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Congress of the United States
14th District, Ohio

June 9, 2005

Mr. Anthony J. Principi
Chairman
Base Realignment and Closure Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Dear Commissioner Principi:

As you know, the Base Closure and Realignment Report contains numerous recommendations regarding the Defense Finance and Accounting Service (DFAS), including a massive realignment of DFAS in Cleveland that will result in at least 1,028 direct job losses (1,013 civilian, 15 military) and another 847 indirect job losses.¹

While this action is coined a "realignment" rather than a closure, the end result is the same – a tremendous loss of jobs in Cleveland. Through direct job losses alone, Cleveland stands to lose nearly as many jobs in the BRAC process as the entire state of New York and stands to lose more net civilian jobs than the states of California or Florida.²

The Department of Defense (DoD) justifies this and other realignments and the closure of 20 smaller facilities on several fronts. It touts that it will spend \$282.1 million to close, realign and reshuffle jobs during the BRAC period (FY 2006-11) in order to save \$158.1 million during the same period of time. After implementation, DoD believes it will save \$120.5 million a year, which amounts to a savings of \$1.3 billion over 20 years.³

These savings will allegedly be achieved by closing 20 small DFAS sites around the country, and realigning DFAS facilities in Cleveland, OH, Arlington, VA, Columbus, OH, Denver, CO, and Indianapolis, IN.⁴ It is worth noting that the three DFAS centers that stand to gain jobs in the long run – Denver, Columbus and Indianapolis – will lose plenty of jobs first.

A Misguided and Costly Shell Game

The Great DFAS Shuffle of 2005 stands to be one of the greatest wastes of taxpayer dollars in recent memory, and, interestingly, it rivals the money squandered during the last major consolidation of DoD financial services in 1994. During that consolidation, announced in May 1994, DoD decided to consolidate 300 defense finance offices into five large existing finance

Centers (Cleveland, Columbus, Denver, Indianapolis and Kansas City) and 20 new sites called operating locations. DoD later decided to add a 21st new site in Hawaii, bringing the total to 21.⁵

The 1994 DoD decision to maintain five large DFAS Centers and open 20 smaller ones came on the heels of a lengthy DoD public relations debacle where cities across the country offered hundreds of millions of dollars in incentives to become home to a DFAS megacenter that would employ between 4,000 and 7,000 workers.

In essence, cities across the country competed against one another to land a “mega” DFAS Center, not unlike what happens when cities try to lure a professional sports team. “The Pentagon is asking that cities provide the facilities – the larger versions would be 1 million square feet or more - at ‘little or no cost.’ Cities are also encouraged to provide on-site fitness centers, day-care centers, parking, and security and maintenance personnel.”⁶ Some cities even approved tax hikes hoping to lure a mega DFAS Center.⁷

Twenty cities in 14 states were named finalists for a DFAS megacenter, including Cleveland, but the plan was scrapped in March 1993 by then-Defense Secretary Les Aspin. Secretary Aspin called the process of having cities offer millions of dollars in incentives for new jobs “unsound public policy.”⁸

If this latest BRAC recommendation proceeds, in one fell swoop, the DoD will dismantle one of its existing large DFAS Centers, which happens to be the Cleveland area’s fourth largest federal employer. This center can tout six decades of uninterrupted and lauded service, and is responsible for handling payroll for the Navy, all military retirees, and our military reservists and their families during a time of war. This realignment will throw Cleveland’s economy into a tailspin, devastate its tax base and disrupt the lives and careers of more than 1,000 workers who now run a tight and widely-praised ship.

There is scant economic justification for shuttering Cleveland DFAS, but what is proposed for Cleveland is only part of the larger picture – a potentially colossal waste of taxpayer money. The projected savings from the upheaval of DFAS, in the big scheme of things, are nominal at best and certainly don’t warrant this massive and ill-conceived shell game.

If Taxpayers Only Knew

After the BRAC Report was released on May 13, 2005, I began an effort to obtain more detailed information about the true cost of realigning the Cleveland DFAS office. The BRAC Report contains many generalities about cost, but few specifics, and no specific costs by facility.

I had my staff submit a series of detailed, informational requests to DoD and the BRAC Clearinghouse. I was not sure if BRAC would supply answers to my questions because the information I sought is not publicly available in the BRAC report, or through any other source. It has taken between 4 and 7 business days to get answers to most of my requests, and at times the

Information provided by BRAC and DoD has been vague. For example, it took two separate requests simply to determine the costs and savings of realigning the Cleveland DFAS office. I subsequently asked DoD to provide the costs and savings associated with every DFAS facility nationwide slated to close or realign. I have successfully obtained the information.

I think taxpayers will be appalled to learn DoD wants to spend nearly \$29 million⁹ in taxpayer funds to shutter Cleveland DFAS. DoD also intends to relocate many existing Cleveland jobs to Denver, Columbus and Indianapolis – all at taxpayer expense.¹⁰ Worse yet, DoD also plans to close 20 smaller DFAS facilities¹¹ (known as operating locations) about a decade after spending hundreds of millions of dollars opening them as part of a 1994 consolidation effort.¹²

The one-time cost of closing the 20 smaller DFAS facilities is a staggering \$159,474,000, according to information I sought and obtained from BRAC officials.¹³

Ironically, the 20 DFAS smaller centers were opened despite repeated reports and warnings from the General Accounting Office (GAO) and Congress that 20 new offices was two, three or almost four times greater than what was needed or could be justified. The GAO also stated that “There is considerable evidence that Congress wanted DoD to reassess its requirements and to open only those operating locations need to perform finance and accounting operations.”¹⁴ A top DoD official testified before the House Committee on Armed Services, Subcommittee on Military Installations and Facilities, in June 1993 about the DFAS consolidation, saying that sites should be reduced to “no more than a handful”¹⁵ if DoD was to “achieve the savings, operational improvements, and efficiencies envisioned from the consolidation.”¹⁶

The titles of two GAO Reports on the subject bear noting:

- *DoD Infrastructure: DoD's Planned Finance and Accounting Structure Is Larger and More Costly Than Necessary (September 1995)*
- *DoD Infrastructure: DoD is opening Unneeded Finance and Accounting Offices (April 1996)*

Throwing Caution, Money and Objections to the Wind, DoD Plans 20 New DFAS Sites

Despite warnings from Congress and the GAO that it was about to embark on a costly and unnecessary project, DoD forged ahead with plans to open 20 new DFAS sites as part of its 1994 consolidation effort. Fifteen of the new sites would be located at excess DoD facilities – primarily military bases that had been closed or realigned – even though the DoD “considered several of them less desirable from a customer service, cost, or quality workforce standpoint.”¹⁷ Further, it was estimated at the time that it would cost the DoD \$173 million in taxpayer money just to bring the sites “up to par.”¹⁸ Improvements included asbestos removal, seismic upgrades,

DoD paid for removal and extensive interior and exterior demolition.¹⁹ DoD now proposes spending more than \$159 million to shut them down.²⁰

The GAO also seemed perplexed that “DoD decided to open 20 new operating locations without first determining what finance and accounting functions they would perform or if 20 was the right number to support its operations.”²¹ The GAO was also surprised that DoD was considering such a large number of new facilities because “DoD’s analysis showed that finance and accounting operations could be consolidated into as few as six (sites).”²²

GAO went so far as to predict in September 1995 that the consolidation into 20 smaller facilities “will not likely improve DoD’s business operations” and further speculated that “Once these functions are re-engineered DoD may be faced with the need to consolidate them once again.”²³ Alas, we now face a consolidation of the consolidation, just as GAO warned a decade ago.

During the proposed 1994 consolidation, many red flags were raised by Congress and GAO about the need for 20 new centers. “There is considerable evidence that Congress wanted DoD to reassess its requirements and to open only those operating locations needed to perform finance and accounting operations,”²⁴ the GAO stated.

The Senate Committee on Armed Services and the Senate Committee on Appropriations “asked DFAS to reexamine its requirements before establishing additional operating locations.”²⁵ Further, the House Committee on National Security reported that the “DFAS consolidation plan would result in a larger infrastructure than necessary.”²⁶ A DFAS reassessment of plans to open 20 new sites was completed on January 2, 1996.²⁷

DFAS officials concluded that 16 smaller DFAS offices were needed (15 in the continental U.S. and one in Hawaii), and that five proposed DFAS offices were “no longer needed.”²⁸ It was no shock that DFAS said 16 centers were necessary, especially since 14 of them had already opened.²⁹ DFAS touted that by limiting the number of new sites to 16, it could “maintain its projected annual savings of \$120 million in operations and maintenance costs and avoid spending about \$51 million in military construction costs.”³⁰

Did DoD avoid opening the five unneeded DFAS offices and avoid spending as much as \$51 million in construction costs?

The DoD went ahead with its original plan to open 20 new DFAS offices, and also tossed in a 21st office in Hawaii as well.³¹ Again, at least 14 offices had already opened at this point. The GAO met on March 27, 1996, with officials from DFAS and DoD to obtain comments on a draft of its April 1996 report. The GAO said DoD “did not dispute the fact that five locations are no longer needed.”³² The GAO said that DoD remained “convinced, however, that two of the (unneeded) locations - Lawton (OK) and Seaside (CA) – should be opened in accordance with language in the National Defense Authorization Act of 1996.”³³

DCN: 11562
The DoD said failure to open the Lawton and Seaside offices would “violate the intent of Congress”³⁴ and cited a specific section of the 1996 Defense Authorization bill. The GAO was very clear that the bill in question gave DoD the authority to open the Lawton and Seaside DFAS offices but did “not mandate it to do so.”³⁵

The opening of the Lawton, OK, and Seaside, CA, offices are an especially egregious waste of taxpayer money. DoD opened the Lawton facility on February 16, 1996, and the Seaside facility on March 29, 1996.³⁶ The DoD planned to spend about \$19 million to renovate the Seaside facility and about \$12.8 million to renovate the Lawton facility.³⁷ The renovations were planned even though “DFAS believes it no longer needs any employees at Seaside” and “DFAS no longer believes it needs an operating location at Lawton.”³⁸

It is not clear how much money was actually spent renovating these two unneeded facilities, but it is crystal clear how much it will cost to close them. The one-time cost of closing the Lawton facility is \$5,921,000, and the one-time cost to close Seaside is \$2,669,000.³⁹

It is also clear that DFAS continued to spend taxpayer dollars on its consolidation efforts. On February 27, 1997, John B. Goodman, Deputy Undersecretary of Defense, testified before the House National Security Committee’s Subcommittee on Military Installations and Facilities. He was there to present DoD’s Fiscal Year 1998 installation and facilities programs and its budget. He outlined plans for four DFAS projects, including plans to spend nearly \$30 million to renovate three new small DFAS operating locations, but his testimony did not specify which sites.⁴⁰

“DFAS requests funding for four projects as it continues consolidation to select operating locations. Three projects for \$29.7 million will renovate existing facilities for administrative use. These projects are consistent with the DFAS master plan to provide efficient and economical customer service through regional centers.”⁴¹

Defense Undersecretary Goodman also spelled out plans for the Columbus DFAS Center. “The fourth project is to continue construction of the DFAS Center at Columbus, Ohio, which was authorized in fiscal year 1996 for \$72.4 million. The project is phase funded. For fiscal year 1998, DFAS seeks additional authorization of \$9.7 million and authorization of appropriations of \$23.9 million for Phase III. This will complete the three phase project to replace eight buildings and five trailers on two installations. DFAS plans to have the Columbus center operational in the year 2000.”⁴²

DoD now plans to shut down 20 recently opened DFAS facilities

DoD, in proceeding with the so many new facilities – many in aging and decrepit buildings – argued that folks weren’t looking at the big picture or the long-term savings. At the time, the DoD touted that opening the 20 smaller DFAS facilities would translate to savings of \$8 billion to \$9 billion over 20 years.⁴³ Regrettably, before savings can truly be gauged, the DoD

DGN 11/15/02
has decided to shut down each of the 20 new centers, most of which were activated in 1995.⁴⁴

Put bluntly, the DoD created 20 new DFAS offices across the country, staffed them to their current level of more than 5,000,⁴⁵ spent at least \$173 million⁴⁶ in taxpayer dollars to renovate the new offices, and now has decided that it is a wise use of taxpayer money to close all of them about a decade after they opened.

It will cost approximately \$159,474,000 to shut down these 20 facilities,⁴⁷ with alleged savings long down the road. The total one-time cost for realigning DFAS facilities in Cleveland, Columbus, Arlington, Denver and Indianapolis is \$122,586,000.⁴⁸ This includes the cost budgeted to gut Cleveland DFAS – nearly \$29 million.⁴⁹ The Cleveland DFAS office is the granddaddy of the military payroll centers and a site DoD has called the “nerve center of DoD’s financial operations.”⁵⁰

Closing Costs are Outrageous – Alleged Savings a Long Time Coming

Information I requested and obtained from the BRAC Commission paints a disturbing picture of the cost of closing and realigning facilities and the imminent savings.

- DoD proposes spending nearly \$29 million to gut or “realign” Cleveland DFAS and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵¹
- DoD wants to spend \$9.2 million to close DFAS Norfolk, which has 314 employees.⁵² By doing so, DoD will save a paltry \$9,000 in Fiscal Year 2006.⁵³
- DoD wants to spend more than \$7 million to close DFAS Rock Island (IL) and will save just \$19,000 a year in Fiscal Years 2006, 2007 and 2008.⁵⁴ Rock Island has 235 employees.⁵⁵
- DoD intends to spend more than \$6 million to close DFAS Dayton, which has 230 employees,⁵⁶ and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵⁷
- DoD will spend more than \$8 million to close DFAS Rome (NY), which has 290 employees,⁵⁸ and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵⁹
- DoD wants to spend nearly \$17.3⁶⁰ million to close DFAS Kansas City, now one of the five large DFAS Centers (Cleveland, Kansas City, Columbus, Denver and Indianapolis.) The closure will save NO money in Fiscal Year 2006, \$217,000 in Fiscal Year 2007, and \$160,000 in Fiscal Year 2008 and 2009.⁶¹ Kansas City has 613 employees.
- DoD wants to spend \$1,098,000⁶² to close DFAS Lexington, which has just 45 employees.⁶³ The closure will eventually save– AT MOST – \$211,000 a year.⁶⁴

DCN: 1382 DoD wants to spend nearly \$6.4 million to close DFAS Limestone (ME) and will reap no savings in Fiscal Years 2006 or 2007 and just \$443,000 in Fiscal Year 2008.⁶⁵ The Limestone facility has 241 employees.⁶⁶

Also, the one-time cost of closing many of the small DFAS offices exceeds projected savings during the entire BRAC period (Fiscal Years 2006 to 2011). For example:

- DFAS Rock Island will cost about \$7.1 million to close and savings will only be about \$2.9 million during the BRAC years.⁶⁷
- DFAS Pensacola (includes offices at Pensacola Naval Air Station and Saufley Field) will cost \$19.6 million to close and savings will only be about \$14.8 million during the BRAC years.⁶⁸
- DFAS Dayton will cost about \$6.1 million to close and savings will only be about \$1.9 million during the BRAC years.⁶⁹
- DFAS St. Louis will cost about \$9 million to close and savings will only be about \$6 million during the BRAC years.⁷⁰
- DFAS Limestone will cost about \$6.4 million to close and savings will only be about \$3.1 million during the BRAC years.⁷¹
- DFAS Charleston will cost about \$11.5 million to close and savings will only be about \$8.7 million during the BRAC years.⁷²
- DFAS Rome (NY) will cost about \$8 million to close and savings will only be about \$3.4 million during the BRAC years.⁷³
- DFAS Kansas City (the only large DFAS Center closing) will cost about \$17.3 million to close and savings will only be about \$7.3 million during the BRAC years.⁷⁴

It is important to remember that after all the closings, realignments and shuffling of DFAS jobs, the DoD only anticipates saving, at most, \$120 million a year.⁷⁵

BRAC Report tries to justify the unjustifiable

I read with interest the detailed recommendations accompanying the May 2005 BRAC Report, particularly the “justification” for DFAS actions. Essentially, DoD says it needs to undertake this extreme makeover of the DFAS system because it has too many offices doing the same thing in offices that contain too much space.

“The current number of business line operating locations (26) inhibits the ability of DFAS

DCN: 11562

to reduce unnecessary redundancy and leverage benefits from economies of scale and synergistic efficiencies.”⁷⁶ DoD also states that the current 26 DFAS locations result in “overall excess facility capacity of approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space.”⁷⁷ In other words, DFAS now finds itself with 43 percent too much administrative space and 69 percent too much warehouse space after expanding by 20 facilities in the last decade.

I find it rich that the DoD now laments problems with redundancy, efficiency and excess facility space 10 years after it created 20 new DFAS facilities that employ 5,000 people.

I certainly have empathy for those communities that were awarded DFAS facilities in the last decade after losing larger bases through closures or realignment. How very compassionate and efficient of the DoD to establish facilities that were not needed, add even more jobs and functions over the past decade, reward these facilities for their performance, and then pull the rug out from under them. These local communities have every right to be outraged, as do taxpayers who footed the bill.

Shuffle DFAS Workers and then Shuffle Them Some More

According to the BRAC report, current DFAS employees in Cleveland and Arlington, VA, could have their jobs transferred to Denver, Columbus or Indianapolis as part of the grand realignment scheme.⁷⁸ Taxpayers will pay for the cost of moving these jobs, as well as early retirements for workers who aren’t inclined to move. One might assume that the BRAC Report would recommend no upheaval of jobs at Columbus, Denver or Indianapolis to ensure a smooth transition. One would be wrong.

One also might assume that costs of realigning these three centers will be reasonable. Wrong again. The one-time cost to realign DFAS Columbus is \$34,193,000.⁷⁹ The one-time cost to realign DFAS Denver is \$39,520,000,⁸⁰ and the one-time cost to realign DFAS Indianapolis is \$2,892,000.⁸¹

The three DFAS facilities that will gain jobs – Denver, Columbus and Indianapolis – will actually lose jobs as well in part of the massive shuffling of jobs. What is proposed is stupefying and mind-numbing.

- Up to 55 percent of the Accounting Operation functions now in Columbus will be shifted to Denver;⁸²
- Up to 25 percent of the Accounting Operations now in Denver will be shifted to Columbus or Indianapolis;⁸³
- Up to 30 percent of the Commercial Pay functions now in Columbus will go to Indianapolis;⁸⁴

DCN: 11562

- Up to 10 percent of the Commercial Pay functions now based in Indianapolis will go to Columbus;⁸⁵
- Indianapolis will also shift up to 10 percent of its Accounting Operations to Columbus or Denver,⁸⁶ and
- Finally, Denver will move up to 35 percent of its Military Pay functions to Indianapolis.⁸⁷

All this costly job shifting and swapping will be done for – yes it’s true – “strategic redundancy”⁸⁸ reasons. From my perspective, there’s very little strategy involved in this dunderheaded decision. Again, projected savings from all the DFAS moves translate to just \$120 million a year over 20 years.

Anti Terrorism Force Protection Standards a Factor?

I also was interested to learn that the three sites that will ultimately gain jobs – Denver, Indianapolis and Columbus – meet DoD Antiterrorism/Force Protection (AT/FP) standards.⁸⁹

DFAS facilities in Denver, Columbus and Indianapolis are all based at large military installations.⁹⁰ DFAS Columbus is on the grounds of the Defense Supply Center Columbus, a 575-acre installation; DFAS Denver is located on part of the former Lowry Air Force Base, which closed in 1994; and DFAS Indianapolis is located on the grounds of the former Fort Benjamin Harrison, which closed in 1995.

