location and Facilities measures, however are significant. The most significant of these factors are reviewed separately below, in declining order of significance.

In the original scoring of Facilities Measure 3, the NPS was considered to have 52 commands/organizations with which to share facilities and expertise, and AFIT 6. This led to scores of 6 and 0.69 respectively. As it would appear that the laboratories, program offices, and other organizations at WPAFB outweigh those at Monterey by a factor of at least ten to one, a scoring of AFIT 6 and NPG 0.6 lowers the NPG score by 5.4 while raising the AFIT score by 5.31. ***This change in relative scores of 10.71 can account for one half (47%) of the difference (22.7) between the two institutions in the original scoring.***

In the original scoring of Facilities Measure 1, the substantial advantage that WPAFB has in available land was largely negated by the award of full value only if 150 acres are available. Replacing this value with a projection of possible need for 40 acres, and using a simple linear scale, raises the AFIT score from 1.734 to 6 and that of the NPS from 0.12 to 0.6. ***This change in relative scores of 3.786 can account for 17% of the difference (22.7) between the two institutions in the original scoring.***

In the original scoring of Location Measure 2, the Cincinnati airport was used in the comparison. Recognizing the outstanding access available to the Dayton International Airport, and the wide range of flights available, retention of the score of 3 for AFIT but reducing the comparability score for NPS to 0.75 increases the advantage to AFIT by 2.05. ***This change in relative score can account for 9% of the difference (22.7) between the two institutions in the original scoring.***

In the original scoring of Location Measure 4, the distance from the NPG to a civilian research institution was taken as 3 miles. Using University of California at Santa Cruz as the basis for comparison with Institutes near AFIT, rather than a lesser institution at a distance of 3

miles, lowers the NPG score to 0.075. ***The resulting change of 1.925 in relative score can account for 8.5% of the difference (22.7) between the two institutions in the original scoring.***

In the original scoring of Educational Staff Measure 5, a low faculty to student ratio was taken as an indicator of educational value. Since costs are accounted for by other means in this study, it is a high faculty to student ratio that should be regarded as an indicator of educational merit. Recognizing this, as using the reported ratios, the AFIT score is increased from 1.47 to 2 and the NPG score is reduced from 2 to 0.872. . ***The resulting change of 1.658 in relative score can account for 7.3% of the difference (22.7) between the two institutions in the original scoring.***

IV. Impact

The Military Value of the two institutions, after adjusting for the apparent errors in the application of the BRAC methodology and using the more appropriate interpretations of measures, are as evaluated in the columns headed Revised Metrics and Corrected Numerics of the attached spreadsheet.

With these changes, the military value score of the Air Force Institute of Technology (69.7) is found to be greater than that of the Naval Postgraduate School, 60.3, a reversal of the original ranking, with nearly reversed scores.

However, the most appropriate conclusion to be drawn from this is that there is no significant difference between the Military Values of the two institutions. The results of such comparisons are driven less by the attributes of the schools than by the arbitrary selection of attributes, the arbitrary assignment of weights, the arbitrary selection of metrics and parameters, and by the accuracy and understanding exercised when organizations supplied the requested data.

It should be recognized that the Naval Postgraduate School has certain advantages in military value, largely accruing from its larger scale and greater excess capacity, and that the Air Force Institute of Technology has certain advantages, largely arising from its location in a much larger center of military research and development and civilian education, and somewhat to its location in a larger urban and industrial center.

There is, however, one further weakness in these assessments of military value. While the methodology applied may have some limited value in a side-by-side comparison of a set of two or more institutions, as was done here, (note that many institutions could have been selected so that either of these two would have appeared as clearly superior), the results of this evaluation may not be compared with military value scores obtained for other organizations. This is a specific consequence of using in 11 out of 25 cases a relative, or A-B, comparison rather than an absolute measure. In the A-B comparison the higher ranking organization is automatically granted the maximum score possible for that measure, regardless of absolute merit. This leads to higher scores when the comparison is between two organizations than when the comparison is between, say, ten organizations.

Thus, the military value scores obtained in this study, by whatever the measures and metrics may be used, should not be compared with any organizations other than those to which they were directly compared. A high score resulting from a comparison of two organizations is not necessarily indicative of more military value than a lower score for another organization if that score was obtained through comparison with a larger number of organizations.