Had our local officials and congressional delegation known that the Cleveland DFAS office could be in jeopardy due to AT/FP standards, we would have fought tooth and nail to make it as safe as these other three facilities. However, this concern was not raised as a key determining factor with BRAC. The Cleveland DFAS Center in the Celebrezze Building does not meet AT/FP standards.⁹¹

I also find it ironic that DoD raised no terrorism or security concerns when payroll work from Denver and Indianapolis was transferred to Cleveland DFAS in July 2004 due to extended deployments in Iraq and Afghanistan and a need for efficient manpower.⁹² There was certainly no fortress around Cleveland DFAS less than a year ago when DoD decided to locate its Reserve Pay Center of Excellence in Cleveland.

In addition, some 434 privatized contract workers and 19 civilian positions that handle Retired Military and Annuitant Pay Functions for DFAS will keep their jobs and continue to work out of the Celebrezze Building in Cleveland – the same building that doesn’t meet terrorism standards. If the Celebrezze building isn’t safe enough for 1,028 government DFAS workers in Cleveland, how is it safe enough for some 434 privatized employees responsible for DFAS work?

DCN: 15621
Additionally, it is worth mentioning that Cleveland DFAS already has a site in the area that meets DoD anti-terrorism standards – the DFAS facility in Bratenahl,⁹³ which is a small community adjacent to the city of Cleveland. DoD owns nine buildings at this site containing a total of 76,780 square feet.⁹⁴ The former Nike Missile site is on 31 acres, 27 of which are DoD-owned.⁹⁵ The facility’s Plant Replacement Value (PRV) is \$18.7 million, which reflects the total cost of replacing “the current physical plant (facilities and supporting infrastructure) using today’s construction costs (labor and materials) and standards (methodologies and codes).”⁹⁶

The True Cost of Realigning Cleveland DFAS

The DoD has made the case that realigning the Cleveland office makes economic sense, and downplays any lasting economic damage to the city or area. Several factors must be considered when analyzing the true cost and benefit of effectively shuttering Cleveland DFAS. For example, the BRAC Report does not reflect the full negative impact on the NE Ohio economy, and greatly understates potential jobs losses.

- “Total job losses are projected to range from 2,905 in Cuyahoga County to 3,572 workers statewide including vendors, suppliers and ancillary service providers.”⁹⁷
- “Within Cuyahoga County, income losses are estimated at \$128 million, while the impact on Ohio would be more like \$188 million. Losses to disposable (after taxes) income are estimated to be more than \$110 million for the county and more than \$162 million within the state. Based on state averages, reductions in local tax revenue (for Cuyahoga County and its subdivisions) are estimated to be \$7.7 million in 2005. The impact estimated for the state exceeds \$24 million in 2005.”⁹⁸
- Cleveland is slated to lose almost as many direct jobs as the entire state of New York, which will lose a total of 1,071 military and civilian jobs in this BRAC round.⁹⁹
- Cleveland is slated to lose more civilian jobs than the net civilian jobs lost in the entire state of Florida (1,002) and the entire state of California (1,200).¹⁰⁰
- Cleveland DFAS office is the fourth largest federal employer in the Cleveland area.¹⁰¹
- Cleveland had an unemployment rate of 7.7 percent in April 2005, much higher than the state rate of 6.1 percent or the national average of 5.2 percent.¹⁰²
- The loss of the jobs will cost Cleveland alone about \$1 million in income taxes¹⁰³, and the city was ranked the nation’s most impoverished large city last year.¹⁰⁴
- Congress appropriated \$22,986,000 in Fiscal Year 2002 for repairs and alterations to the Anthony J. Celebrezze Federal Building in Cleveland (Public Law 107-67).¹⁰⁵

DCN: 11562
1562 communications infrastructure is vital to a successful DFAS Center in Cleveland, and SBC Ohio has invested \$155.4 million in the past four years in the city.¹⁰⁶

- The cost to the federal government to close the Cleveland DFAS office is calculated at \$28.935 million.¹⁰⁷
- During the BRAC years (Fiscal Year 2006 to 2011), the costs of realigning Cleveland DFAS will exceed savings by approximately \$6.012 million, and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.¹⁰⁸
- Fiscal Year 2009 has a projected savings of \$4.655 million, while Fiscal Years 2010 and 2011 have projected savings of \$9.134 million each year. The total savings over the BRAC years is \$22.923 million (\$4.655M + \$9.134M + \$9.134 M), and \$9.134 million a year after the BRAC years.¹⁰⁹

**Cleveland DFAS already lost 500 federal jobs
DoD privatized the jobs through \$31.8 million accounting error**

In 2001, the Cleveland DFAS office was stripped of 500 federal jobs in a botched privatization effort that cost taxpayers nearly \$32 million.¹¹⁰ A March 2003 DoD Inspector General (IG) Report¹¹¹ concluded that a \$31.8 million accounting error caused 500 Cleveland jobs to be outsourced to a private firm, Affiliated Computer Services (ACS), which was awarded a \$346 million contract.¹¹²

DoD officials said that it would be \$1.9 million cheaper a year to give the jobs to ACS than to keep them in-house at DFAS. The decision affected more than 500 DFAS jobs in Cleveland. ACS began handing Military Retired and Annuitant Pay Services in January 2002.

I joined with four Members of Congress, including Congressman Dennis J. Kucinich (D-Cleveland), and asked the DoD Inspector General to conduct an investigation. It wasn't until the third time the IG reviewed the material that it uncovered a "glaring error in the calculation of in-house personnel costs."¹¹³ The in-house DFAS jobs were improperly adjusted for inflation, leading their cost to be overstated by nearly \$32 million.¹¹⁴

The IG found that privatizing the jobs actually cost \$31.8 million *more* than keeping them in-house with current federal DFAS employees. The new private employees were hired to provide accounting services for Military Retired and Annuitant Pay Services.¹¹⁵

Congressman Kucinich, myself and other members of the Ohio Congressional Delegation demanded that the \$346 million contract to ACS be voided.¹¹⁶ In October 2003, however, DoD announced that ACS would keep its government contract even though ACS had failed to meet performance standards in both 2002 and 2003.¹¹⁷ DFAS withheld \$445,000 from ACS in 2002

and \$158,000 in 2003.¹¹⁸
DON: 11562

More than 500 Cleveland DFAS jobs were lost due to a colossal accounting error, and now DoD wants to “realign” the remaining 1,028 jobs at Cleveland DFAS. Interesting, virtually the only jobs that will be saved in Cleveland are those that were erroneously privatized at a cost of \$31.8 million to taxpayers.

According to a DoD document I obtained, it intends to maintain 19 civilian positions and 434 contractor positions at the “DFAS Cleveland Enclave” to continue Military Retired and Annuitant Pay Services.¹¹⁹

**Cleveland DFAS has been awarded for Innovation and Performance
Cleveland DFAS does work not done at any other DFAS Sites**

The Cleveland DFAS office has the most longevity of any of the current payroll offices. It was founded in 1942 as the Bureau of Supplies and Accounts and was renamed the Navy Finance Center in 1955. Over the years, it has become the world center for Navy pay operations and personnel data management. The center moved from Navy to DFAS Cleveland control in January 1991 and has been a leader in streamlining accounting, finance systems and procedures to lower costs and help save money for taxpayers.¹²⁰

The Cleveland DFAS office (in some incarnation) has been in existence since 1942, making it the oldest continuously operating military payroll center in the country.¹²¹ Cleveland DFAS is the largest tenant in the Anthony J. Celebrezze Federal Building in Cleveland.¹²²

Cleveland DFAS, along with major facilities in Columbus, Denver, Indianapolis and Kansas City, was spared from consolidation efforts in 1994. At the time, DoD officials stated that the five major DFAS sites were spared specifically “because they are the nerve center of the DoD’s financial operations.” In addition, John Deutch, then Deputy Secretary of Defense, said: “Moving them would mean severe delays in badly needed financial management reforms. And regular customer service would suffer unacceptably.”¹²³

The Cleveland DFAS office currently offers the following pay services: Navy Active Duty Accounts; Navy Reservists Accounts; Navy Medical Students; Navy ROTC Students; Army, Marine Corps, Navy and Air Force Military Retirees; Army, Marine Corps, Navy and Air Force Military Annuitants; Army, Marine Corps, Navy and Air Force Former Spouse Accounts; and Garnishment (Child Support, Commercial Debts Civilian Cases, and Commercial Debts Military Cases. Cleveland DFAS also oversees eight smaller DFAS sites: Charleston, Norfolk, Oakland, Pacific, Japan, Pensacola and San Diego.¹²⁴

Cleveland DFAS is the only DFAS site in the country that processes pay for military retirees and there is “no other DFAS work group trained to do this.”¹²⁵ Further, in the summer of 2004, DFAS opened the Reserve Pay Center for Excellence in Cleveland, transferring all Reserve

DC and Columbus payroll operations from Denver, and eventually from Indianapolis.¹²⁶

The DoD and Secretary Rumsfeld decided to have Cleveland DFAS handle reserve pay issues after it was revealed that 95 percent of all deployed reservists experienced pay problems. The GAO found that 332 of 348 Army Reserve soldiers studied had pay errors.¹²⁷ Further, the “proven efficiency of the Cleveland office was regarded as crucial in making needed improvements to the Pentagon’s pay system for the Reserve and Guard, given their extended deployments to Afghanistan and Iraq.”¹²⁸

In addition, staff at DFAS Cleveland is credited with “pioneering a number of systems that have become government best practices, including making all payroll transactions paperless and creating an e-portal environment for all employee communications and human resource functions.”¹²⁹

In March 2004, DFAS was awarded the Federal Government Innovator Award in the Fifth-Annual Accenture and Massachusetts Institute of Technology (MIT) Digital Government Awards.¹³⁰ The myPay system has also received the Under Secretary of Defense (Comptroller) Financial Management Award and the Department of Defense Value Engineering Achievement Award.¹³¹

A DFAS Center Slated to Gain Jobs Has Ongoing Performance Issues

It is also worth noting that DoD wants to shuffle work from Cleveland to other DFAS facilities that have had ongoing problems.

Under the BRAC plan, DFAS Columbus stands to gain 1,758 jobs.¹³² The performance of this office was the subject of a July 2001 GAO Report that was requested by Congress. The title of the report is “*Canceled DoD Appropriations – \$615 million of Illegal or Otherwise Improper Adjustments.*”¹³³

According to the report, DFAS Columbus makes about 99 percent of DoD’s annual closed appropriation account adjustments.¹³⁴ During fiscal years 1997 through 2000, DFAS Columbus’ records showed that it made about \$10 billion of adjustments affecting closed appropriation accounts.¹³⁵

A GAO review of \$2.2 billion of adjustments made in Columbus found that “about \$615 million (28 percent) of the adjustments should not have been made, including about \$146 million that violated specific provisions of appropriations law and were thus illegal.”¹³⁶

The performance of the Columbus DFAS office was also cited in an August 2003 GAO report: *DoD Contract Payments – Management Action Needed to Reduce Billions in Adjustments to Contract Payment Records.* The GAO indicated that data from DFAS Columbus showed that in Fiscal Year 2002 about \$1 of every \$4 in contract payment transactions was for

DoD must adjust to previously recorded payments.¹³⁷ These payments were processed incorrectly and had to be reprocessed, resulting in additional costs of about \$34 million to research payment location problems.¹³⁸ This problem was not unique to Fiscal Year 2002, either.

A February 2001 GAO report delved into excess payments and underpayments by the DoD, and was very critical of the DFAS Columbus office, which pays contracts administered by the Defense Contract Management Agency (DCMA).¹³⁹ According to the report, DFAS Columbus paid \$71 billion to contractors in Fiscal Year 1999 and \$72 billion in Fiscal Year 2000. The report focused on 39 large contractors receiving contracts valued at \$125 million to \$1 billion or more from DFAS Columbus.

The large contractors were paid \$359 million more than they should have been paid in Fiscal Year 1999. The report says that contractors had to repay Columbus DFAS \$670 million in Fiscal Year 1999 and closer to a billion dollars – \$901 million – in Fiscal Year 2000.¹⁴⁰ The report said that 18 percent of overpayments were due to “contractor billing errors and DFAS-Columbus payment errors.”¹⁴¹

The report also addressed underpayments of defense contracts. “Reported underpayments were less common than excess payments. Large contractors we reviewed reported resolving \$41 million in underpayments during fiscal year 1999. Contractors attributed most underpayments to payment errors made by DFAS-Columbus.”¹⁴²

The performance of the Columbus DFAS office was again cited in a June 2001 GAO Report: *Debt Collection – Defense Finance and Accounting Service Needs to Improve Collection Efforts*. The GAO concluded that the “Debt Management Office at DFAS Columbus is not effectively and proactively pursuing collections of debts assigned to it.”¹⁴³ In 1991, DoD consolidated debt management within DFAS, and two Columbus offices are involved in collecting contractor debts owed to the government.

DoD has a track record of Overestimating Savings

Finally, it must be noted that at the time of the last great financial services consolidation in 1994, DoD officials were eager to boast about the tremendous savings that would come down the road from their bold consolidation efforts – \$8 to 9 billion over 20 years.¹⁴⁴

Ten years later, long before those savings had a chance to fully accrue, DoD has come up with another grand scheme for DFAS. This time, DoD speculates that over 20 years it will ultimately save taxpayers \$1.3 billion, or roughly \$65 million a year.¹⁴⁵ It must be pointed out that DoD has a less than stellar track record when it comes to calculating costs and savings.

At a March 18, 1998, hearing before the House Armed Services Committee, Barry W. Holman, Associate Director of Defense Management Issues at GAO, testified: “Our work relating to various defense reform initiatives shows that estimated savings often are not as great

as first estimated and that the initiatives often take much longer than expected to be achieved.”¹⁴⁶

Ten years ago, during the last consolidation of DFAS, Cleveland DFAS was spared from the consolidation effort because it was one of the all-important DFAS “nerve centers.” Nothing has changed in that regard in the last decade, and in fact, the Cleveland DFAS office has assumed even more work. The Center is the only one in the entire country where employees are trained to handle military retired pay, and the Center became the hub of all pay functions for military reservists and their families just a year ago.

It is mind-numbing that performance was not a factor considered by the BRAC Commissioners when deciding to realign Cleveland DFAS and make so many other changes to DFAS offices nationwide. Economics should play a role in the BRAC process, and I believe I’ve laid out a compelling case that there is little economic justification for shuttering DFAS Cleveland. Cleveland DFAS should not suffer because DoD botched its last consolidation effort so badly, wasting hundreds of millions of dollars of taxpayer money on offices that were not needed. DoD has already thrown bad money away once, and it should not throw bad money after bad and shutter Cleveland.

The BRAC Commission and DoD can argue that performance should not be a factor, but at the end of the day, any consolidation of DFAS and its accounting services will ultimately be judged by one simple measure of performance: Are our active duty military, reservists, National Guard and military retirees getting paid, and on time? Are DoD contracts being paid, and in a timely manner?

If they are not, which seems almost inevitable under such a massive upheaval of employees and work places, what will our justification be then? What will we tell our men and women in uniform? That we jeopardized the timely arrival of your paychecks during a time of war so that we might save \$120 million a year, starting about seven years down the road? That we effectively closed the one DFAS Center that is trained to do military retired pay and pay for reservists during a time of war so we might save \$9 million a year many years down the road?

The entire BRAC process hopes to achieve a savings of \$50 billion over 20 years. At best, the savings achieved from the entire DFAS portion will be about \$1.3 billion over 20 years – roughly 2.6 percent. The annual savings that will be derived from effectively shuttering the Cleveland DFAS office are just 0.029 percent of the \$50 billion savings projected through the entire BRAC process. Interestingly, rental costs have widely been reported as an ongoing problem for the Cleveland DFAS office. In fact, some have speculated that they are the “primary drawback to Cleveland’s competitive position.”¹⁴⁷

What is the cost per square foot in Cleveland? “The base rental fee for DFAS Cleveland is about \$14.30 per square foot a year. In Columbus, it’s \$12.20; Denver, \$10; Kansas City, \$18; and Indianapolis, \$13.20.”¹⁴⁸ And who is the landlord that allegedly is causing such problems for Cleveland? None other than the Federal Government – the General Services Administration.

DCN: 11562
Is it even plausible that DoD can justify spending nearly \$29 million to shutter the DFAS office in Cleveland, and more than \$159 million to close 20 smaller DFAS offices because Cleveland pays a dollar or two more a square foot for office space than some other large DFAS offices? It's fairly difficult for the federal government to blame a landlord for charging too high a rent when it is the landlord. I implore the BRAC Commission to reconsider the proposed realignment of the Cleveland DFAS office.

Sincerely,



Steven C. LaTourette
Member of Congress

SCL/ds

cc: The Hon. Donald Rumsfeld, Secretary of Defense

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DCN: 11562

Economic Impact if Closed

Name	Population	Jobs in MSA	DFAS Jobs	Indirect Total	% Total	Percentage %
Limestone	73,260	41,296	364	222	586	-1.42
Lawton	110,298	64,260	288	260	548	-0.86
Indianapolis	1,600,779	1,044,270	2,930	1,994	4,924	-0.47
Rome	298,093	158,274	381	360	741	-0.47
Pensacola NAS*	429,301	214,654	666	607	1,273	-0.46
Patuxent River	92,697	54,956	112	127	239	-0.45
Columbus	1,677,102	1,123,547	2,187	1,743	3,930	-0.35
Charleston	572,411	344,025	386	635	1,021	-0.31
Rock Island	374,940	226,974	306	268	574	-0.25
Cleveland	2,140,376	1,296,703	1,793	1,274	3,067	-0.24
Denver	2,301,861	1,521,993	1,332	1,152	2,484	-0.16
Dayton	845,596	503,916	365	308	673	-0.13
Kansas City	1,906,092	1,220,737	882	757	1,639	-0.13
Omaha	792,514	539,630	287	300	587	-0.11
Norfolk NAS	1,625,044	988,514	334	464	798	-0.08
Pacific Ford Island	893,358	575,713	221	221	442	-0.08
San Antonio	1,816,323	1,016,270	368	398	766	-0.08
Seaside	414,423	232,018	53	54	107	-0.05
Orlando	1,802,305	1,113,712	227	221	448	-0.04
San Diego	2,918,829	1,816,527	332	344	676	-0.04
St. Louis	2,753,772	1,654,968	344	370	714	-0.04
Arlington	3,942,004	2,800,543	455	336	791	-0.03
Lexington	420,861	298,238	112	127	239	-0.02
San Bernardino	3,645,017	1,517,811	116	117	233	-0.02
Oakland	2,458,679	1,367,025	50	41	91	-0.01

*with Pensacola Saufley Field

DFAS Current Workyears / On-Board

DCN: 11562 Site	On Board				Retirement		
	Civilians ¹	Military ¹	Contractors ²	Site Totals	Early	Optional	
1- Arlington	372	14	69	455	114	54	71761
2- Charleston	361	0	25	386	128	57	01368
3- Cleveland	1,185	15	593	1,793	360	158	1514013
4- Columbus	2,031	0	156	2,187	309	396	
5- Dayton	351	9	5	365	58	36	01230
6- Denver	1,173	59	100	1,332	372	246	
7- Indianapolis	2,455	71	404	2,930	614	474	
8- Kansas City	675	67	140	882	171	109	321576
9- Lawton	237	51	0	288	44	27	51111
10- Lexington	40	2	0	42	14	2	5170
11- Limestone	353	1	10	364	27	28	-241
12- Norfolk	333	1	0	334	85	48	31211
13- Oakland	50	0	0	50	28	11	0150
14- Omaha	225	49	13	287	32	29	0125
15- Orlando	214	13	0	227	58	43	91200
16- Pacific	178	43	0	221	31	42	21111
17- Patuxent River	55	0	57	112	17	8	0153
18- Pensacola <i>NAF</i>	331	1	32	364	79	64	711636
19- Pensacola - Saufley Field	186	0	116	302	55	28	
20- Red River	214	0	0	214	No Data	No Data	
21- Rock Island	306	0	0	306	71	36	- 61125
22- Rome	381	0	0	381	48	57	- 61210
23- San Antonio	312	56	0	368	81	55	321707
24- San Bernardino	113	0	3	116	20	24	0120
25- San Diego	314	7	1	322	50	84	31237
26- Seaside	47	6	0	53	4	12	1011
27- St. Louis	327	1	16	344	115	46	21211

¹ Source: HR Monthly Flash Report (April 2005); includes all civilian employees currently in pay status, foreign nationals, and Non-Appropriated Fund (NAF) employees

² Source: Support Services March 2005 contractor datacall

DCN: 11562

Economic Impact if Closed

Name	Population	Jobs in MSA	DFAS Jobs	Indirect Total	% Total	Percentage %
Limestone	73,260	41,296	364	222	586	-1.42
Lawton	110,298	64,260	288	260	548	-0.86
Indianapolis	1,600,779	1,044,270	2,930	1,994	4,924	-0.47
Rome	298,093	158,274	381	360	741	-0.47
Pensacola NAS*	429,301	214,654	666	607	1,273	-0.46
Patuxent River	92,697	54,956	112	127	239	-0.45
Columbus	1,677,102	1,123,547	2,187	1,743	3,930	-0.35
Charleston	572,411	344,025	386	635	1,021	-0.31
Rock Island	374,940	226,974	306	268	574	-0.25
Cleveland	2,140,376	1,296,703	1,793	1,274	3,067	-0.24
Denver	2,301,861	1,521,993	1,332	1,152	2,484	-0.16
Dayton	845,596	503,916	365	308	673	-0.13
Kansas City	1,906,092	1,220,737	882	757	1,639	-0.13
Omaha	792,514	539,630	287	300	587	-0.11
Norfolk NAS	1,625,044	988,514	334	464	798	-0.08
Pacific Ford Island	893,358	575,713	221	221	442	-0.08
San Antonio	1,816,323	1,016,270	368	398	766	-0.08
Seaside	414,423	232,018	53	54	107	-0.05
Orlando	1,802,305	1,113,712	227	221	448	-0.04
San Diego	2,918,829	1,816,527	332	344	676	-0.04
St. Louis	2,753,772	1,654,968	344	370	714	-0.04
Arlington	3,942,004	2,800,543	455	336	791	-0.03
Lexington	420,861	298,238	112	127	239	-0.02
San Bernardino	3,645,017	1,517,811	116	117	233	-0.02
Oakland	2,458,679	1,367,025	50	41	91	-0.01

*Direct
not 500,000
- 2600 at Ford Will - 2%*

*with Pensacola Saufley Field

**HSAJCSG RECOMMENDATION
DFAS CONSOLIDATION
PERSONNEL SUMMARY**

DCN: 11562

DFAS LOCATION	FY 2005 PROGRAMMED PERSONNEL			BRAC SAVINGS			FY 2005 PROGRAMMED PERSONNEL CHANGES			PERSONNEL POSITION RELOCATION (OUT)			PERSONNEL RELOCATION (IN)			TOTAL	BASOPS		
	MIL	CIV	TOTAL	MIL	CIV	TOTAL	MIL	CIV	TOTAL	MIL	CIV	TOTAL	MIL	CIV	TOTAL		MIL	CIV	TOTAL
Oakland CA	0	50	50	0	-2	-2	0	0	0	0	-48	-48	0	0	0	0	0	0	0
San Bernardino CA	0	131	131	0	-11	-11	0	-11	-11	0	-109	-109	0	0	0	0	0	0	0
San Diego CA	5	277	282	0	-16	-16	-2	-40	-42	-3	-221	-224	0	0	0	0	0	0	0
Seaside CA	13	51	64	0	-7	-7	-3	0	-3	-10	-44	-54	0	0	0	0	0	0	0
Denver CO	41	1,314	1,355	0	-772	-772	-1	-267	-268	-37	-394	-431	57	1,500	1,557	1,441	0	3	3
Orlando FL	29	213	242	0	-14	-14	-20	-13	-33	-9	-186	-195	0	0	0	0	0	0	0
Pensacola NAS & Pensacola Saufley Field FL	1	647	648	0	0	0	0	-11	-11	-1	-636	-637	0	0	0	0	0	0	0
Pacific (Ford Island) HI	29	190	219	0	-21	-21	0	-13	-13	-29	-156	-185	0	0	0	0	0	0	0
Rock Island IL	0	300	300	0	0	0	0	-64	-64	0	-234	-234	0	0	0	2	0	-1	-1
Indianapolis IN	57	2,288	2,345	0	-25	-25	-22	-508	-530	0	-75	-75	114	3,456	3,570	5,285	0	0	0
Lexington KY	6	39	45	0	0	0	-1	1	0	-5	-40	-45	0	0	0	0	0	0	0
Limestone ME	1	308	309	0	-7	-7	-1	-67	-68	0	-234	-234	0	0	0	0	0	0	0
Patuxent River MD	0	52	52	0	0	0	0	1	1	0	-53	-53	0	0	0	0	0	0	0
Kansas City MO	58	662	720	0	0	0	-21	-86	-107	-37	-576	-613	0	0	0	0	0	0	0
St Louis MO	5	323	328	0	-2	-2	-3	-32	-35	-2	-289	-291	0	0	0	0	0	0	0
Omaha NE	0	269	269	0	-20	-20	0	-45	-45	0	-204	-204	0	0	0	0	0	-11	-11
Rome NY	0	371	371	0	-7	-7	0	-81	-81	0	-283	-283	0	0	0	0	0	0	0
Dayton OH	0	296	296	0	-7	-7	0	-66	-66	0	-223	-223	0	0	0	0	0	0	0
Cleveland OH	15	1,194	1,209	0	-3	-3	0	-162	-162	-15	-1,010	-1,025	0	0	0	19	0	0	0
Columbus OH	0	1,999	1,999	0	-328	-328	1	-9	-8	0	-662	-662	65	2,223	2,288	3,289	0	39	39
Lawton OK	76	222	298	0	-3	-3	-33	-49	-82	-46	-173	-219	0	0	0	-6	-6	-5	-11
Charleston SC	0	403	403	0	-19	-19	0	-35	-35	0	-349	-349	0	0	0	0	0	0	0
San Antonio TX	34	333	367	0	-3	-3	-2	-30	-32	-32	-300	-332	0	0	0	0	0	0	0
Norfolk NAS VA	2	333	335	0	-32	-32	1	-22	-21	-3	-279	-282	0	0	0	0	0	0	0
Arlington VA	9	348	357	0	0	0	-2	59	57	-7	-401	-408	0	0	0	6	0	0	0
TOTAL	381	12,613	12,994	0	-1,299	-1,299	-109	-1,550	-1,659	-236	-7,179	-7,415	236	7,179	7,415	10,036	-6	25	19

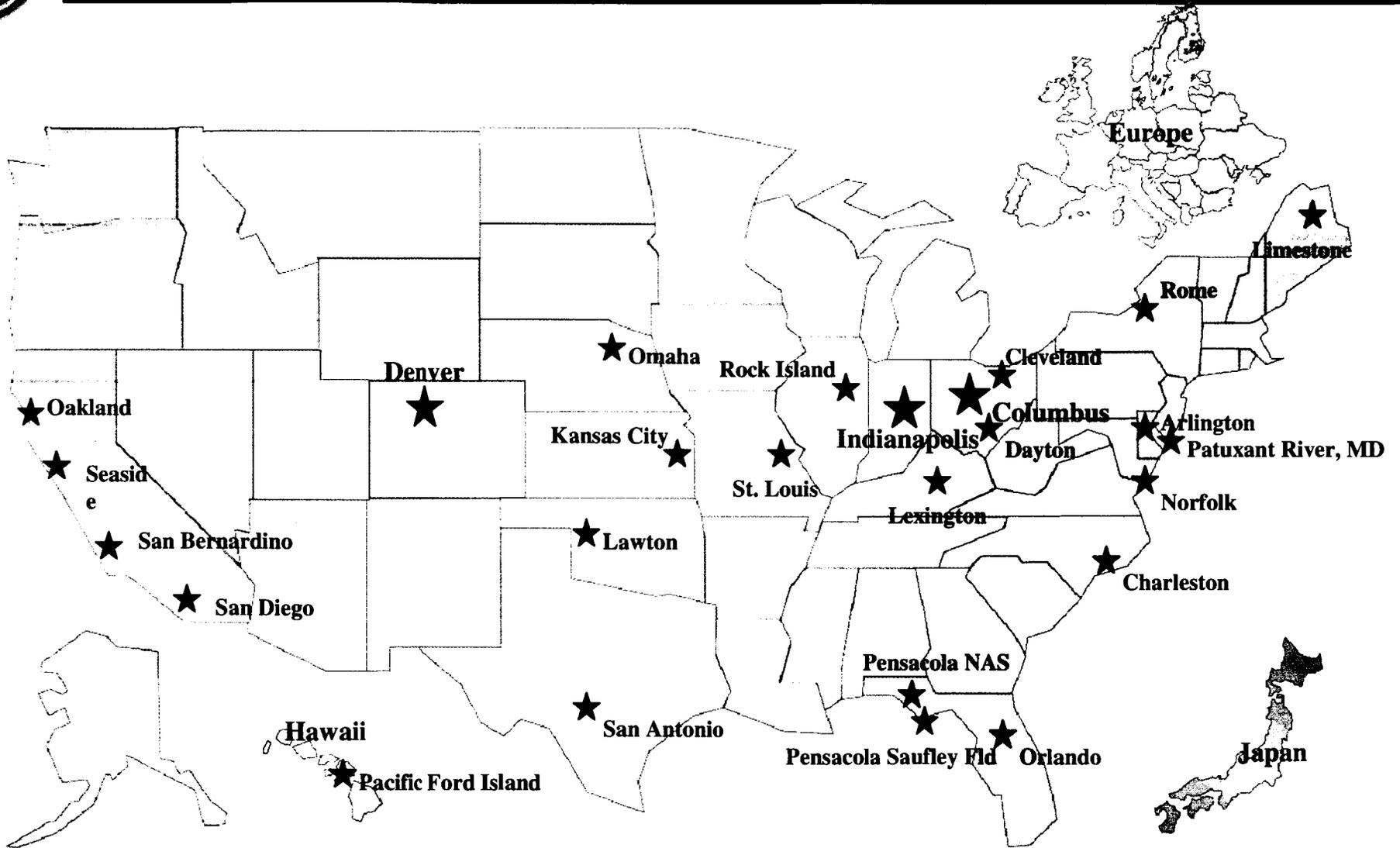
NOTES REGARDING HIGHLIGHTED CELLS:

- DFAS Rock Island IL - Coordination with Ms. Courtney Biggs, DoD IG, on May 24, 2005, validated that 2 civilian positions erroneously remained after closure. This was overlooked during the FM Team and DoD IG reviews. A correction to COBRA will be made when/if OSD BRAC office authorizes COBRA updates at a later date.
- DFAS Lawton OK - DoD IG identified this error after the recommendation was submitted as final to OSD BRAC Office. A correction to COBRA will be made when/if OSD BRAC office authorizes COBRA updates at a later date.



11562

DFAS -- 26 Locations to 3 Locations



Green – Retained Sites
Red – Closed Sites

Closing 23 sites could have a detrimental impact on customer service.	DFAS acknowledged there will be challenges. Plans to apply lessons learned from initial consolidation to ease transition.	Closing so many sites will have a detrimental impact on customer service.	Most likely DFAS operations will be degraded during transition.
Performance criteria was not a selection criteria	Director acknowledged all sites perform at a satisfactory level and good people will be lost.	Performance of sites should have been a part of the selection process.	Sites perform different functions making meaningful differentiation between sites difficult.
Inaccurate military value scores	Military value criteria reflects needs of DFAS based on functional expertise.	Military value score weighted heavily on being on a DoD owned installation. Not accurately reflective of sites' condition, local population workforce, or hiring times.	Being on a DoD installation weighted too heavily. Military value criteria did not accurately reflect DFAS operations. Operation can be done anywhere.
Sites with lower operating and locality pay costs were not selected to remain open	An iterative process and optimization model used to develop a best value solution that maximized military value and minimize the number of locations.	Sites with lower operating and personnel costs could be selected that would meet DoD's mission. Closure of DFAS on Buckley annex could lead to a full closure.	Optimization model was biased to sites with large capacity (personnel). Operating & personnel costs were not driving factors in site selection. Closing Buckley Annex could produce annual BOS savings of \$6.4M.
Potential full installation closure			
Significant economic impact on some communities	Economic impact was not a part of optimization model.	Sites on prior BRACed sites to mitigate prior closures not fully recovered.	Economic impact was not a factor used to select sites. Economic impact should have been a factor in decision model.
<u>Adds Issue</u>			
Sites can handle additional workforce from closing sites.	Three sites all that is needed to accommodate DFAS' future needs in terms of both workforce and strategic redundancy.	Sites can handle additional workforce.	Agree three DoD gaining sites have the capacity to accommodate additional workforce.

DFAS Turnover July 2004 through June 2005

(losses to DFAS)

DCN: 11562

DFAS Location	Total Employees	Month												Total Separations	Separation Rate 7/2004-6/2005
		7 2004	8 2004	9 2004	10 2004	11 2004	12 2004	1 2005	2 2005	3 2005	4 2005	5 2005	6 2005		
ARLINGTON	413	5	9	11	5	3	10	3	4	3	6	4	3	66	16.0%
CHARLESTON	370	7	6	7	6	3	5	10	4	1	3	1	1	54	14.6%
CLEVELAND	1,191	1	5	20	4	2	4	5	4	4	18	7	6	80	6.7%
CLEVELAND BRATEN AHL	10	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
COLUMBUS	2,103	9	15	30	6	4	6	7	6	11	35	10	7	146	6.9%
DAYTON	299	2	3	2	3	2	3	2	3	1	4	2	3	30	10.0%
DENVER	1,269	7	4	32	13	3	11	21	36	2	12	5	3	149	11.7%
INDIANAPOLIS	2,511	5	22	23	6	12	10	10	7	17	20	12	7	151	6.0%
KANSAS CITY	685	-	8	8	4	3	3	2	1	4	10	1	5	49	7.2%
LAWTON/FT SILL	264	3	3	2	3	2	6	2	5	1	3	2	3	35	13.3%
LEXINGTON	43	-	1	1	-	-	2	-	1	-	1	-	-	6	14.0%
LIMESTONE	296	1	2	-	2	3	-	2	2	1	2	1	4	20	6.8%
NORFOLK	335	4	7	16	6	15	4	2	1	1	2	4	4	66	19.7%
OAKLAND	53	-	-	1	-	-	-	-	-	-	1	-	1	3	5.7%
OMAHA	230	2	1	1	1	2	3	1	5	4	8	2	1	31	13.5%
ORLANDO	256	6	4	20	3	3	3	3	-	2	4	3	-	51	19.9%
PACIFIC (Ford Island)	173	1	3	1	1	3	-	1	-	1	1	-	3	15	8.7%
PATUXENT RIVER	57	-	-	1	-	-	-	-	-	-	-	1	-	2	3.5%
PENSACOLA	345	2	4	3	-	-	1	3	-	2	3	3	2	23	6.7%
PENSACOLA SAUFLEY FLD	188	-	-	1	1	-	-	1	-	-	-	-	2	5	2.7%
RED RIVER ARMY DEPOT	58	-	-	-	-	-	-	2	-	-	-	-	-	2	3.4%
ROCK ISLAND	323	3	3	12	1	1	3	-	1	-	8	3	1	36	11.1%
ROME	359	-	-	2	2	2	-	3	2	2	4	2	4	23	6.4%
SAN ANTONIO	360	4	1	2	4	1	16	20	1	2	2	1	-	54	15.0%
SAN BERNARDINO	159	2	9	16	1	4	2	2	6	-	4	3	-	49	30.8%
SAN DIEGO	332	3	5	4	3	-	5	1	2	2	1	-	2	28	8.4%
SEASIDE	44	-	-	1	-	-	1	-	-	-	-	1	-	3	6.8%
ST LOUIS	349	1	4	4	6	2	3	2	2	2	9	8	5	48	13.8%
	13,075	68	119	221	81	70	101	105	93	63	161	76	67	1,225	9.4%

**BRAC IMPACTS BY STATE
DEFENSE FINANCE AND ACCOUNTING SERVICE**

CALIFORNIA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Oakland CA	0	(50)	0	0	0	(50)	0	(50)
DFAS San Bernardino CA	0	(120)	0	0	0	(120)	0	(120)
DFAS San Diego CA	(3)	(237)	0	0	(3)	(237)	0	(240)
DFAS Seaside CA	(10)	(51)	0	0	(10)	(51)	0	(61)

COLORADO LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Air Reserve Personnel Center Denver CO	(122)	(284)	0	0	(122)	(284)	(59)	(465)
DFAS Denver CO	(37)	(1,163)	57	1,500	20	337	0	357

FLORIDA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Orlando FL	(9)	(200)	0	0	(9)	(200)	0	(209)
Naval Air Station Pensacola	(856)	(668)	555	124	(301)	(544)	(97)	(942)
DFAS Pensacola NAS & Pensacola Saufley Field FL	(1)	(636)	0	0	(1)	(636)	0	(637)

The FM Team does not have access to the Navy database; therefore the numbers shown in this table for Naval Air Station Pensacola are the difference between DFAS Pensacola NAS & DFAS Peansacola Saufley Field and the numbers in the BRAC report for this location.

HAWAII LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Naval Station Pearl Harbor HI	0	(36)	0	324	0	288	0	288
DFAS Pacific (Ford Island) HI	(29)	(177)	0	0	(29)	(177)	0	(206)

The FM Team does not have access to the Navy database; therefore the numbers shown in this table for Naval Station Pearl Harbor are the difference between DFAS Pacific and the numbers in the BRAC report for this location.

DCN: 11562

ILLINOIS LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Rock Island Arsenal IL	(3)	(1,302)	157	120	154	(1,182)	0	(1,028)
DFAS Rock Island IL	0	(235)	0	0	0	(235)	0	(235)

The FM Team does not have access to the Navy database; therefore the numbers shown in this table for Rock Island Arsenal are the difference between DFAS Rock Island and the numbers in the BRAC report for this location.

INDIANA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Active & Reserve Personnel & Recruiting Center	0	0	0	22	0	22	3	25
DFAS Indianapolis IN	(0)	(100)	114	3,456	114	3,356	0	3,470

KENTUCKY LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Lexington KY	(5)	(40)	0	0	(5)	(40)	0	(45)

MAINE LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Limestone ME	0	(241)	0	0	0	(241)	0	(241)

MARYLAND LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Patuxent River MD	0	(53)	0	0	0	(53)	0	(53)

MISSOURI LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Kansas City MO	(37)	(576)	0	0	(37)	(576)	0	(613)
DFAS St Louis MO	(2)	(291)	0	0	(2)	(291)	0	(293)

DCN: 11562

NEBRASKA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Offutt AFB NE	0	(3)	54	69	54	69	0	120
DFAS Omaha NE	0	(224)	0	0	0	(244)	0	(224)

The FM Team does not have access to the Air Force database; therefore the numbers shown in this table for Offutt AFB are the difference between DFAS Omaha and the numbers in the BRAC report for this location.