V. Conclusion

Correcting for mathematical errors and allowing for subjective interpretation of the certified data used in the base closure process, there is no significant, conclusive difference in the military value between the Air Force Institute of Technology and the Naval Postgraduate School.

DCN: 11559

**Air Force Institute of Technology (AFIT) and Naval Postgraduate School (NPS):
Review of Cost of Base Realignment (COBRA) Analysis for Consolidation**

1. Overview

Scenario E&T 0022 (Education and Training Joint Cross Service Group) is to consolidate the Air Force Institute of Technology (AFIT) and Naval Postgraduate School (NPS) Professional Development Education (PDE) functions at NPS. The two actions are to disestablish AFIT graduate education function at Wright-Patterson Air Force Base, and consolidate AFIT graduate education function with NPS, Monterey, California. Key features¹ of the proposal are the:

- a. Elimination of 53 civilian positions at AFIT (no officer or enlisted are cut) and realignment of 67 civilian positions, 149 officers and 1 enlisted from AFIT to NPG
- b. Realignment of 1097 student positions from AFIT to NPG
- c. A \$62 million one-time cost, including a \$39.57 million MILCON at NPG
- d. A claimed net annual savings of \$5.286 million starting in 2009.

Each of the above is to commence in FY 2006 and be completed in 2008. All costs of MILCON, moving, RIFs, retirements, etc. occur in 2006 and 2007. Steady state cost savings claimed are \$5.3 million beginning in 2008, with payback of all one-time costs not being achieved until 2020. In this scenario, AFIT continuing education remains at WPAFB.

2. Comments:

a. A total of 270 positions appears correct for the AFIT Graduate School of Engineering and Management (GSEM). The civilian faculty is about 70. That is presumably the 67 that are targeted for realignment. This would suggest that all the civilian positions to be eliminated are from the academic support positions. Since there are about 70 military faculty positions, the other 80 military positions must all be non-faculty. This suggests the current support positions in GSEM must be about 133, with a 53 civilian and 80 military mix. As there are actually only about 10 military admin support personnel in the GSEM, many of the realigned officer positions must be coming from elsewhere with AFIT. Apparently, it is then presumed that the unrealigned or terminated civilian support staff (about 70) can be reassigned within the Institute.

b. Student realignments are 959 in 2006, 92 in 2007 and 46 in 2008. The "trailing" students may be Ph.D. students finishing degrees. Seventeen faculty are to remain at AFIT through 2007, possibly because of these students.

¹Determined from COBRA run of 7/25/2005 with data as of 12/28/2004; Scenario file E&T 0022 (Baseline) MOD 28 DEC; Option Package E&T 2002; Std Factors File BRAC 2005.SFF.

c. The MILCON is somewhat surprising in view of the alleged excess capacity at NPG. It may also account for why there is a lack of clarity whether 4 or 16 acres of land are available at NPG². Included in the MILCON are a 58,000 sq ft instruction building (\$24.5 million), a fitness facility (\$2.687 million), a child care center (\$3.670 million), roads (\$3 million), and a 1,400 car parking lot (\$5,696).

d. The net savings (\$5.286 million/year from 2009 on, all in 2005 dollars) are presented in the summary report as follows:

| | | |
|----------------------------------|----------------|------------------|
| Reduced personnel cost at WPAFB: | \$4.956M/year | |
| Increased Personnel Cost at NPG | \$3.449M/year | |
| Net Personnel Savings; | | \$1.507 M/year |
| Reduced overhead at WPAFB | \$10.844M/year | |
| Increased overhead at NPG | \$6.253M/year | |
| Net overhead savings: | | \$4.591 M/year |
| Other costs at NPG (TRICARE) | | (\$0.812) M/year |
| Total Savings: | | \$5.286 M/year |

3. Details

A more complete breakout of the increases in costs at NPG and reductions at Wright Patterson is to be found on page 2 of the detail report. That information is regrouped in the table below, and also shows an annually recurring savings of \$5.286 million.

| | <u>Increases at NPG</u> | <u>Decreases at WPAFB</u> |
|------------------------------|-------------------------|---------------------------|
| Civilian Salary | \$0.489M | -\$3.560M |
| Basic Allowance Housing | \$2.960M | -\$1.396M |
| Subtotal: Personnel | +\$3.449M | -\$4.956M |
| Sustainment | \$0.213M | |
| Recap | \$0.342M | |
| BOS | \$3.227M | -\$10.844M |
| Misc Recurring | \$2.470M | |
| Subtotal: Overhead | +\$6.252M | -\$10.844M |
| TRICARE | +\$0.812M | |
| Grand Total Recurring Costs: | +\$10.515M | -\$15.801M |

When displayed in this manner, it may be seen that the overhead cost at WPAFB appears to be significantly greater than that at the NPG.