NEW YORK LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Rome NY	0	(290)	0	0	0	(290)	0	(290)

OHIO LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Dayton OH	0	(230)	0	0	0	(230)	0	(230)
Defense Supply Center Columbus	(2)	(9)	0	432	(2)	423	0	421
DFAS Columbus OH	0	(951)	65	2,223	65	1272	0	1,337
DFAS Cleveland OH	(15)	(1,013)	0	0	(15)	(1,013)	0	(1,028)

The FM Team does not have access to the Defense Logistics Agency database; therefore the numbers shown in this table for Defense Supply Center-Columbus are the difference between DFAS Columbus and the numbers in the BRAC report for this location.

OKLAHOMA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Ft Sill OK	(846)	0	4,336	337	3,490	337	(3)	3,824
DFAS Lawton OK	(46)	(176)	0	0	(46)	(176)	0	(222)

The FM Team does not have access to the Army database; therefore the numbers shown in this table for Ft Sill are the difference between DFAS Lawton and the numbers in the BRAC report for this location.

SOUTH CAROLINA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS Charleston SC	0	(368)	0	0	0	(368)	0	(368)

DCN: 11562

TEXAS LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
DFAS San Antonio TX	(32)	(303)	0	0	(32)	(303)	0	(335)

VIRGINIA LOCATIONS	MIL OUT	CIV OUT	MIL IN	CIV IN	NET MIL	NET CIV	NET CONTRACTORS	TOTAL DIRECT
Naval Station Norfolk	(370)	(774)	3,820	356	3,450	(418)	89	3,121
DFAS Norfolk VA	(3)	(311)	0	0	(3)	(311)	0	(314)
DFAS Arlington VA	(7)	(401)	0	0	(7)	(401)	0	(408)

The FM Team does not have access to the Navy database; therefore the numbers shown in this table for Naval Station Norfolk are the difference between DFAS Norfolk and the numbers in the BRAC report for this location.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700
HSA-JCSG-D-05-433

DAPR-ZB

JUL 07 2005

MEMORANDUM FOR DIRECTOR, BASE REALIGNMENT AND CLOSURE

SUBJECT: Response to Analysis of DoD's 2005 Selection Process and Recommendations for Base Closures and Realignments (GAO-05-785), July 2005

1. Reference Analysis of DoD's 2005 Selection Process and Recommendations for Base Closures and Realignments (GAO-05-785), July 2005.
2. Thank you for the opportunity to comment. Below we address issues within the above referenced Government Accountability Office (GAO) report that are applicable to the Headquarters and Support Activities Joint Cross-Service Group (HSA JCSG).
3. While the information provided in the GAO report is largely accurate, it does not always reflect appropriate context. In order to provide balanced perspective throughout the report either corrections, additional verbiage for context, or presenting information that was considered during the deliberative process is necessary in the following instances.
 - a. Transformational Options (page 153). The list of Transformational Options does not match the correct list that was provided in the final BRAC report, as submitted by the Secretary of Defense. The HSA JCSG applied a consistent approach that used a strategy-driven, data-verified method of generating scenarios and recommendations. The transformational options, along with the foundational principles, formed the basis of HSA JCSG's strategy.
 - b. Anti-Terrorism/Force Protection Premium (pages 158-9). While deliberating movement from leased space, the HSA JCSG considered current Department policy for meeting Anti-Terrorism/Force Protection (AT/FP) a necessity.

(1) Costs. It is significant and important to note that the removal of the AT/FP premium does not materially affect any of the HSA JCSG recommendations. Removing 100% of the AT/FP premium only decreases the aggregate 20-year Net Present Value (NPV) savings 4.6%, and the remaining NPV savings still total \$5.546 billion. In the specific Stennis example cited in the GAO report, removal of the AT/FP premium reduces NPV savings from \$196.669 million to \$194.887 million, with no impact on payback years. That said, though the most accurate way to assess the cost of AT/FP compliance is to grade each building in the DoD inventory both leased and owned this approach was not feasible given time and resource constraints. Therefore, the HSA JCSG applied a conservative AT/FP premium to all cases in order to ensure a balanced, equitable, and realistic

DAPR-ZB

DCN: ~~1562~~ SUBJECT: Response to Analysis of DoD's 2005 Selection Process and Recommendations for Base Closures and Realignments (GAO-05-785), July 2005

comparison. It was appropriate for the HSA JCSG to apply the premium even in cases where the current leased occupancy represents less than 25 percent of the space in the building (thus currently AT/FP compliant by UFC), as future building occupancy-based compliance could change or the lessee may not remain in place throughout the BRAC horizon. (1)

(2) Threat. The future Pentagon Force Protection Agency (PFPA) study mentioned in the GAO report was and is not available to the HSA JCSG, and is not relevant to the BRAC process. Certainly, threat vulnerability is a dynamic of AT/FP and the PFPA study, when conducted, will be helpful with respect to the threat associated with a specific building. This information may prove useful in the future management of leased space within the department, but could not be a factor in the HSA JCSG recommendations.

c. Joint Basing (pages 161-2). While Joint Basing initiatives may present implementation challenges, these challenges are surmountable and the potential for increased efficiency and effectiveness is significant. At the root, there is no foundational impediment reflected here, other than "trusting" a sister service. The fact is, tenant relationships exist aboard many Bases and Stations today. The period of time preceding implementation allows ample opportunity to develop and refine common terminology and operating standards. Two installations with a common boundary, or in close proximity, are not so unique that one could not arrange and manage common support functions like cutting grass or maximizing efficiency of single support contracts. Leveraging this potential leads to efficiencies that benefit operational forces and the taxpayer.

d. ~~Bundling Costs~~ (pages 162-3). ~~Integration of scenarios~~ was a management tool for the large number of recommendations during the latter stages of deliberations, and generally centered on common closure recommendations or groupings of entities with similar functions. The HSA JCSG provided multiple recommendations to the Army that combined to support the closures of Forts Monroe and McPherson. The movement of Headquarters from the DC area to Fort Sam Houston, one small element from Rock Island, and the Army Materiel Command (AMC) remained. The HSA JCSG grouped these remaining entities as the "Relocation of Headquarters and Field Operating Agencies from the National Capital Region" recommendation. The relocation of AMC fit cleanly into this "grouping." Furthermore, a proposed draft of an upcoming Inspector General report, "DoD Purchases Made Through the GSA," states that AMC pays \$7M/year for temporary buildings at Fort Belvoir. Though these costs were not identified and available to be included in the COBRA analysis, they would have been appropriate. If included, the NPV for the AMC component of the recommendation would have changed from a \$77.3M cost to a \$10.1M savings, and the NPV of the aggregated recommendation would change from a \$122.9M savings to a \$210.3M savings.

DAPR-ZB
DCN: 1562 SUBJECT: Response to Analysis of DoD's 2005 Selection Process and Recommendations
for Base Closures and Realignments (GAO-05-785), July 2005

e. Contextual Clarification.

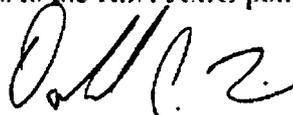
(1) **Leased Space** (page 158). The report discusses the reduction of leased space within the National Capital Region (NCR) from 8.3 million square feet to 1.7 million, a reduction of 6.6 million square feet. It is important to highlight the relative size of DoD leased space within the commercial real estate sector in the region. There are approximately 369 million square feet of commercial leased space within the DC metro area and 164 million square feet in Northern Virginia. The reduction represents an insignificant percentage of the total commercial real estate market. Historical absorption rates also suggest that recovery is achievable, and the impact is likely insignificant for the NCR.

(2) **Rounding and Eliminations** (page 152). The HSA JCSG implemented a prudent personnel reduction determination process that began with application of a standard conservative elimination rate based on co-location or consolidation, and followed with negotiating with the affected entities, and exercising military judgment through deliberations. The range of eliminations both reflected and allowed for unique characteristics of each organization involved. While the application of eliminations or rounding may seem nonstandard, that truly reflects the strength of the HSA JCSG approach. Instead of applying a standard and arbitrary factor to every scenario, the HSA JCSG fostered a process to balance (a) obtaining efficiency and shared savings with (b) the operational needs of the entities under consideration. Reflecting this conservative approach, approximately 80 percent of the HSA JCSG recommendations had elimination rates of less than 20 percent.

(3) **Fort Belvoir Scenarios** (page 160). The GAO report states that HSA JCSG recommendations associated with movement to Fort Belvoir include a \$55 million estimate to improve roads and infrastructure. While this is correct, the estimate is only the HSA JCSG portion. The Army has actually estimated an improvement requirement of approximately \$125 million.

4. The HSA JCSG efforts represent a seminal joint analysis of the functions under its scope within the BRAC process. The HSA JCSG faced significant challenges that may be unique within the BRAC construct. Its methodologies and approaches provide the most fair and accurate representation of the data that is available.

5. Please direct any issues or questions to the HSA JCSG point of contact, COL Carla Coulson at (703) 696-9456.



DONALD C. TISON
Assistant Deputy Chief of Staff, G-8
Chairman, HSA JCSG

Wasleski, Marilyn, CIV, WSO-BRAC

From: NORDSIEK, JAN [JAN.NORDSIEK@DFAS.MIL]
Sent: DCN: 11562 Thursday, August 11, 2005 2:44 PM
To: Marilyn.Wasleski@wso.whs.mil
Cc: CHITTICK, JAMES; TINSLEY, ROSIE
Subject: Question - 8/10/05

Marilyn -

You called yesterday afternoon seeking information regarding fencing the property on which the MG Emmett J Bean Federal Center is located. Your questions - "Why aren't there fences and gates, why hasn't this been done yet?"

I have talked with various individuals to better understand the issue as to fencing this property. As you know, the property is owned by GSA and as such it is GSA's responsibility to protect the building. To that end, it is my recommendation that you present these questions to GSA.

Jan

Jan Nordsiek
BRAC Executive Assistant
DFAS BRAC Program Office
voice: 317 510-2336 fax: 317 510-7683

Wasleski, Marilyn, CIV, WSO-BRAC

From: DCN: 11562 Steven DiMeo [sjdimeo@mvedge.org]
Sent: Tuesday, August 09, 2005 11:58 AM
To: Marilyn.Wasleski@WSO.WHS.MIL
Subject: FW: Additional Kuwait Work

Marilyn

Following is email that I received from Ed Abounader of Rome DFAS concerning additional work that Rome is receiving as part of Operation Iraqi Freedom. I believe this reinforces points that we made about the unique capabilities located in Rome and Rome's military value in combating the Global War on Terror. Hope all is going well and that you are not losing too much sleep as you try to finish up your work on what to do with respect to DFAS.

I appreciate the difficult nature of this work and we hope that the Commission is able to come up with a configuration plan for DFAS that includes Rome. Thank you for listening to our arguments. Best Regards,

Steve DiMeo
President Mohawk Valley EDGE

-----Original Message-----

From: ABOUNADER, ED [mailto:ED.ABOUNADER@DFAS.MIL]
Sent: Tuesday, August 09, 2005 11:33 AM
To: Steven DiMeo
Subject: Additional Kuwait Work

Steve,

Roy Higgins will be leaving for Kuwait tomorrow to bring additional Operation Iraqi Freedom contingency accounts to DFAS/Rome. This will be the first of five military essential Rome specific accounts that solidify the current war fighting work already being done here. Mr. Higgins and DFAS/Rome will now be the sole accountable officer responsible for these funds and as such a critical component in the current war effort.

This further exemplifies DFAS/Rome essential value to providing uninterrupted service to the military actions in both Iraq and Afghanistan. Again, this work is exclusive to DFAS/Rome and not part of current DFAS Center activity.

Ed

Wasleski, Marilyn, CIV, WSO-BRAC

~~DCN: 11562~~

From: Caruso, Carol [CCaruso@gcpartnership.com]
Sent: Thursday, July 28, 2005 4:35 PM
To: Wasleski, Marilyn, CIV, WSO-BRAC
Cc: Nance, Frederick R.; John Hall; Jim Robey; Wayne Hill; Wendy Schweiger
Subject: DFAS Cleveland information
Attachments: Wasleski 7-28-05 Workforce.doc; DFAS Cleveland Demographics.doc; Wasleski 7-28-05 Economic Impact.doc; DFAS Economic Impact memo Team NEO.doc

Marilyn, I'm attaching two letters -- one in response to staff's request for more information about the workforce (from our last meeting) and one in response to your request earlier this week for economic impact data. Please let me know if you have questions or need additional information.

7/28/2005

DCN: 11562



July 28, 2005

Ms. Marilyn Wasleski
Senior Analyst, Review and Analysis
2005 Defense Base Closure and Realignment Commission
2521 S. Clark Street
Suite 600
Alexandria, Virginia 22202

Re: *DFAS Workforce*

Dear Marilyn:

When we met with you and your colleagues, we discussed the issue of the Cleveland DFAS workforce in terms of demographics. You will recall that we discussed the pay grade of workers and the impact that may have on their decision to move and/or their ability to find other work in the event of realignment.

Based on that discussion, we went back to our contacts at DFAS (through their union representatives) to get more detail. A summary of our findings is attached. We were struck, in particular, by the above-average pay grade data and the tenure of Cleveland DFAS workers.

As we have noted previously, the current Balanced Scorecard shows excellence in productivity at DFAS Cleveland, a fact that has a direct bearing on Military Value. Any disruption in service at this time would clearly tip this finely-tuned balance in the wrong direction.

Average pay grade is on the high end – On a current workforce strength of 1,188, the average pay grade is 9.6 across all business and product lines. While it is true that the largest single line in that pool – military/civilian pay (457 jobs) – has an average grade of 8.0, there are several sizeable lines with grades exceeding 10.0. These include Accounting Services (373 jobs) at 10.2 and Information Technology (211 jobs) at 11.3. Those with lower pay grades, however, still have an average 20-year tenure with the organization.

Mature, committed, long-tenured workforce – The overall 20-year average length of service does not vary much across business and product lines; the same goes for the average age demographic, which is 47. The beneficial effects of this low level of churn are significant, reflected in its ability to deliver quality customer service and contributing to a culture of continuous improvement and innovation. This is a talent pool not planning to retire any time soon, despite its maturity.

The attached report provides more detail about the diversity and educational levels of the workforce.

Please let me know if additional information is needed.

Sincerely,

A handwritten signature in black ink that reads 'Carol Caruso'.

Carol Caruso
Senior Vice President

DFAS Cleveland Demographics

Greater Cleveland Partnership/Team NEO

July 2005

The following information was obtained by surveying DFAS Cleveland employees through their union representatives. A total of 126 responses were obtained (12.26% of population).

Ethnicity

51% White
45.8 % African-American
1% Hispanic
2.1% Asian/Pacific Islander

Gender

38.8% male
61.2% female

Age

Median age – 50

Number in family

1 – 17.5%
2 – 31.7%
3 or more – 44.8%

Level of education

Masters – 7.6%
Bachelor – 25.2%
Associate – 21.8%
Some college – 19.3%
High School – 25.2%



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700
HSA-JCSG-D-05-392

DAPR-ZB

3 June 2005

MEMORANDUM FOR OSD BRAC CLEARINGHOUSE

SUBJECT: OSD BRAC Clearinghouse Tasker 0202: Additional DFAS Questions

1. Reference: E-Mail, CDR Paul Kiamos, 1 June 2005, Subject: Additional Questions from Congressman LaTourette (R-OH).

2. Issues/Questions:

a. "The BRAC Report's Detailed Recommendations makes reference to rankings for Capacity Analysis, Military Value, Optimization Modeling and knowledge of the DFAS organization, etc. (H&SA - 38) It indicates that in Military Value, Denver, Columbus and Indianapolis ranked as 3, 7 and 9 respectively of the 26 sites. The Congressman would like rankings for Cleveland for each of the above criteria, or whichever rankings actually exist, as well as how other DFAS facilities ranked, ie, which sites were Number 1, 2, 4, 5, 6, etc?"

b. "Also, the report indicates that Denver, Indy and Columbus all meet AT/FP standards. He would like to know what other sites meet this standard and which do not, with particular emphasis on Cleveland."

c. "Thank you for the most recent information about Cleveland DFAS. The Congressman has reviewed it and asked if you can provide him with additional information. He would like the following information: The one time cost of realigning and/or closing the following facilities (or MSA), as well as specific savings (by year) during the BRAC years, and annual recurring savings:

Closures:

- (1) Rock Island IL
- (2) Pensacola Sauffley Field, FL
- (3) Norfolk Naval Station, VA
- (4) Lawton, OK
- (5) Pensacola Naval Air Station, FL
- (6) Omaha, NE
- (7) Dayton, OH
- (8) St. Louis, MO
- (9) San Antonio, TX
- (10) San Diego, CA
- (11) Pacific Ford Island, HI
- (12) Patuxent River, MD

Deliberative Document - For Discussion Purposes Only
Do Not Release Under FOIA

DCN: 10A02-ZB

SUBJECT: OSD BRAC Clearinghouse Tasker 0202: Additional DFAS Questions

- (13) Limestone, ME
- (14) Charleston, SC
- (15) Orlando, FL
- (16) Rome, NY
- (17) Lexington, KY
- (18) Kansas City, MO
- (19) Seaside, CA
- (20) San Bernardino, CA
- (21) Oakland, CA

Realignments:

- (22) DFAS Arlington, VA
- (23) DFAS Columbus, OH
- (24) DFAS Denver, CO
- (25) DFAS Indianapolis, IN"

3. Response:

a. The BRAC Report, Volume I, Part 2 of 2: Detailed Recommendations, Justification paragraph, Page H&SA-38, does state that "The three gaining locations were identified through a process that used Capacity Analysis, Military Value Analysis, Optimization Modeling, and knowledge of the DFAS organization, and business line mission functions." However, only the Military Value Analysis provides a ranking for each location. The following is a list of the Military Value Rankings:

- (1) DFAS Rock Island, IL
- (2) DFAS Pensacola Saufley Field, FL
- (3) DFAS Denver, CO
- (4) DFAS Norfolk Naval Station, VA
- (5) DFAS Lawton, OK
- (6) DFAS Pensacola Naval Air Station, FL
- (7) DFAS Columbus, OH
- (8) DFAS Omaha, NE
- (9) DFAS Indianapolis, IN
- (10) DFAS Dayton, OH
- (11) DFAS St. Louis, MO
- (12) DFAS Cleveland, OH
- (13) DFAS San Antonio, TX
- (14) DFAS San Diego, CA
- (15) DFAS Pacific Ford Island, HI
- (16) DFAS Patuxent River, MD
- (17) DFAS Limestone, ME
- (18) DFAS Charleston, SC
- (19) DFAS Rome, NY
- (20) DFAS Orlando, FL

DCN: ~~DAPP-ZB~~
41582

SUBJECT: OSD BRAC Clearinghouse Tasker 0202: Additional DFAS Questions

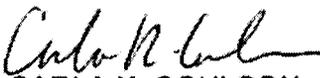
- (21) DFAS Lexington, KY
- (22) DFAS Kansas City, MO
- (23) DFAS Seaside, CA
- (24) DFAS San Bernardino, CA
- (25) DFAS Arlington, VA
- (26) DFAS Oakland, CA

b. During the analysis process used to define potential gaining locations the following locations were identified as meeting DoD Antiterrorist and Force Protection (AT/FP) standards: DFAS-Cleveland Bratenahl, OH; DFAS-Columbus, OH; DFAS-Dayton, OH; DFAS-Denver, CO; DFAS-Indianapolis, IN; DFAS-Lawton, OK; DFAS-Mechanicsburg, PA; DFAS-Norfolk Naval Station, VA; DFAS Omaha, NE; DFAS Pacific (Ford Island), HI; DFAS-Patuxent River, MD; DFAS-Pensacola Naval Station, FL; DFAS-Pensacola Saufley Field, FL; DFAS-Rock Island, IL.

c. The Cost of Base Realignment Actions (COBRA), an economic analysis model, was used to estimate costs and savings associated with the recommendation to consolidate DFAS. COBRA is not designed to produce budget estimates, rather it designed to provide a consistent and auditable method of evaluating and comparing different course of action in terms of the resulting economic impacts for those costs and savings measured in the model. COBRA calculates the costs and savings of scenarios over a period of 20 years. It models all activities (moves, construction, procurements, sales, closures, etc.) as taking place during the first 6 years, and thereafter all costs and savings are treated as steady-state. As such the attached table provides the following information for each location recommended to be realigned or closed: one time cost of realigning and/or closing; savings (by year) during the BRAC years (FY2006-FY2011), and annual recurring savings following the BRAC years.

4. Coordination: N/A

Encl
Table


CARLA K. COULSON
COL, GS
Deputy, Headquarters and
Support Activities JCSG

OA	End Date	Shell Costs	Operating Costs	Total
DCN: 1.1562 1	January 2005 (387,643 *rsf)	\$7.72/rsf	\$3.95/rsf	\$11.67/rsf
2	September 2008 (36,029 *rsf)	\$14.30/rsf	\$4.84/rsf	\$19.18/rsf

**rsf = rentable square feet.*

DCN 11582
 In addition to the shell and operating costs, each tenant of the Celebrezze Federal Building is charged for security services, parking and joint use facilities. This is in accordance with 41 CFR 102-85.115 (a), which states, "Amortization of tenant improvements, parking fees, and security charges are calculated separately and added to the appraised shell Rent to establish the Rent charge. Customer agencies also pay for a pro rata share of joint use space."

With these additional fees, the actual amount DFAS pays is \$15.73 for OA #1 and \$22.86 for OA #2 and not the Standard Level User Charge (SLUC) of \$29.12 reported by the Greater Cleveland Partnership. In addition, these fees are not included in the Colliers rate data but would be charged additionally by any private sector lessor supplying the respective services.

GSA appraises rental properties at least every five years. In the years where an appraisal is not completed, annual adjustments are made based on market data and projections from various economic sources.

In fact, the shell and operating costs for OA #1 will expire in January 2005, and at that time a new agreement will need to be signed at the Fiscal Year 2005 market appraised rates. The FY05 rates for shell and operating costs combined will actually increase from \$11.67 to \$19.32/rsf, which is within the low \$19 range cited for downtown Cleveland Class B space.

The following is a breakdown of the new rates as of January 2005:

OA	End Date	Shell Costs	Operating Costs	Total
1	January 2010 (387,643 *rsf)	\$14.30/rsf	\$5.02/rsf	\$19.32/rsf
2	September 2008 (30,029 *rsf)	\$14.30/rsf	\$4.84/rsf	\$19.18/rsf

I trust that this information will address Governor Taft's concerns. However, if our office can provide you with any additional information, please contact me.

Deborah Setliff
 Communications Director
 Congressman Steven C. LaTourette (R-OH)
 Phone: 202.225.5731
 Fax: 202.225.5307

-----Original Message-----

From: Wasleski, Marilyn, CIV, WSO BRAC [mailto:Marilyn.Wasleski@wso.whs.mil]
Sent: Thursday, July 14, 2005 5:05 PM
To: Setliff, Deborah
Subject: RE: DFAS Answers to Rep. LaTourette

7/15/2005

Deborah,
DCN: 11562

I was told that the \$29/sq. ft. may also include other things such as security, cleaning costs, etc. What does GSA include in the \$19 rate?

Marilyn

From: Setliff, Deborah [mailto:Deborah.Setliff@mail.house.gov]
Sent: Thursday, July 14, 2005 4:57 PM
To: Wasleski, Marilyn, CIV, WSO-BRAC
Subject: FW: DFAS Answers to Rep. LaTourette

Marilyn I just received this from GSA ...see below...answers the question if Cleveland DFAS has ever paid \$29 for rent

Deborah Setliff
Communications Director
Congressman Nancy C. LaTourette (R-OH)
Phone: 202-225-5731
fax: 202-225-3307

-----Original Message-----

From: nathan.sampson@gsa.gov [mailto:nathan.sampson@gsa.gov]
Sent: Thursday, July 14, 2005 4:45 PM
To: Setliff, Deborah
Subject: DFAS Answers to Rep. LaTourette

Deborah, please let me know if you have any questions.

3) The rent for the DFAS office located in Cleveland, OH has never been as high as \$29 per rentable square foot. (The current market rental rate that GSA bills to DFAS is \$19.32/rentable square foot). DFAS is located in an owned facility in Cleveland.

Nate Sampson
U.S. General Services Administration
Office of Congressional & Intergovernmental Affairs
Congressional Relations Officer
1800 F Street NW Room 6109
Washington, D.C. 20405
(202) 501-3609 office (202) 236-8516 cell
(202) 203-1300 fax
nathan.sampson@gsa.gov
www.gsa.gov

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Setliff, Deborah [Deborah.Setliff@mail.house.gov]
Sent: Thursday, July 14, 2005 4:57 PM
To: 'Wasleski, Marilyn, CIV, WSO-BRAC'
Subject: FW: DFAS Answers to Rep. LaTourette

Marilyn, I just received this from GSAsee below...answers the question if Cleveland DFAS has ever paid \$29 for rent

Deborah Setliff
Communications Director
Congressman Steven C. LaTourette (R OH)
Phone: 202-225-5731
Fax: 202-225-3307

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From: nathan.sampson@gsa.gov [mailto:nathan.sampson@gsa.gov]
Sent: Thursday, July 14, 2005 4:45 PM
To: Setliff, Deborah
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.....
Nate Sampson
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www.gsa.gov

Wasleski, Marilyn, CIV, WSO-BRAC

-- DCN: 11562

From: Caruso, Carol [CCaruso@gcpartnership.com]
Sent: Tuesday, July 19, 2005 10:40 AM
To: Wasleski, Marilyn, CIV, WSO-BRAC
Cc: Skip Hall; deborah.setliff@mail.house.gov; Jim Robey
Subject: URGENT -- Cost Data re Celebrezze Building
Attachments: DFAS lease cost \$15.73.doc

Marilyn, in follow up to our phone discussion, I wanted to make sure that you had this information regarding the actual cost per square foot of the Celebrezze Building since there has been so much confusion about rates and comparison of rates.

I have attached correspondence from James Handley of the GSA that documents the actual cost of the Celebrezze Building for the period ending January 2005 (the time frame in the DOD analysis) to be \$11.67 per square foot. When other fees are included, the cost is \$15.73 per square foot.

The reference to the \$29.12 continues to trouble us. Although it is attributed to the Greater Cleveland Partnership, it is important to note that the GCP did not calculate this cost -- it was provided to us by the Cleveland DFAS staff during some of our earliest discussions with them -- they generally referred to the "SLUC rate" (standard level user charge). At any rate, this data is incorrect. When it appeared in the DOD analysis, we assumed that it came from a certified source and thus, we began our analysis using this number. As soon as we learned that it was incorrect, we recalculated the MV using the \$15.73 -- verified by GSA. Using this number, Cleveland DFAS comes out in the second (#2) position in MV (comparing the five major DFAS sites.) If you agree that the "on/off a DOD site" should be discounted, that puts Cleveland in the top (#1) position.

We would appreciate your consideration of this information and an assurance that it has or will be used to recalculate the initial findings. We would also like to verify that the other DFAS sites are compared using like data, i.e. that the lease costs include the same factors as are used in calculating the \$15.73 for Cleveland.

Thank you, Marilyn. Please let me know if you have any questions.

DCN: 11562

MEMORANDUM FOR: STEPHEN A. PERRY
 ADMINISTRATOR (A)

FROM: JAMES C. HANDLEY
 REGIONAL ADMINISTRATOR (5A)

SUBJECT: Response to the Honorable Bob Taft
 Governor, State of Ohio
 77 South High Street, 30th Floor
 Columbus, OH 43215-6117
 Control 103267

The following information responds to a letter from Bob Taft, Governor, State of Ohio, dated April 23, 2004, regarding the DFAS rental rates in the Anthony J. Celebrezze Federal Building in downtown Cleveland.

As shown by the chart below, we are currently charging DFAS-CL a lower rate, \$11.67 per rentable square foot, on the majority of their space than the \$19 rate shown in the 2003 Colliers International Data.

DFAS currently has two Occupancy Agreements (OAs) in the Federal Building. The first OA contains 387,643 rentable square feet (291,057 usable square feet). The second occupancy agreement contains 36,029 rentable square feet (27,052 usable square feet).

The following is a breakdown of the current rental rates:

OA	End Date	Shell Costs	Operating Costs	Total
1	January 2005 (337,643 *rsf)	\$7.72/rsf	\$3.95/rsf	\$11.67/rsf
2	September 2008 (36,029 *rsf)	\$14.30/rsf	\$4.84/rsf	\$19.18/rsf

**rsf = rentable square feet.*

DCN 11562

In addition to the shell and operating costs, each tenant of the Celebrezze Federal Building is charged for security services, parking and joint use facilities. This is in accordance with 41 CFR 102-85.115 (a), which states, "Amortization of tenant improvements, parking fees, and security charges are calculated separately and added to the appraised shell Rent to establish the Rent charge. Customer agencies also pay for a pro rata share of joint use space."

With these additional fees, the actual amount DFAS pays is \$15.73 for OA #1 and \$22.86 for OA #2 and not the Standard Level User Charge (SLUC) of \$29.12 reported by the Greater Cleveland Partnership. In addition, these fees are not included in the Colliers rate data but would be charged additionally by any private sector lessor supplying the respective services.

GSA appraises rental properties at least every five years. In the years where an appraisal is not completed, annual adjustments are made based on market data and projections from various economic sources.

In fact, the shell and operating costs for OA #1 will expire in January 2005, and at that time a new agreement will need to be signed at the Fiscal Year 2005 market appraised rates. The FY05 rates for shell and operating costs combined will actually increase from \$11.67 to \$19.32/rsf, which is within the low \$19 range cited for downtown Cleveland Class B space.

The following is a breakdown of the new rates as of January 2005.

<u>OA</u>	<u>Enc Date</u>	<u>Shell Costs</u>	<u>Operating Costs</u>	<u>Total</u>
1	January 2010 (387,343 rsf)	\$14.33/rsf	\$5.02/rsf	\$19.32/rsf
2	September 2003 (36,029 rsf)	\$14.30/rsf	\$4.84/rsf	\$19.18/rsf

I trust that this information will address Governor Taft's concerns. However, if our office can provide you with any additional information, please contact me.

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Caruso, Carol [CCaruso@gcpartnership.com]

Sent: Friday, July 15, 2005 3:06 PM

To: Wasleski, Marilyn, CIV, WSO-BRAC

Cc: Strnisha, Steve

Subject: Cost per Square Foot-New Facility

Marilyn, I have verified that the cost per square foot for a new, build-to-suit DFAS building that meets all DOD standards is estimated to be \$14.00 per square foot. This includes an income tax incentive that has already been approved by our General Assembly; a similar incentive from the City of Cleveland (under consideration now, but Council is on summer break); and a contribution from the County. As is described in our briefing book, the land for a facility will be provided at no cost by the public sector.

As you consider this information, please keep in mind that the cost per square foot would remain constant over the term of the lease -- 20 years.

Please let me know if you have additional questions.

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Setliff, Deborah [Deborah.Setliff@mail.house.gov]

Sent: Monday, July 18, 2005 9:49 AM

To: "Wasleski, Marilyn, CIV, WSO-BRAC"

Subject: FW: DFAS Answers to Rep. LaTourette

Marilyn, GSA just revised their answer slightly, but not in regard to what constitutes operating costs

Wanted you to have the most accurate answer

Deborah Setliff
Communications Director
Congressman Steven C. LaTourette (R-OLF)
Phone: 202 225 5731
Fax: 202 225 3307

-----Original Message-----

From: nathan.sampson@gsa.gov [mailto:nathan.sampson@gsa.gov]

Sent: Monday, July 18, 2005 9:48 AM

To: Setliff, Deborah

Subject: Fw: DFAS Answers to Rep. LaTourette

Deborah, here is a revision of what I sent you earlier.

something I didn't catch below the break out of the \$19.32 is:

shell Rent \$14.30 prsf
operating costs \$ 5.02 prsf

Note: Operating costs include utilities, maintenance and janitorial.

(The amortized capital security costs were provided as background information from the region).

Nate Sampson
U.S. General Services Administration
Office of Congressional & Intergovernmental Affairs
Congressional Relations Officer
1800 F Street NW Room 6109
Washington, D.C. 20405
(202) 501-3609 office (202) 236-8516 cell
(202) 208-1300 fax
nathan.sampson@gsa.gov
www.gsa.gov

----- Forwarded by Nathan A. Sampson/S/CO/GSA/GOV on 07/18/2005 09:46 AM -----

Nathan A. Sampson/S/CO/GSA/GOV

To: Deborah.Setliff@mail.house.gov

cc

Subject: Fw: DFAS Answers to Rep. LaTourette

07/18/2005 09:23 AM

Deborah, please see the answer below. Please let me know if you need anything further. Nate

DCN: 11562

Nate Sampson
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----- Forwarded by Nathan A. Sampson/S/CO/GSA/GOV on 07/18/2005 09:32 AM -----

Erika M. Dinnie/PVAB/CO/GSA/GOV

To: Nathan A. Sampson/S/CO/GSA/GOV@GSA
Ivan G. Swain/PVAB/CO/GSA/GOV@GSA, Sheldon J.
cc: Kravitz/PVAB/CO/GSA/GOV@GSA

07/18/2005 09:45 AM

Subject: Re: Fw: DFAS Answers to Rep. LaTourette [Link](#)

Nate, the break out of the \$19.32 is:

shell Rent \$14.30 prsf
operating costs \$ 5.02 prsf
amortized capital security \$ 0.04 prsf

Note: Operating costs include utilities, maintenance and janitorial.

.....
Erika Dinnie
Capital Investment and Leasing Division
Office of Portfolio Management
(202) 501-8602

Nathan A. Sampson

To: Erika M. Dinnie/PVAB/CO/GSA/GOV@GSA
cc: Ivan G. Swain/PVAB/CO/GSA/GOV@GSA, Sheldon J. Kravitz/PVAB/CO/GSA/GOV@GSA
Subject: Fw: DFAS Answers to Rep. LaTourette

07/15/2005 09:28 AM

Erika, please see Rep. LaTourette's follow-up question. Can we respond to this as well. Thanks Nate

Nate Sampson
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7/18/2005

----- Forwarded by Nathan A. Sampson/CS/CO,GSA/GOV on 07/15/2005 09:27 AM -----

DCN: 11562
"Setliff, Deborah" <Deborah.Setliff@mail.house.gov>

To "nathan.sampson@gsa.gov" <nathan.sampson@gsa.gov>

cc

07/14/2005 05:22 PM

Subject RE: DFAS Answers to Rep. LaTourette

Nathan, can you tell me exactly what is included in the \$19.32 rate for Cleveland - I know there is a base rent of about \$14. What makes up the rest to get to \$19.32 in GSA terms? I think you folks phrase it as something like operating costs but what do those costs actually include under the umbrella of operating costs?

Sorry, but I do need to get this clarified for BRAC staff, which has the rent at more than \$29 for Cleveland DFAS.

Thanks

deb

Deborah Setliff

Communications Director

Congressman Steven C. LaTourette (R-OH)

Phone: 202 225 5737

Fax: 202 225 3307

7/18/2005

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Setliff, Deborah [Deborah.Setliff@mail.house.gov]

Sent: Monday, July 18, 2005 9:47 AM

To: 'Wasleski, Marilyn, CIV, WSO-BRAC'

Subject: FW: DFAS Answers to Rep. LaTourette

Marilyn, please see response below from GSA regarding what GSA includes in operating costs (GSA operating costs include utilities, maintenance and janitorial)

Also, per the document I sent you last week regarding the actual 2003/2004 time period, here is that info:

Cleveland DFAS actually had two leases during the 2003/2004 time period -- one for about 387K square feet at Celebrezze, and a second smaller lease for 35K square feet (expires 9/08)

The larger space lease, which expired in January 2005, was actually \$11.67 per rentable square foot, which included the shell space and GSA operating costs of about \$4 (includes utilities, maintenance and janitorial).

In addition to the shell and operating costs, each tenant of the Celebrezze Federal Building is charged for security services, parking and joint use facilities. This is in accordance with 41 CFR 102-85.115 (a), which states, "Amortization of tenant improvements, parking fees, and security charges are calculated separately and added to the appraised shell Rent to establish the Rent charge. Customer agencies also pay for a pro rata share of joint use space."

If you add in those extra charges, which include security, the amount that Cleveland DFAS was paying for rent in 2003/2004 (BRAC period) was actually \$15.73 per rentable square foot.

Deborah Setliff
Communications Director
Congressman Steven C. LaTourette (R OH)
Phone: 202-225-5731
Fax: 202-225-5507

-----Original Message-----

From: nathan.sampson@gsa.gov [mailto:nathan.sampson@gsa.gov]

Sent: Monday, July 18, 2005 9:33 AM

To: Setliff, Deborah

Subject: Fw: DFAS Answers to Rep. LaTourette

Deborah, please see the answer below. Please let me know if you need anything further. Nate

Nate Sampson
U.S. General Services Administration
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----- Forwarded by Nathan A. Sampson/S/CO/GSA/GOV on 07/18/2005 09:32 AM -----

To: Nathan A. Sampson/S/CO/GSA/GOV@GSA

Erika M. Dennis/PVAB/CO/GSA/GCV

Ivan G. Swain/FVAB/CO/GSA/GOV@GSA, Sheldon J.

7/18/2005

07/18/2005 08:45 AM

cc Kravitz/PVAB/CO/GSA/GOV@GSA

DCN: 11562

Subject Re: Fw: DFAS Answers to Rep. LaTourette [Link](#)

Nate, the break out of the \$19.32 is:

shell Rent	\$14.30 prsf
operating costs	\$ 5.02 prsf
amortized capital security	\$ 0.04 prsf

Note: Operating costs include utilities, maintenance and janitorial.