² In the Military Values analysis for PDE, NPS was scored as having 4 acres available for expansion. However, a briefing presented by Mr. Mike Dominguez to the E&T JCSG Principals Meeting, January 5, 2005, referred to 16 unrestricted buildable acres at NPS.

From this table it may also be seen that an error has been made in the computation of civilian salaries. Sixty-seven positions, evidently the civilian faculty, were realigned at the NPG. The average faculty salary (FY2005) is \$122,000. Accounting for the 12% higher differential at NPG³, the increased salary cost should be $(67)(\$122,000)(12\%) = \$981,000$ rather than \$489,000 as given above as taken from the table on page 6/9 of the detail report (see above).

The Basic Allowance for Housing (BAH) as given in the table (also from page 6/9) is only for AFIT faculty moved to the NPG, i.e. (150 at about \$20,000). No allowance has been made for increased housing costs for students. If about one-half of AFIT students being realigned to Monterey qualify for BAH, the total cost would be approximately the same, as the BAH rate is approximately doubled at each grade. However, if all 1097 students qualify for BAH, then the annual cost of realignment at NPS has been underestimated by between 10 and 15 million dollars annually. While a precise computation may not be made without knowing the rank distribution and which students have dependents, it is likely that at least 80% will qualify for BAH. The BAH⁴ for majors and captains at WPAFB is \$1294 and \$1101 per month, respectively, and at NPS it is \$2355 and \$2291 per month, respectively. Assuming that 40% of students are majors with dependents, that 40% are captains with dependents, and that the remaining 20% do not qualify; with a student base of 1097 the total increase in housing cost over that at WPAFB can be expected to be about 11.853 million dollars a year.

4. Discussion

The original analysis suggested an annual cost savings of \$5.286 million per year. Taking into account the actual faculty salaries in computing the influence of the higher locality pay at the NPG reduces this cost savings by \$492 thousand dollars per year. Using estimates of the number and grade of students qualifying for the Basic Housing Allowance, the cost savings are further reduced by 11.853 million dollars a year. ***In consequence, this realignment can be expected to produce a net recurring cost to the Department of Defense of 7.059 million dollars per year. Moreover, the start up cost can never be recovered.***

5. Conclusion

A realignment brought about by transferring all graduate programs from AFIT to NPG does not meet the BRAC criterion of pay back within 20 years. In consequence this option should receive no further consideration.

³Data for relative locality pay taken from BRAC analysis of comparative military values of AFIT and NPG.

⁴Data for Basic Housing Allowance from <http://usmilitary.about.com/od/housingallowance/a/05bah.htm>

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The Air Force needs graduate scientists and engineers, but does it need its own graduate school?

AFIT

Under the Gun

By Bruce D. Callander



that all the nation's colleges and universities are available for the Air Force, why should USAF be running its own graduate school for scientists and engineers?

In the 1990s, USAF leaders decided they did not have an acceptable answer to that question, and they proposed to end in-residence graduate training provided at the Air Force Institute of Technology, located at Wright-Patterson AFB, Ohio.

The plan was soon scrapped, but it already had slowed enrollments at AFIT and raised questions about USAF's commitment to the whole area of Science and Technology. Since then, there has been an ongoing debate over whether USAF is overemphasizing current readiness at the expense of long-range development of USAF's S&T base.

Gen. Robert T. Marsh, USAF (Ret.), commander of Air Force Systems Command from 1981-84, is one of those concerned.

"There has been a de-emphasis in this whole area," said Marsh in a recent interview, "and it's unlike any prior period of our history in the Air Force. I think that, despite very austere times, we've always kept that forward vision of the Air Force and always protected our corps of technically oriented officers working on the future. That's really been de-emphasized today as I see it."

For the moment at least, the threat of eliminating AFIT's in-residence graduate programs has abated. Last May, Air Force Secretary F. Whitten Peters gave AFIT high marks for its past accomplishments and said that the Air Force would continue to support it as an in-house institution.