.....
 Erika Dinnie
 Capital Investment and Leasing Division
 Office of Portfolio Management
 (202) 501-5902

Nathan A. Sampson To: Erika M. Dinnie/PVAB/CO/GSA/GOV@GSA
 cc: Ivan G. Sechin/FVAB/CO/GSA/GOV@GSA, Sheldon J. Kravitz/PVAB/CO/GSA/GOV@GSA
 Subject: Fw: DFAS Answers to Rep. LaTourette
 07/15/2005 09:28 AM

Erika, please see Rep. LaTourette's follow-up question. Can we respond to this as well. Thanks Nate

Nate Sampson
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----- Forwarded by Nathan A. Sampson(S\CO\GSA\GOV) on 07/15/2005 09:27 AM -----

"Setliff, Deborah" <Deborah.Setliff@mail.house.gov> To: "nathan.sampson@gsa.gov" <nathan.sampson@gsa.gov>
 cc
 07/14/2005 05:22 PM Subject RE: DFAS Answers to Rep. LaTourette

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7/18/2005

Sorry, but I do need to get this clarified for BRAC staff, which has the rent at more than \$29 for Cleveland DFAS.

DCN: 11562
Thanks

deb

Deborah Sciliff

Communications Director

Congressman Steven C. LaTourette (R-OH)

Phone: 202.225.5731

Fax: 202.225.3307

Wasleski, Marilyn, CIV, WSO-BRAC~~DCN: 11562~~

From: DROST, DANIEL [DANIEL.DROST@DFAS.MIL]
Sent: Tuesday, August 09, 2005 2:26 PM
To: marilyn.wasleski@wso.whs.mil
Subject: BRAC and DFAS Cleveland

Ms. Wasleski,

Below is an e-mail that I sent out in March (a couple of months before the BRAC decision) to the Cleveland marketing contingent on how DFAS Cleveland related to the BRAC. Below that e-mail is a section of another e-mail I sent to our local politicians on May 19. The subject that these e-mails have in common is that Z Gaddy stacked the deck to keep DFAS Denver open at the expense of Cleveland.

Further, as you probably know, Gaddy hired an employee from DFAS Indianapolis to run the BRAC for DFAS, which might explain why this town won so many jobs.

Unfortunately DFAS has a history of fixing the numbers to match their interest, and it is a shame, because it does not necessarily match the taxpayer's interest.

Feel free to use these e-mails should you want, or if you don't trust them, throw them out. But pls note that we knew the deck was stacked well before the BRAC decision was announced. If you have any questions, I can be reached at 216.204.4321.

Most Sincerely,

Dan Drost

From: DROST, DANIEL
Sent: Thursday, March 10, 2005 12:38 PM
To: 'fnance@ssd.com'; 'ccaruso@gcpartnership.com'
Subject: Of DFAS Cleveland "Rumors" and Such...

My understanding is that you both have spoken to a PD reporter about our situation at DFAS, and how we relate to the BRAC. You were told by the reporter that the DFAS HQ recommendation is to close Cleveland and Denver. You both responded that this is rumor only.

I assure you that this is more than rumor; in fact, you can take this "rumor" to the bank. Further Zack Gaddy, Director of DFAS, prefers to keep Denver open over Cleveland, and is quietly politicking to keep Denver open, even though Denver is on the list. (He used to be the director of the Denver office, and he has an Air Force background--Denver's specialty.)

I am a "federally protected whistleblower" featured in the PD's Sunday Magazine about 20 months ago. If you recall, our Retired Pay Department was privatized, and the privatization ended-up costing taxpayers about an extra \$60 mil. (Government employees lost 530 jobs because of the decision.) I was the one who helped break the story.

I was able to break the story because I had the right contacts who were feeding me the proper information. These same contacts are now talking to me about BRAC. I promise, they would not talk to me unless they have their facts straight.

I am a straight talker, and this is the way I see it. Either you already know this and want to squelch it for the present, or you don't know it. I'll be honest: it scares me either way.

8/9/2005

My fellow employees and I have a lot to lose. Instead of working a project to make money and to enhance resumes, I hope and trust that you treat us with respect and honesty. We deserve that much.

DCN: 11562

If you have any questions, I can be reached at 216.204.4321 (W) or 440.237.1719 (H). Or just respond to this e-mail.

Sincerely,

Dan Drost

(Second e-mail)

Finally, a little inter-office politics. I was told three months ago that Cleveland and Denver were on the BRAC list. Everybody in Cleveland (and everywhere) expected Denver to close, as they were the most vulnerable. The reasons were as follows:

1. Denver currently does not have any military pay function that supports all three services while CL does.
2. Denver center DFAS employment lost would have minimal impact on the local economy and has the highest locality pay adjustment of the DFAS centers plus highest relocation rate needed to move employees to that locale.
3. Denver DFAS center has high local Fed employment in the area and so a higher chance for re-employment of workers within the government without incurring relocation costs involved in BRAC.

Everybody was shocked that Denver broke even with this process. But Zach Gaddy, DFAS Director, previously worked in Denver. Originally Denver was on the BRAC list, but I was told that Gaddy would do everything he could to get them off of the list. Unfortunately for Cleveland, he succeeded.

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562
From: Hallaway, Rashid G. [Rashid.Hallaway@bakerd.com]
Sent: Monday, July 25, 2005 8:34 AM
To: marilyn.wasleski@wso.whs.mil
Subject: Thank You

Dear Marilyn:

Thank you very much for taking time out of your busy schedule to meet with Mayor Peterson and Melina Kennedy from the City of Indianapolis on Friday morning. We appreciated your insight into the process and look forward to working with you over the next few weeks.

Below is the GAO testimony I referenced regarding transition plans and human capital skills. I hope you will feel free to contact me if you have any questions or need additional information.

Thank you,

Rashid Hallaway

Page 25 GAO-05-905 Military Bases

A significant challenge facing the department is the need for transition plans to address the human capital skills that are likely to be lost and in need of replacement in order to provide for uninterrupted operations as BRAC recommendations are implemented. In its cost and savings analyses, the department estimated in most instances that, as a standard factor in its COBRA model, about 75 percent of the personnel at a facility being closed or realigned would move to the gaining installation receiving the mission or workload.

However, in some cases, this percentage may be overstated resulting in less actual movement than anticipated, which may in turn present challenges for gaining bases. For example, Industrial Joint-Cross Service 21 The Intelligence Joint Cross-Service Group is also proposing to move about 8,500 personnel to Fort Belvoir. Minimizing Disruption of Operations due to Loss of Specialized Skills Group officials told us that based on the Navy's prior experience in closing shipyards, they did not expect many personnel to move to other shipyards if the Portsmouth shipyard were closed. They further told us that because it takes about 8 years for personnel to become fully proficient in maintaining nuclear-powered submarines, this would present a challenge for the other yards to replicate the loss in skills due to the unwillingness of workers to move with the relocated workload. Officials at Fort Monmouth, New Jersey, expressed similar concerns regarding the planned closure of the base and plans for a large portion of the work to be transferred to the Aberdeen Proving Ground in Maryland. Information provided by these officials suggest that the potential loss of a large retirement age population must be balanced against the impact on ongoing mission activities providing real-time assistance to warfighters and transformation initiatives.

DCN: 11562
In other cases, the loss of personnel skills at a location may cause some concern but may not be as difficult to reconstitute. For example, DOD projects that about 7,400 personnel would move under the proposal to consolidate the Defense Finance and Accounting Service from 26 to 3 sites. While the actual number of personnel that may move is unknown, a Defense Finance and Accounting Service official stated that the accounting skills required are available at the receiving sites. Our analysis indicates that over 4,590, or 62 percent, of the workforce at the 26 sites are classified as accounting-related civilian positions at General Schedule grade 11 or below.

Should there be recommendations where the loss of personnel is extensive, particularly for those skills requiring extensive education, training, and experience, it could prove challenging to the department to satisfactorily provide for the replacement of these critical skills. In this regard, it is important that the department develop transition plans that would recognize the loss of human capital skills and provide for replacement capability to minimize disruption of ongoing defense operations. Without such a plan, the department could be at risk in providing the necessary support to our military forces.

Rashid G. Hallaway
B&D Sagamore
805 15th Street, NW
Suite 700
Washington, DC 20005
(202) 312-7484 (Direct)
(202) 312.7441 (Fax)

62
REPLY TO
ATTENTION OFDEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700
HSA-JCSG-D-05-416

24 JUN 2005

The Honorable Olympia Snowe
United States Senate
154 Russell Senate Office Building
Washington, DC 20510

Dear Senator Snowe:

The Department of Defense is pleased to respond to Congressional inquiries concerning the 2005 Base Realignment and Closure (BRAC) recommendations. The delegation from the State of Maine asked a number of questions about the Defense Finance and Accounting Service. Specific responses are provided below.

1. From HSA-JCSG, the cost to shutdown the various DFAS locations and the savings generated from the closures, by location and by year.

The Cost of Base Realignment Actions (COBRA), an economic analysis model, was used to estimate costs and savings associated with the recommendation to consolidate DFAS. COBRA calculates the costs and savings of scenarios over a 20-year period. It models all activities (moves, construction, procurements, sales, closures, etc.) as taking place during the first 6 years, and thereafter all costs and savings are treated as steady-state. The table provided at enclosure 1 includes information requested for each location recommended to be realigned or closed: one time cost of realigning/and or closing; savings (by year) during the BRAC implementation years (FY2006 – FY2011), and annual recurring savings following implementation years (in perpetuity).

2. From HSA-JCSG, an EXCEL spreadsheet that replicates the military value model for all 26 DFAS sites:

An EXCEL spreadsheet that replicates the military value model associated with the DFAS Military Value Scoring Plan is provided at enclosure 2.

3. From HSA-JCSG, the military value data input to produce the results briefed on 7 December 04 and 5 April 05.

DCN: 11562

The DFAS Military Value Model data input for the model results briefed to the HSA JCSG members on 7 December 2004 and 5 April 2005 are provided at enclosures 3 and 4, respectively.

4. From HSA-JCSG, an explanation of why "local population workforce pool" was double-counted in the military value analysis under criterion one and criterion three.

The DFAS Military Value Scoring Plan, approved through the DoD Infrastructure Steering Group (ISG) included the "Local Population Workforce Pool" metric under both Criteria 1 and 3. While Criterion 1 has a focus on current and future mission readiness and capabilities, Criterion 3 is focused on future total force requirements. For each of these criteria, the size of an area's workforce pool is deemed of importance in the ranking of DFAS locations. The duplication of the metrics within the military value model is analytically sound as the metric supports each criterion differently, as stated above.

5. From HSA-JCSG, an explanation of why no attempt was made to evaluate the facility security of each DFAS facility and to instead use a binary measurement with regard to presence on a military installation.

Each DFAS facility was evaluated for security using the Terrorist Threat Assessment Rating military value metric. The Military Value Scoring Plan for DFAS included a metric "Terrorist Threat Assessment Rating" which was used to compare each facility's security factors as defined in the classified DFAS Safety, Protection, Infrastructure, Recovery Integration Team (SPIRIT) report. Additionally, the scoring plan included a metric "On a DoD owned installation." This metric results from an assumption that "presence on an installation is good." To obtain an exact compliance assessment would have required an inventory of all buildings on all installations within the study scope of the HSA JCSG. The accomplishment of this type of inventory was prohibitive. Therefore, it was determined that giving credit to presence on an installation was prudent.

6. From HSA-JCSG, an explanation of why there was no consideration of "the availability and condition of land" at DFAS Limestone despite an explicit requirement in criterion two to include that fact as an element of military value.

The availability and condition of the land was considered through the facility condition assessment rating and Defense Information System Network Point of Presence metrics. The complete Criterion 2 definition is: "The availability and condition of land, facilities, and associated airspace (including training

DCN: 11562

areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations." The availability and condition of land was also considered in the scenario development phase.

7. From HSA-JCSG, DOD-BRAC documents contain the conclusion that "Analysis associated with the business process review element resulted in a finding that the one-of-a-kind corporate process applications identified had limited or no real impact on possible workload and manpower relocation. In fact, the FM team findings are (1) that DFAS functions can be accomplished at any location with a DISN point of presence and meeting DOD AT/FP Standards; and (2) that the BRAC six year process allows adequate time to hire and retrain new employees or retrain current employees to support one-of-a-kind corporate process applications." Given that conclusion, why wasn't this metric excluded from the final military value analysis results, and what would be the military value analysis results if that metric were excluded from the military value calculation for all DFAS facilities?

The DFAS Military Value Scoring Plan, including the metric "One-of-a-kind Corporate Process Applications" was completed while the business process review of DFAS was on going. Thus, the revelation that one-of-a-kind corporate process applications identified through the military value data call would have limited or no real impact on possible workload and manpower relocations occurred after the military value data call responses were received. An EXCEL spreadsheet that replicates the military value model associated with the DFAS Military Value Scoring Plan is provided at enclosure 2. The Department cannot recalculate military value scores after elimination of this metric, or any metric, from the model because such elimination would leave the scoring plan skewed.

8. From HSA-JCSG, an explanation of how the optimization model used to select the three gaining facilities included BRAC criterion 6: "The economic impact on existing communities." If this criterion was not included in the optimization model, please explain what model was used to incorporate it into the final recommendation.

~~The optimization model to determine the three gaining locations for DFAS did not include "Economic impact on existing communities."~~ According to guidance provided in the ISG's sixth policy memorandum, ~~Criterion 6 will be assessed against scenarios.~~ (DoD Website http://www.defenselink.mil/brac/minutes/brac_guidance.html Policy Memos.) The optimization modeling starts scenario development, which precedes application of Criterion 6. Within the BRAC process, Criterion 6

DCN: 11562

assessed the economic impact on communities. The Economic Impact Tool (EIT) model was used to make these assessments. The Joint Process Action Team on Economic Impact (JPAT 6) developed an economic impact methodology in which DoD components (Military Departments, Defense Agencies and Joint Cross Service Groups) measured the economic impact on communities of BRAC 2005 alternatives and recommendations using (1) the total potential job changes in an economic area, and (2) total potential job changes as a percentage of total employment in the local economic area. COBRA output data was used to populate the EIT model. This included job changes out of and job changes into the closing or realigning locations. Job changes out are the number of positions eliminated or relocated from a realigning or closing location. Job changes into a location are added or gained positions relocating from another location.

9. From HSA-JCSG, the results of a COBRA analysis using a scenario where DFAS Limestone remains open as one of four receiving locations with the other three being Columbus, Indianapolis, and Denver.

The Department supports the statutory process established by Congress whereby the Commission evaluates the Department's recommendations and makes its own to the President. In support of the process, the Department has and will continue to provide analytical support to the Commission, by doing such things as running COBRA analyses on alternative scenarios. The Department is not, however, in a position to provide that same analytical support to anyone other than the Commission. In the alternative, the Department has made the COBRA model and certified data available on the DoD website http://www.defenselink.mil/brac/minutes/cobra/cobra_app.html and provided COBRA Model training to members of Congress and their staffs to enable them to undertake such alternative analyses.

10. From HSA-JCSG, the justification for the conclusion that a minimum of two facilities are necessary to achieve sufficient redundancy for security purposes.

In theory, DFAS operations could be performed from one location. However, risk of potential man-made or natural disaster/challenges deem it prudent to disperse the DFAS mission over a minimum of two locations. Since the DoD is concerned about its missions and employees, the prudent approach was approved by the HSA JCSG leadership for consideration in the consolidation of DFAS into fewer locations.

DCN: 11562

11. From DFAS:

- a. The underlying data on maintenance and repair requirements submitted to the HAS-JCSG that resulted in a "red" facilities condition code for Limestone;

DFAS Limestone listed a requirement in FY05 to replace security cameras for \$216K and a subsequent requirement in FY09 for roof repair for \$225K. An additional \$557K was requested for the construction of an auditorium in FY06. Since these projects exceed \$250,000 within the next 5 years, the DFAS Condition Assessment Criteria or Rating was red. The Facility Condition Assessment Rating questions (DoD #1945), with amplification describing the dollar amounts associated with each rating and responses are available on the DoD website http://www.defenselink.mil/brac/minutes/brac_databases.html, Refer to Military Value Database (MAD), Zipfile, and Output 1945.

- b. DFAS metrics and statistics collected using those metrics within business lines to evaluate the performance at DFAS locations, including Limestone:

Metric information and related statistics will be provided within 72 hours. DFAS will ensure information is provided in a format that will be easy to understand and not require "translation."

- c. The specific documents that detail the planned reductions in DFAS Limestone personnel in years 2005 – 2008 for a total reduction of 68 positions;
- (1) The COBRA Screen Six entitled Base Information (Personnel) includes Programmed Installation Population Changes (non-BRAC) by Year (+Increase/-Decreases). A replication of that section of Screen Six is as follows:

Screen Six Input Data – Limestone Programmed Installation Population Changes (non-BRAC by Year (+Increases/ -Decreases))						
Positions	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Officer:	0	0	0	0	0	0
Enlisted:	-1	0	0	0	0	0
Civilians:	-22	-28	-17	0	0	0
Students:	0	0	0	0	0	0

DCN: 11562

- (2) The HSA JCSG analytical team took the DFAS responses from each of the Scenario Data Call questions (DoD # 6125 – 6152 and 6160 -6166), which were by function and fiscal year (FY2005-2011). The responses were grouped by location to determine the numbers of Officers, Enlisted, and Civilian programmed positions for each FY by location. The FY05 programmed positions at Limestone provided by DFAS responses are as follows: Officers 0; Enlisted 1; Civilians 308. The Scenario Data Call questions and responses are available on the DoD website http://www.defenselink.mil/brac/minutes/brac_scenario.html Headquarters and Support Activities (0018-0021 Zipfile).
 - (3) The source of the DFAS responses to HSA JCSG Scenario Data Call questions is the DFAS Program Objective Memorandum/Budget Estimate Submission (POM/BES) FY 2006-2011. A hard copy is provided as enclosure 5.
- d. Records of past increases in personnel at Limestone with associated numbers of qualified applicants for those positions and hiring times for the people hired.

The following are recent increases in personnel in Limestone:

- (1) DFAS Limestone added 46 personnel in Accounting and 55 in Vendor pay in 2003 for workload transferred from Europe. Four referral lists, which are no longer available, containing 682 candidates, were provided for these positions. Average fill time was two to three weeks.
- (2) Twenty-eight personnel in Vendor Pay were added in 2004 for new Air National Guard workload. Five referral lists, which are no longer available, containing 132 candidates, were provided. Average fill time for these positions was two to three weeks.
- (3) Thirty-five Accounting Business Line personnel were added in 2004/2005 for transfer of work for the Air National Guard, Air Force Special Operations Command and Defense Travel System disbursement accounting. Three referral lists, which are no longer available, containing 63 candidates, were provided for these positions. Average fill time for these positions was also two to three weeks.

DCN: 11562

- e. Examples of DFAS mission moves to larger labor markets with analyses of what drove those moves;

The following answers are based on the size of the DFAS activity involved in the realignment.

- (1) Seaside Vendor Pay (VP) moved to Lawton VP in 2004 and Kansas City VP moved to Columbus VP in 2004 due to historically weak production. The work was moved to locations with like business processes and like systems. The move resulted in significant improvements in performance.
- (2) Army Accounting workload was realigned in 2005 from DFAS Norfolk to DFAS Indianapolis to realize efficiencies from utilizing systems and processes already in place in Indianapolis. Reduced resource requirements resulted in savings to the customer.
- (3) Army National Guard workload was realigned in 2004 from smaller DFAS locations (Rome, Orlando, and Lawton) to DFAS Indianapolis to streamline operations and reduce cost by collocating in Indianapolis with Army Center of Excellence.
- (4) Navy Public Works Center workload was realigned in 2004 from DFAS Oakland to DFAS San Diego due to performance problems and customer dissatisfaction. This action eliminated the need for continued tiger team support to be provided to the DFAS Oakland site to accomplish mission and improved customer satisfaction.