In a written answer to queries about his decision, Peters said, "AFIT students have provided invaluable research in many areas within the Air Force while attending school. AFIT graduates are some of the best in the country, and they are the best because of the programs we are able to offer. We totally support AFIT as an agency within the Air Force and plan to keep it a vital and viable institution."

The Toughest Job

That said, however, the Secretary conceded that enrollments in AFIT programs have fallen sharply in recent years because of force cuts, poor retention, and growing mission demands.

"One of our toughest jobs," he said, "is deciding on the best use of our resources-whether those resources are planes and materials, or our most valuable resource, our people. While it is an easy task to identify where we would like to have AFIT graduates, in this time of personnel shortages, it is much more difficult to pull officers away from real-world, mission-critical positions for two to three years, or longer, depending on their degrees."

Peters went on, "This is not a choice we like having to make. However, we do make the choice and that's why this year we have a little more than 3,000 of our line, JAG, medical, and chaplain officers either attending, graduating, or inbound to AFIT programs, both in residence in Dayton or at civilian institutions around the country."

Col. George K. Haritos, commandant of AFIT, says the cuts also have created difficulties within the institute itself.

"The problem is that we had to size the graduate school, back in the spring of 1998, to accept 230 master's students and 35 Ph.D. students every year," he explained. "We combined two graduate schools [the Graduate School of Engineering and the Graduate School of Logistics and Acquisition Management] into one. We let go half the faculty from the L&AM school, going from 30 professors down to 16. And we cut some faculty from the School of Engineering. In all, we cut 43 positions, saving \$3.1 million a year in pay.

"Now, the school is sized to accommodate that student load, but, because of the problems with not having enough scientists, engineers, and officers overall, the Air Force has not been able to fill our classes."

He went on, "So, we are not receiving the number of students we need to meet the Air Force requirements and to operate efficiently. When you expect 230 master's students and you get 175 as we did last year, and when you expect 35 Ph.D. students and you get 16, obviously there are problems. Plus you produce fewer graduates for yet another year, making the shortage of people available to fill advanced academic degree billets even more severe."

AFIT grants master's and doctoral degrees to those in its resident program, supervises students in graduate programs at civilian universities, and oversees officers in education with industry programs. Its Civilian Institution Programs places students in more than 400 civilian universities, research centers, hospitals, and industrial organizations in the United States and other countries. Other resident programs offer short, nondegree courses for professional continuing education and provide consultation services to Air Force commanders and staffs.

Back to McCook

The institute began in 1919 as the Air School of Application, located at McCook Field, Ohio. It had six officers in training. Some early graduates were sent on to the Massachusetts Institute of Technology to take aeronautical engineering. Among them was Lt. Jimmy Doolittle, who earned both a master's and doctoral degree there.

Over the years, the institution underwent several organizational and name changes. In 1950, its jurisdiction was shifted from Air Materiel Command to Air University, and, four years later, Congress authorized the AU commander to grant degrees to graduates of the in-residence programs.

In 1967, AFIT became a member of what is now the Southwestern Ohio Council for Higher Education, an association of colleges, universities, and industrial organizations in the Dayton, Ohio, area. AFIT also is active in other community and interinstitutional programs, including the Dayton Area Graduate Studies Institute, a consortium of the engineering schools of AFIT, the University of Dayton, and Wright State University.

In its more than 80 years of existence, the institute has trained some 300,000 DoD personnel, including dozens of general officers and many astronauts, 11 of whom earned their degrees in residence.

In the mid-1990s, however, Air Force leaders began to question whether the Air Force needed or could afford to continue in-residence AFIT training. The then-Air Force Secretary Sheila Widnall, a former professor of engineering, proposed closing the in-house schools and contracting more training to civilian institutions. AFIT cut its planned enrollments and prepared to shut down a substantial portion of its operations.

Haritos recalls the period. "It was very late in 1996 when the tentative decision to shut down the graduate school became public," he said. "Immediately afterwards, we were charged to explore alternatives for educating the graduate students. Nobody said that graduate education was not important. They just said that we can't afford to do it in-house."

He continued, "So, the commandant at the time received the order to explore the question: After AFIT is gone, what is the best way to educate people? We explored two possibilities. One was to privatize AFIT, locate it at or near Wright-Patterson, and work with several universities in Ohio to deliver Air Force-related formal graduate education and the research that goes with it. That was an unsolicited proposal from the state of Ohio. The second alternative was to send students

to civilian universities, use a select group of quality graduate schools both state and private with demonstrated ability."

Haritos noted that it took more than a year to finish the study and evaluate alternatives, and then compare them with the in-house AFIT.

"We used criteria that were identified in conjunction with AU at the time," he said. "The criteria were quality of education, expected focus of curricula and research to Air Force needs, responsiveness to evolving Air Force requirements, and cost."

Peters Decides

The findings were presented to Peters in early 1998. He concluded that keeping AFIT clearly was the correct choice. That is when he decided AFIT would stay open.

A little later, Air University hired the consulting firm of Booz·Allen & Hamilton to perform an independent cost-benefits study of the alternatives. That analysis again showed AFIT's in-house program to be superior.

"I remember the figures," said Haritos, "because I was heavily involved with finalizing the numbers. The AFIT in-house cost of graduate education was \$19.9 million per year. Going to a select group of good universities was \$18.6 million per year. So we are talking about \$1.3 million per year."

Widnall, now back in her position as professor of aeronautics and astronautics at MIT, still defends privatization. In a written response to questions, she said, "With the dramatic budget cuts faced by the Air Force--and I understand it's getting worse--we must continually re-examine the way we do things, especially those things which are supportive of but are not actually our core mission.

"You have seen privatization initiatives across the entire range of support activities in the Air Force, from base housing, to food services, to research and development. These privatization efforts have assured the Air Force that it was getting best value for its dollar and have set a standard for in-house activities to measure themselves against and to compete with world-class external firms.

"In some cases, public-private partnerships have resulted, enriching both partners, not with money but with knowledge and experience. It is very important that Air Force personnel have access to higher education in science and engineering and other core specialties. How they do this is a subject for constant re-examination. Cost and quality are both issues.

"Weighing unique Air Force needs against the importance of access to the best in higher education is also important. When the multiple of the effective cost of in-house AFIT tuition for a comparable engineering degree gets too large, say a factor of five, then I do think a serious re-examination is in order for those programs that are comparable to those offered by civilian universities. We will always have unique needs because of our arcane business methods."

Air Force Needs Come First

Marsh disagrees. In an interview, he said, "Those of us on the other side have long argued that AFIT has met the changing needs of the Air Force over many years in an exemplary fashion. An institution like AFIT, that is Air Force-run, is more adaptable to the changing academic needs of the Air Force than are civilian institutions."

Although Marsh earned his own master of science degrees in instrumentation engineering and aeronautical engineering under AFIT at the University of Michigan, he says that AFIT's in-house programs have a flexibility that civilian institutions can't match.

"To institute even a new course out in the civilian institution world, it takes years to get the faculty all to agree that there's even a need for a new course, to get it structured, and to approve the curriculum," said Marsh. "By contrast, as the Air Force evolved and we saw needs for our people to understand stealth technology, laser and directed-energy technology, and new sensor technology, ... as we saw those needs developing, the Air Force leadership insisted that AFIT develop curricula to deal with those new subjects."

He went on, "Another point is that AFIT has provided the opportunity for the Air Force to accomplish a lot of important research and engineering that was applicable to Air Force needs through the graduate thesis program of students. We have, if you will, vectored students toward subjects of important interest to the service. ...

"There have been attempts to quantify those contributions over time and they have shown that pretty impressive sums have resulted. It has been good research because most of it was performed in conjunction with the Air Force laboratories there at Wright-Patterson. They could take advantage of the opportunities right there at the base to do work that had important relevance to the Air Force."

Another AFSC commander (1984-87), Gen. Lawrence A. Skantze, USAF (Ret.), also stresses the importance of AFIT's research capabilities. Skantze earned his master's degree in nuclear engineering in residence in 1959. In an interview, Skantze recalled his reaction to the proposed shutdown.

"I wrote a letter to the Chief of Staff," he said, "and pointed out that, as a graduate of AFIT, I saw the unique educational opportunity that was provided within an Air Force environment. You couldn't duplicate that elsewhere because of the proximity of the laboratories and the active program offices [at Wright-Patterson]. In other words, as you did your research work, you had the real world of Air Force acquisition and Science and Technology taking place all around you, and you could immerse yourself in that part of the environment to understand it."