- f. Examples of DFAS mission moves to smaller labor markets that were successful;

The following answers are based on the size of DFAS activities involved. These examples involve realignments between small locations. We have no examples of realignment of work from a large location to a small location.

- (1) Army, Air Force and Defense Agencies workload was realigned in 2003/2004 from DFAS Europe to DFAS Limestone, DFAS Rome, DFAS Lawton, DFAS Columbus, and DFAS Indianapolis to improve customer service and reduce cost.

DCN: 11562

- (2) Systems support for Air Force Accounting Network was consolidated in 2004 from seven geographic locations (San Antonio, San Bernardino, Pacific, Europe, Orlando, Japan, and Limestone) to four locations to reduce cost to customer, standardize service delivery and eliminate redundant workload between customers and DFAS.
 - (3) As requested by the Navy customer, realigned major command accounting workload from several sites (San Diego, Pacific, Charleston and Japan) to DFAS Norfolk and Pensacola. Action satisfied customer requirements by centralizing customer accounting at one location.
 - (4) Air National Guard (ANG) workload was transferred to DFAS Dayton and DFAS Limestone from multiple ANG locations beginning in 2004 and ending in 2005. This was requested by the customer to standardize processes, improve customer service, and alleviate ANG manpower and workload issues.
- g. Information on the total numbers of applicants deemed qualified on their face for positions at DFAS locations (with priority on information pertaining to Limestone);

Information on job applicants at Limestone and the three Secretary of Defense BRAC recommended gaining locations is provided at enclosure 6.

- h. The number of bargaining unit employees at each DFAS location;

The number of bargaining unit employees at each DFAS location is provided in the spreadsheet at enclosure 7.

- i. The number of personnel/positions for each of the DFAS special purpose sites; and

The number of personnel/positions for each of the DFAS special purpose locations on May 31, 2005 are:

- (1) Mechanicsburg, PA: 1 Civilian.
- (2) Southbridge, MA: 38 Contractors.
- (3) Red River, TX: 53 Civilians and 165 Non-Appropriated Fund Civilians.

DCN: 11562

(4) Cleveland Bratenahl, OH: 10 Civilians.

j. The number of contractor personnel at Southbridge Conference Center.

The number of contractor personnel at the Southbridge Conference Center was 38 on March 31, 2005.

12. From DFAS, whether Indianapolis or Columbus DFAS facilities lost power during the large blackout of 2003.

The DFAS Indianapolis and DFAS Columbus facilities were not impacted by the large blackout of 2003.

13. From DFAS, an explanation of how DFAS has used the BRAC process as a reorganization tool.

DFAS will utilize the final Base Realignment and Closure (BRAC) decisions to eliminate the Agency's 43% excess administrative space and 69% excess warehouse space. The reduced "footprint" expected from the final BRAC decisions will enable DFAS to effectively implement High Performing Organizations that dictate consolidation of DFAS major functional activities into three or fewer locations.

14. From DFAS or HSA-JCSG, the estimated transition costs for systems and retraining associated with the proposed BRAC consolidation to three anchor centers.

There were no one-time costs associated with the transition of systems identified by DFAS. Rather DFAS indicated that "DFAS systems are located at the Defense Information Systems Agency (DISA), Defense Enterprise Computing Centers (DECCs) and at Technology Services Organization (TSO), Corporate Services in Indianapolis and Columbus, and changes to the location of the user will not require system relocation costs." You may review the associated information technology scenario questions (DoD # 6222 through 6227) and responses on the DoD website http://www.defenselink.mil/brac/minutes/brac_scenario.html Headquarters and Support Activities (0018-0021 Zipfile). There were no one-time retraining costs specifically identified with the consolidation. Rather, personnel movement costs were used as a method to ensure retraining costs were included in COBRA. You may review the associated personnel relocation scenario questions (DoD #6167 through 6194) and responses on the DoD website http://www.defenselink.mil/brac/minutes/brac_scenario.html. Headquarters and Support Activities (0018-0021 Zipfile)

DCN: 11562

15. From DFAS, an explanation of the form and function of the "Centers of Excellence."

A "Center of Excellence" is a transformational concept that envisions centralizing "like" missions and functions across the Defense Finance and Accounting Service (DFAS) into a single or limited number of locations. The objective of a "Center of Excellence" is to achieve the highest standards of efficiency for both DFAS and the customers supported by capitalizing on reduced resources, providing an end-to-end process alignment, eliminating redundancies, and incorporating standardization and best business practices. This will lead to a reduction in the customers' overall bill from DFAS while providing improved finance and accounting services. DFAS has utilized the concept to consolidate human resources functions in Indianapolis IN, consolidate Reserve and Guard pay functions in Cleveland OH, and will utilize the concept in developing future High Performing Organizations as part of the DFAS transformation strategy.

16. From JPAT 7, the methodology for data collection to support analysis of BRAC criterion 7.

The JPAT 7 methodology for data collection is contained in the Joint Process Action Team for Selection Criterion 7 Final Report, which is available on the DoD website as follows:

<http://www.defenselink.mil/brac/minutes/action/01-Com-Infrastructure-JPAT-Report-5-13-05.pdf>

17. From JPAT 7, the outputs produced by the JPAT 7 methodology for all DFAS sites.

The JPAT 7 outputs can be found in the JPAT7 Installation and Activities Report, DoD Agencies and Activities, As of April 20, 2005, which is located on the DoD website as follows:

<http://www.defenselink.mil/brac/minutes/action/05-Defense-Agencies-reports-042005-2.pdf>. Additional documentation provided by DFAS and associated with this report is provided as enclosure 6.

18. From DFAS, a description of what is contained in the "Other" category for DTRA produced Threat Assessments.

The "Other" refers to attacks against critical support infrastructure such as water, electric and natural gas supplies, which have not been identified in other categories in the SPIRIT report.

DCN: 11562

19. From DOD-IG, the results of their 100% audit of DFAS –related data.

The DoD-IG findings associated with their review of data provided by DFAS is provided at enclosure 9.

The Department is continuing to address information requests and is committed to providing timely and accurate information regarding BRAC recommendations to the Congress and the BRAC Commission. We will continue to provide support and assistance to Congressional and Commission staffs as the BRAC process moves forward.

Sincerely,



Donald C. Tison
Assistant Deputy Chief of Staff, G-8
Chair HSA JCSG

Enclosures

1. COBRA Extract Cost/Savings
2. MV EXCEL Spreadsheet
3. MV Input – 7 Dec 04
4. MV Input – 5 Apr 05 (3c)
5. DFAS POM/BES hardcopy
6. Job Applicant Information
7. Bargaining Unit Employee Information
8. DFAS JPAT information
9. DoDIG – DFAS Report

cc: Chair, Senate Committee on Homeland Security and Governmental Affairs
Ranking Member, Senate Committee on Homeland Security and Governmental Affairs
Chair, Senate Committee on Armed Services
Ranking Member, Senate Committee on Armed Services
Chair, House Committee on Armed Services
Ranking Member, House Committee on Armed Services

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Setliff, Deborah [Deborah.Setliff@mail.house.gov]**Sent:** Wednesday, July 13, 2005 4:17 PM**To:** 'Wasleski, Marilyn, CIV, WSO-BRAC'**Subject:** more DFAS

Marilyn, we have received partial response to our clearinghouse request of 7/5. Here is what we are awaiting a response for - we indicated he wanted it by close of business today....not sure if they'll comply, they wanted until 7/22 to reply

1) Information on all maintenance and repair requirements submitted to the HAS-JCSG that resulted in the following facilities condition codes:

Cleveland DFAS: Green

Denver DFAS: Green

Indianapolis DFAS: Green

Kansas City DFAS: Red

Columbus DFAS: Red

He would like this information to be as detailed as a response given to Sen. Snowe in a June 24, 2005, letter that is posted on the www.brac.gov website. It is document number 3436.

- 3) Can you explain how the operating costs per square foot were calculated for each DFAS location nationwide, and where that data came from. For instance, the cost is listed as \$29.21 for Cleveland DFAS. The GSA, which owns the building, says the rate is actually \$19.32 per square foot, which includes a base rent of \$14.30 and \$5.02 in operating costs. This figure is from the most recent lease (Feb 2005). At the regional hearing in St. Louis, the rate for DFAS Kansas City was also disputed - BRAC has it at \$16.41 while GSA says it is closer to \$9 a square foot. The congressman would like rental rates for the following facilities, and an explanation of where the figures came from and whether it includes base rent and operating costs: DFAS Cleveland, DFAS Denver, DFAS Indianapolis, DFAS Kansas City and DFAS Columbus.
- 4) The congressman would like lease and building details for the following facilities: DFAS Cleveland, DFAS Denver, DFAS Indianapolis, DFAS Kansas City and DFAS Columbus. This is to include costs, number of years in lease, date renewed and date it will expire, square footage being used, and available usable square footage. The congressman would also like to know lease rates (per square foot) for the facilities for the previous decade.
- 5) The congressman would like to know what type of parking is available at the following DFAS locations and the number of spaces available to DFAS at each location: DFAS Cleveland, DFAS Denver, DFAS Indianapolis, DFAS Kansas City and DFAS Columbus. Specifically, he would like to know if parking is above ground, underground, adjacent to a facility, etc, and if other employers use the same lot (ie, from other federal agencies). Also, do the lots provide for visitor or paid hourly parking? Finally, is there room for expansion of parking at any of these sites, and by how many vehicles/spaces?

Deborah Setliff
 Communications Director
 Congressman Steven C. LaTourette (R OH)
 Phone: 202-225-5731
 Fax: 202-225-3307

7/13/2005



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700
HSA-JCSG-D-05-450

DAPR-ZB

14 July 2005

MEMORANDUM FOR OSD BRAC Clearinghouse

SUBJECT: Tasker 0521 - Inquiry from Senator Rodham-Clinton (NY), 11 July 2005

1. Reference e-Mail from Mr. Charlie Perham, Charlie_Perham@clinton.senate.gov , 11 July 2005.
2. Issues/Questions: Follow up to OSD BRAC clearinghouse response. Please have them run the model with the attached re-calculated numbers and provide results.
3. Responses: The Department supports the statutory process established by Congress whereby the Commission evaluates the Department's recommendations and makes its own to the President. In support of the process, the Department has and will continue to provide analytical support to the Commission. The Department is not, however, in a position to provide the same analytical support to anyone other than the Commission. It is, however, possible for our representatives to meet with your staff and provide an EXCEL spreadsheet that replicates the military value model. We will also review the spreadsheet to facilitate understanding of the model. Our point of contact to arrange such a meeting is LTC Chris Hill at (703) 696-9448, ext 148.
4. Coordination: N/A

CARLA K. COULSON

COL, GS

Deputy, Headquarters and
Support Activities JCSG

Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Setliff, Deborah [Deborah.Setliff@mail.house.gov]
Sent: Wednesday, July 13, 2005 3:17 PM
To: 'marilyn.wasleski@wso.whs.mil'
Subject: FW: Congressman LaTourette

Marilyn, here is the info from GSA on the square footage costs in Cleveland. I'll forward other information from our Clearinghouse tasker as soon as I get it.

Deborah Setliff
Communications Director
Congressman Steven C. LaTourette (R-OH)
Phone: 202-225-5731
Fax: 202-225-3307

-----Original Message-----

From: jesse.ozuna@gsa.gov [mailto:jesse.ozuna@gsa.gov]
Sent: Monday, June 27, 2005 9:28 AM
To: Setliff, Deborah
Subject: Re: Congressman LaTourette

Deborah,

The rate which took effect in February of 2005 was 19.32 per rentable square foot. \$14.30 for base rent and \$5.02 for operating.

Jesse J. Ozuna
Lead Asset Manager
Real Property Asset Management
Phone: 312-886-4493
Fax: 312-886-4064
Email: jesse.ozuna@gsa.gov

"Setliff, Deborah" <Deborah.Setliff@mail.house.gov>

To "jesse.ozuna@gsa.gov" <jesse.ozuna@gsa.gov>

cc

Subject: Congressman LaTourette

06/23/2005 09:52 AM

Jesse, sorry to pester you again. The Congressman just called from Cleveland and needs to clarify some information about the square footage costs at the Celebrezze Building in Cleveland. Two figures were used -- \$15 a square foot and \$17 a square foot - do you know which is it, or if either number is accurate? It's very time sensitive.

Thanks much

7/13/2005

Deb

DCN: 11562
Deborah Schiff

Communications Director

Congressman Steven C. LaTourette (R-OH)

Phone: 202-225-5731

Fax: 202-225-3307

7/13/2005

DCN: 1562

DFAS_Location	E'S PAY PLAN																Total
		0	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
ARLINGTON	ES	14															14
ARLINGTON	GM													2	5	4	11
ARLINGTON	GS				4	2	1	8	8	23		9	28	93	119	45	340
CHARLESTON	CS				30	52	65	104	14	18		47	22	7	2	1	362
CHARLESTON	WG								1		1						2
CLEVELAND	ES	2															2
CLEVELAND	GM													7	2	3	12
CLEVELAND	GS			11	43	92	138	122	25	94	1	174	300	118	34	9	1166
CLEVELAND	WG							1									1
CLEVELAND BRATENAHIL	GS					1							5	4			10
COLUMBUS	ES	2															2
COLUMBUS	GM													4	5	1	10
COLUMBUS	GS			2	75	262	343	417	41	101	2	248	329	163	43	11	2037
COLUMBUS	WG					3											3
DAYTON	GS			2	13	87	92	75	11	16		32	13	15	2	2	360
DAYTON	WG		1								1						2
DENVER	ES	1															1
DENVER	GM													2	3	2	7
DENVER	GS			1	23	58	53	189	45	154	2	154	294	141	33	10	1162
DENVER	WG		2			2	1										5
INDIANAPOLIS	ES	3															3
INDIANAPOLIS	GM													30	10	5	45
INDIANAPOLIS	GS			21	115	318	303	348	40	95	2	307	591	229	65	25	2459
INDIANAPOLIS	WG		2			3	2										7
KANSAS CITY	ES	2															2
KANSAS CITY	GM													2	1	1	4
KANSAS CITY	GS				25	27	41	105	7	48	1	158	162	67	17	6	664
KANSAS CITY	WG					2											2
LAWTON/FT SILL	GS				2	100	63	24	16	11		33	9	5	2		265
LAWTON/FT SILL	WG		1														1
LEXINGTON	GM														1		1
LEXINGTON	GS				1	11	6	6		2		8	4	1			39
LIMESTONE	GS				2	160	81	44	15	6		21	14	5	1	1	350
LIMESTONE	WG					1		1		1							3
NORFOLK	CS			8	33	57	95	56	4	23		27	26	11	2	1	343
OAKLAND	GS					12	8	1		1		19	8	1			50
OMAHA	GS				2	43	100	24	10	20		22	12	3		1	237
OMAHA	WG					1											1
ORLANDO	GS			3	5	52	45	34	13	11		39	13	3	1		217
ORLANDO	WG		1														1
PACIFIC (Ford Island)	GM															1	1
PACIFIC (Ford Island)	GS					52	48	21	5	10		29	10	4	1		180
PACIFIC (Ford Island)	WG		1														1
PATUXENT RIVER	GS					1				6		27	18	4			56
PENSACOLA	GM													1			1
PENSACOLA	GS			6	11	73	35	103	20	15		26	27	16	4	3	339
PENSACOLA	WG					1											1
PENSACOLA SAUFLEY FLD	GM													4	3	1	8
PENSACOLA SAUFLEY FLD	GS				1	2	2	2		13		18	110	24	6	1	179

Marilyn

DCN: 11562



DFAS St. Louis

**American Federation of Government
Employees
(AFGE) Local 905**

President

Mr. Blair M. Weller

AFGE Local 905



- AFGE Local 905 represents over 300 bargaining unit employees.
- AFGE Local 905 is the exclusive representative organization for DFAS St. Louis, and also represents U.S. Army Security Assistance Command (USASAC) co-located within DFAS St. Louis.
- AFGE Local 905 has over 50% voluntary dues paying members through payroll deduction.
- AFGE Local 905 has been in existence since the field site opened in 1996 and is a partner with management in the operation of DFAS St. Louis.

DCN: 4589

AFGE Points or Concerns



- AFGE Local 905 supports reasonable efforts to economize and increase efficiency.
- The Union has partnered with management to reduce the floor space used in Bldg. 110 by moving out of the basement and consolidating virtually all of the Accounting Business Line on the second floor.
- We have further worked to cut costs with the reduction of paper by use of the scanning documents initiative.
- AFGE Local 905 works hard to support our men and women in military service and the War on Terror.

DCN: 11568

AFGE Points or Concerns (cont)



- Standard Operation and Maintenance Army Research & Development Systems (SOMARDS), is the primary accounting system and is unique to the Army Materiel Command (AMC) which we support.
- “If a soldier eats it, wears it, rides in it, flies in it or shoots it, it came from AMC” quote from General Paul J. Kern, former commander of AMC.
- SOMARDS requires highly specialized training. We have years of expertise that would be lost if this site is closed.
- Because SOMARDS requires unique talents to make it function the Centralized Directorate of Information Management (CDOIM) office was created. Once again, this expertise will be lost if this site is closed.
- SOMARDS requires natural language mark ups to make changes which is the responsibility of our systems accountants. These positions require a year in order to be fully trained.

AFGE Points or Concerns (cont)



- While there are plans to modify SOMARDS there is no realistic near term plan to make this happen. General Funds Enterprise Business System (GFEEBS) is scheduled to replace SOMARDS, however, best estimates are more than two years away.
- While we support system upgrades we must be cautious with SOMARDS. We should have learned from our experience with the Logistics Modernization Program (LMP) and the Defense Procurement Payment System (DPPS). LMP has been in the making for five (5) years and still has enough flaws that our customers do not want to use it. DPPS had to be scrapped altogether after spending \$16 million dollars in testing.
- Disruption of these processes may create great turmoil in the near future, a time when we can least afford it because of the current war efforts. Closing this site before SOMARDS is replaced is putting the cart before the horse.

AFGE Points or Concerns (cont)



- Counting USASAC and contractor employees from Kelly and Bearing Point, we have close to 400 people directly affected by closure of this field site.
- Over 2,000 DoD Jobs are being closed out within a ten (10) mile radius of DFAS St. Louis.
- Under the last BRAC, four thousand five hundred (4,500) DoD jobs were lost within the Federal Center complex. The Aviation and Transportation Command (ATCOM) moved to Alabama. There will be virtually no DoD jobs left in the St. Louis area after this BRAC.
- St. Louis is still recovering from the last BRAC with ATCOM because of the economic impact and loss of jobs.

DCN: 1153

AFGE Points or Concerns (cont)



- We have spent a great deal of time, not to mention money in making LMP function properly. Again, LMP is a one of a kind system where expertise will be lost with closure.
- After winning the A-76 contractor vs. government job competition for Foreign Military Sales (FMS) the field site established a Most Efficient Organization (MEO) which will no longer be feasible with our closure.
- We have a successful working partnership with the U. S. Army Security Assistance Command (USASAC), which is co-located with us. This relationship will no longer exist if this site is closed.
- Our Vendor Pay and Travel sections are second to none.

DCN: 11562

AFGE Points or Concerns (cont)



- We are concerned about strategic redundancy when consolidating into too few sites. While we may not need over twenty sites, is three too few?
- Are the cost savings what we anticipate? Because of the aging workforce, there will be many more retirements than anticipated.
- We know from the experience of the ATCOM closing that the expense far exceeded expectations by as much as three times.
- Does the taxpayer save money because we move from a GSA building to a DoD building? The cost simply shifts from DoD to GSA. The buildings in this complex will still have to be maintained.
- AMC does have, and needs, a more complex accounting system SOMARDS because of the detail of their records.