Board of Visitors Report

While the prospect of privatization has diminished, defenders of scientific and technical education see other, more serious dangers to AFIT. Last March, for example, the institute's

Board of Visitors took a hard look at the institute as a whole and concluded that it had major problems. In its written report, the board concluded:

- AFIT's low production rate is a major factor "in the eroding scientific and technical base of the Air Force."
- AFIT is in "passive but inexorable shutdown mode despite the Secretary of the Air Force decision to keep it open."
- Failure to meet enrollment targets has resulted in underuse of faculty and facilities and increased costs per student.
- There is no evidence that USAF has addressed the importance of AFIT to the service.

The board complained, too, that its past recommendations for improvements "appear to be languishing in the bureaucracy process."

Summing up its findings, the board said it had found two major causes of "the run down of AFIT and its capabilities." One is what the board called "the extraordinary emphasis on readiness." This, the report said, has resulted in a persistent reduction in investment for AFIT and endangered its ability to survive as a first-quality institution. The other is that USAF and AFIT have been forced to "adapt in a dysfunctional manner, creating a faculty that is misaligned with student load, a student body that is persistently undersized, and a graduation mix that is not meeting USAF needs."

For the near term, the Board of Visitors called for the Secretary of the Air Force and Chief of Staff jointly to order increased enrollment in AFIT. For the long term, it said, the Air Force should decide on "core graduate education requirements" that will provide a steady stream of expertise into critical skill areas. In the absence of a clear-cut commitment to Science and Technology-educated officers, the board's report said that USAF must accept a less capable future force, ranging from lower skilled manning in USAF labs to lack of smart uniformed buyers in its acquisition corps.

The Board of Visitors noted, too, that until the late 1980s, the commandant of AFIT had been a two-star general officer. The position was later demoted to one-star rank and, more recently, to colonel. "Curiously," the report said, "all formal education institutions in the USAF other than AFIT 'earn' a flag command billet, ... the Air Force Academy (three stars) and Air University (four stars). Lack of a general officer billet is a clear institutional signal of AFIT's lower level of importance."

Skantze cited other evidence of USAF's neglect of AFIT and of Science and Technology in general. Recalling the 1992 consolidation of Air Force Systems Command and Air Force Logistics Command, he said, "Before the merger, the commander of Air Force Systems Command was the one who defended the need to invest in Science and Technology and in AFIT education. That 800-pound gorilla no longer exists. So, the dependency is falling on the commander of Air Force Materiel Command to fight for both S&T and AFIT while at the same time he is not only burdened with overseeing the acquisition of new systems but with providing the logistics support for the current fielded system. That is an awful lot for one man to have on his plate."

"An Essential Element"

Marsh agrees that AFIT needs more top-level support. "You have to have a corporate decision that such an institution is vital to the future of the Air Force," he said. "It's an essential element, just as the Air University is. We recognize that professional development is essential to the Air Force no matter what its size or structure. I think we have to recognize that a technical development institution also is absolutely essential.

"You have to make that decision. Then, you have to enunciate it to the whole force, ... make it a matter of policy, ... and then, obviously, you have to allocate the necessary resources. We're not talking about enormous resources to operate AFIT. You have to justify them to the Hill, of course, but that is not a problem. But it takes a determination on the part of the Air Force that the acquisition and retention of technically qualified officers are essential and to use this institution to achieve that objective."

Commandant Haritos is hopeful about AFIT's future. "I am optimistic," he said. "The Secretary has gone on record that he thinks AFIT is important. I also have seen a list of [Air Force Personnel Center] initiatives designed to help with our enrollment problem. So, I am hopeful that, in the near future, we will be getting the number of students we should be getting.

"I know we have a lot of people who believe it would be a grave error to shut down AFIT. It's not the kind of error you can reverse. It's not like saying, 'OK we have no money for the F-22 this year, so we won't buy any. We know it's going to cost more next year, so we'll put up a little more money next year and the program will still be OK.'

"But, if you shut down AFIT, all the professors go off and find other jobs. All the staff leave and find other jobs," said Haritos. "You can't just decide you made a mistake. It's gone forever. You can't just start a university from the ground up. If we decide, as corporate Air Force, that we don't need graduate education, we had better be absolutely certain that we are making the right decision."

Bruce D. Callander, a regular contributor to Air Force Magazine, served tours of active duty during World War II and the Korean War. In 1952, he joined Air Force Times, serving as editor from 1972 to 1986. His most recent story for Air Force Magazine, "The Recruiting and Retention Problems Continue," appeared in the June 2000 issue.