DCN: 14562

AFGE Points or Concerns (cont)



- We have an experienced, educated and dedicated work force which continues to meet virtually all goals, many of which at first glance seem quite impossible to achieve.
- If all our expertise is lost, who will train those who are left?
- It seems as if St. Louis is being hit particularly hard. Should the BRAC be delayed 2 to 3 years because of the war?
- Could the Human Resources Command (HRC) be consolidated at the Federal Center on Goodfellow? High security and 650,000 sq. ft. of available space.
- If closed, should DFAS St. Louis be at the end of the timeline rather than the beginning?

DCN 15

AFCE Points or Concerns (cont)



- Recommendation: Reconsider DFAS St. Louis during a future BRAC.

Wasleski, Marilyn, CIV, WSO-BRAC~~DCN: 11562~~

From: Caruso, Carol [CCaruso@gcpartnership.com]
Sent: Tuesday, August 16, 2005 6:25 PM
To: Wasleski, Marilyn, CIV, WSO-BRAC
Cc: jjhallinc@aol.com; Wayne Hill; Wendy Schweiger; Jim Robey
Subject: Economic Impact - City of Cleveland

The information we submitted previously with respect to the economic impact of Cleveland DFAS provided a county and regional perspective. At that time, we were not able to provide data to reflect the impact on the City of Cleveland. We have since acquired the capability to do this. As you will recall, we use the REMI model (Regional Economic Models, Inc.) to complete our analysis and the version we had at that time did not have city-specific capabilities. Now that we have acquired this model, I wanted to share the information with you.

As we thought, the impact on the City of Cleveland is severe and is disproportionate when compared to the County.

2005 Estimates on the City of Cleveland:

Employment:	1,470	(based on 1.028 direct jobs and 442 related jobs)
Gross Regional Product	\$113,234,146	
Personal Income	\$22,360,000	
Disposable Personal Income	\$19,222,764	
Local Revenues	\$1,798,685	
Output	\$167,704,065	

2005 Estimates on rest of Cuyahoga County:

Employment	443
Gross Regional Product	\$32,648,049
Personal Income	\$52,740,000
Disposable Income	\$43,980,488
Local Revenues	\$3,611,792
Output	\$52,311,463

2005 Estimates combined for Cuyahoga County

Employment	1,913
Gross Regional Product	\$145,893,496
Personal Income	\$75,100,000
Disposable Income	\$63,192,567
Local Revenues	\$5,411,508
Output	\$220,026,829

Slight differences in the county-wide numbers (from our earlier report) are attributable to the fact that the REMI model we acquired for this run contains more current information.

As you can see, the impact on the City of Cleveland is quite severe, especially when compared to the county as a whole.

8/16/2005

I know that this information arrives late in the process. Nevertheless, we wanted to share it with you.

DCN: 11562
If you need additional information or back-up detail, please let me know. I'll be happy to provide it.

Thank you for your continued efforts, Marilyn. If you have additional information regarding the hearing schedule and when we might expect to hear about DFAS, please let me know. I'm planning to be there on the 24th - and beyond, if necessary.

Take care.

Cleveland DFAS New Building Options

- **350,000 square feet (based on DOD standards)**
- **Focus on available downtown sites.**
- **State-of-the art, exclusive use, secure**
- **Available adjacent parking for employees**
- **Best 2 options address DOD requirements and complement downtown development.**
- **Base rent of \$9.10 - 9.50 (\$14.30 currently) plus operating cost assumption of \$5.00 (equal to current est.).**
- **Base rent locked in for 20 year term.**
- **Financial incentives provided by State, local and private sector.**

DFAS New Office Building New Building Options

Cleveland, Ohio

partnership 

11450 Eastman Avenue
12400 North Ridge
Cleveland, Ohio 44130

FORUM Architects, LLC

216.363.6000 fax
216.363.1990 fax
www.forumarch.com
11450 Eastman Avenue

New Building Options

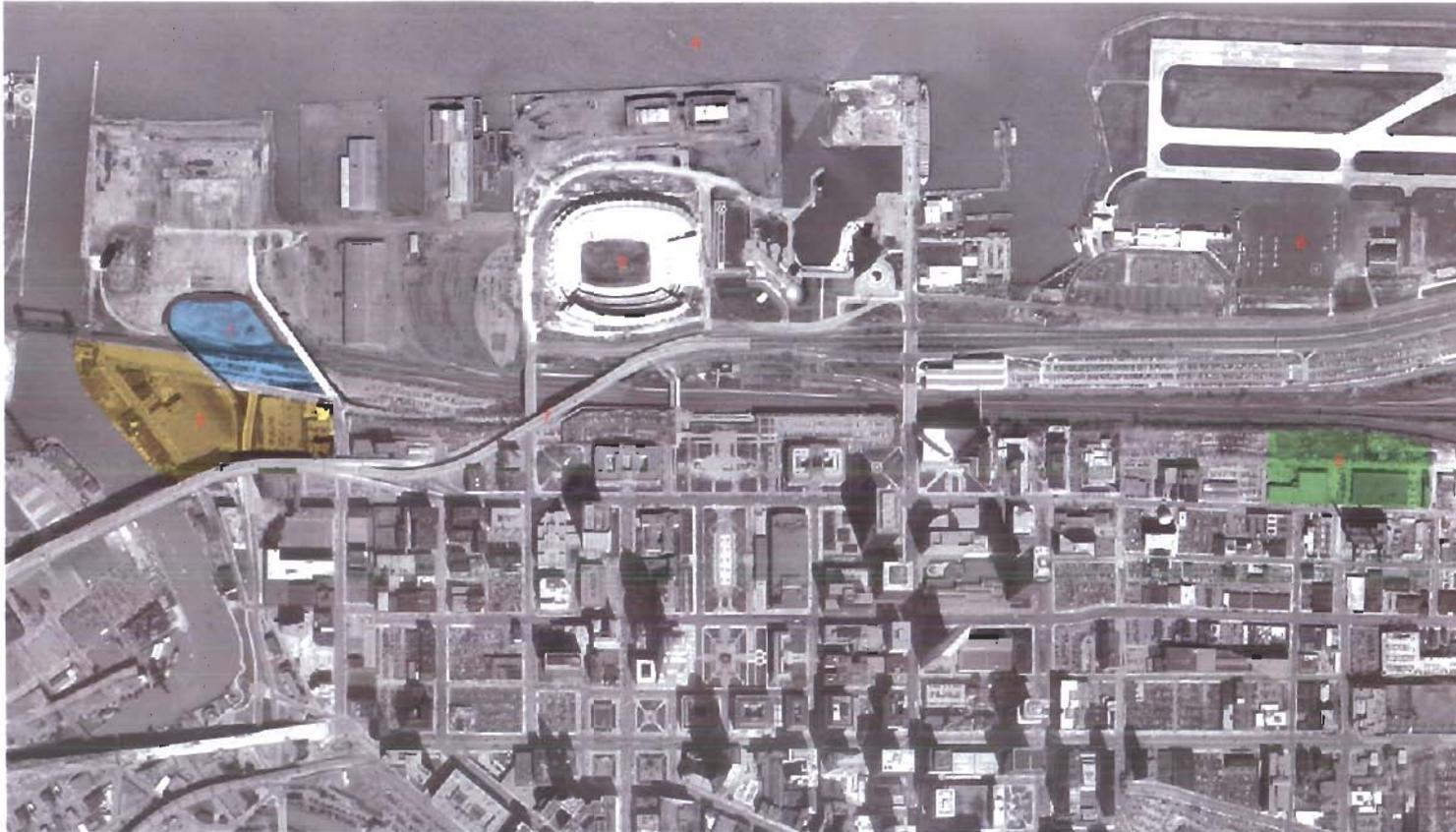
6.22.2005

DFAS New Office Building Site Map

Cleveland, Ohio

Legend

- 1. Flats East Bank Site
- 2. Davenport Site
- 3. Flats East Bank Renovation
Lake Erie
- 4. Cleveland Browns Stadium
- 5. Burke Lakefront Airport
- 6. Route 2
- 7. Route 2



FORUM Architects, LLC
1700 East 17th Street
Cleveland, Ohio 44115
Tel: 216.363.3333
Fax: 216.363.3334
www.forumarch.com
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Site Map

DFAS DCN 1562
New Office Building
 Flats East Barntown
 Cleveland, Ohio

Key Facts - Office Building
 Level 1 - 27,000 s.f.

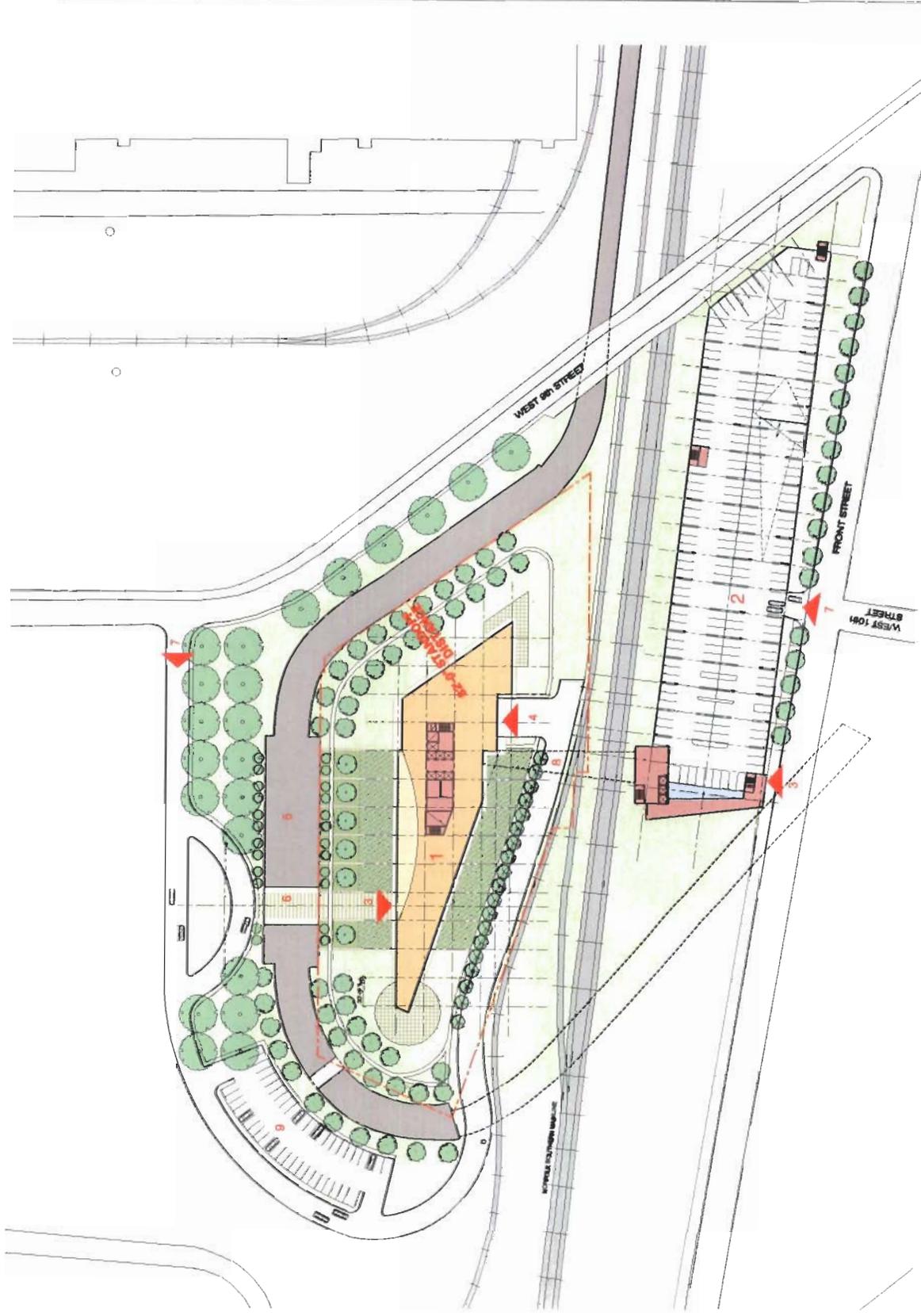
Office Area 350,000 s.f.

Key Facts - Parking

Parking Garage @ 6 Levels 1,200 spaces
Surface Parking 46 spaces
Total Parking 1,246 spaces

Legend

1. Office Building
2. Parking Garage
3. Pedestrian Entrance
4. Service Entrance
5. RTA Water line
6. Existing Platform Passage
7. Vehicle Entrance
8. Pedestrian Bridge, (2nd Floor Office to 3rd Floor Garage)
9. Surface Parking



Ground Floor and Site Plan

DFAS
New Office Building
 Davenport Bluffs 1562
 Cleveland, Ohio

Key Facts - Office Building
 Level 1-12 29,200 s.f./ per. fl.

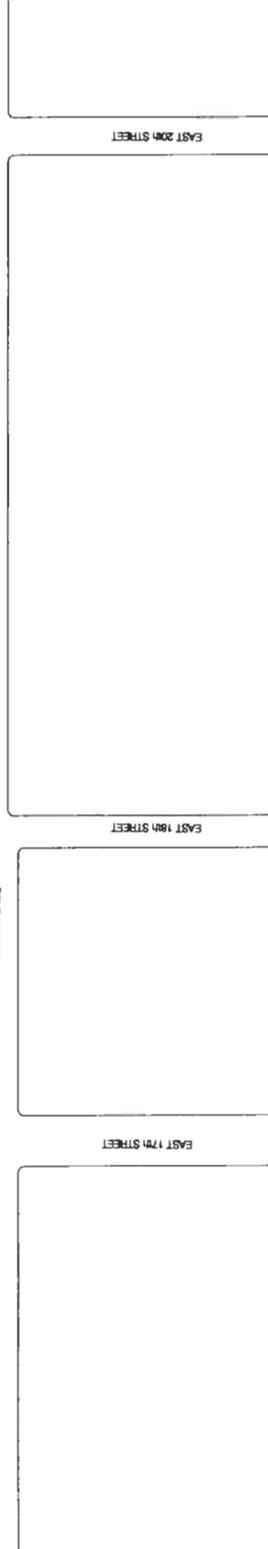
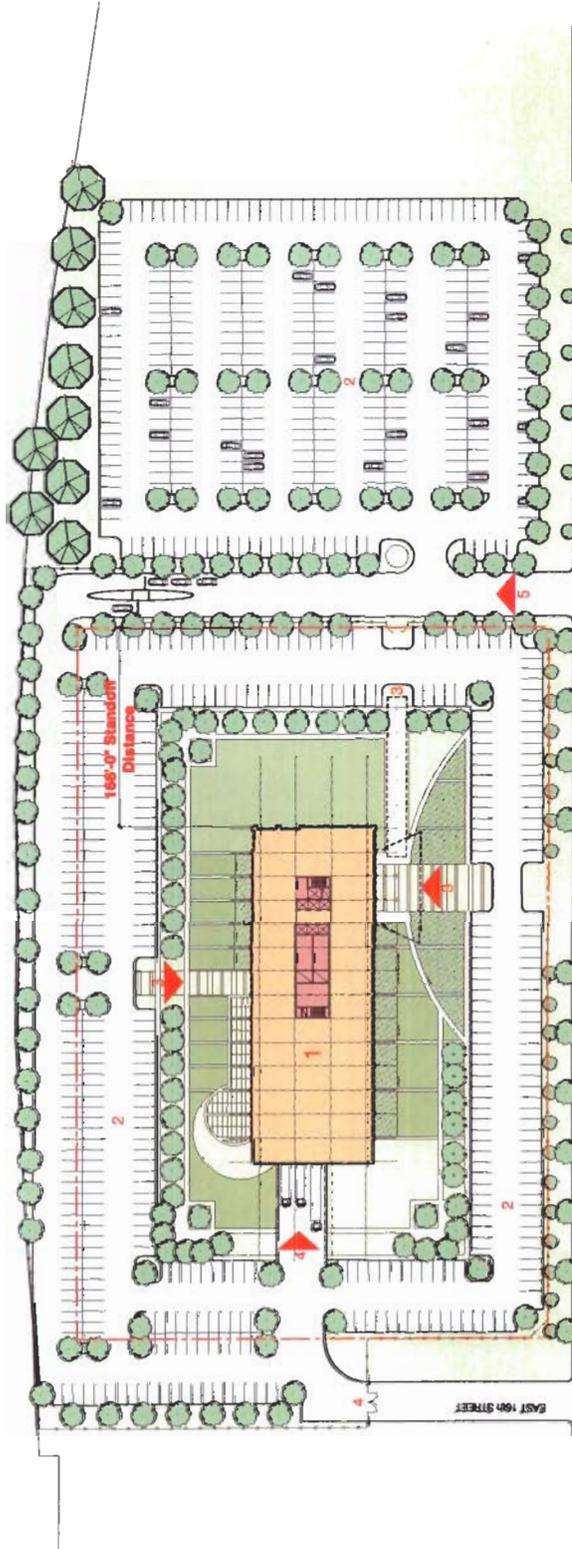
Total Building Area 350,400 s.f.

Key Facts - Parking

Total Surface Parking 728 spaces

Legend

- 1. Office Building
- 2. Surface Parking
- 3. Pedestrian Entrance
- 4. Service Entrance
- 5. Vehicle Entrance



Ground Floor and Site Plan



Wasleski, Marilyn, CIV, WSO-BRAC

DCN: 11562

From: Caruso, Carol [CCaruso@gcpartnership.com]
Sent: Sunday, June 12, 2005 9:24 AM
To: marilyn.wasleski@wso.whs.mil
Cc: Damon Taseff; Jim Robey; Jjhallinc@aol.com
Subject: Contact information

Marilyn, thank you so much for your time and that of your colleagues -- our meeting on Friday was extremely helpful to us. The information you were able to share will provide guidance to our work. Most importantly, having made these connections will enable us to stay on target and develop our best case for the BRAC process.

We have identified Damon Taseff as our primary point of contact for data and other information. Damon can be reached at DTaseff@allegrorealty.com. His phone number is (216) 524-0710, ext. 112. Cell is (216) 346-7176 and Fax is (216) 524-0711. Address is Allegro Realty Advisors, Ltd., 811 Rockside, Suite 250, Cleveland, OH 44125.

If you would copy me, Skip Hall and Jim Robey on email communications, that would be helpful. But please consider Damon your primary point of contact for data, information, questions, etc.

With respect to the site visit, regional hearing, and all things Congressional, I will be your point of contact. Any information you can share with regard to these matters will be very helpful. Likewise, I will share information I pick up along the way with you. I'll be in touch with you later this week to communicate our plans for both.

Thanks again. We look forward to working with you and your team. Don't hesitate to call if I can be of assistance to you.



DCN: 11562

Steven C. LaTourette
Congress of the United States
14th District, Ohio

June 9, 2005

Mr. Anthony J. Principi
Chairman
Base Realignment and Closure Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Dear Commissioner Principi:

As you know, the Base Closure and Realignment Report contains numerous recommendations regarding the Defense Finance and Accounting Service (DFAS), including a massive realignment of DFAS in Cleveland that will result in at least 1,028 direct job losses (1,013 civilian, 15 military) and another 847 indirect job losses.¹

While this action is coined a "realignment" rather than a closure, the end result is the same – a tremendous loss of jobs in Cleveland. Through direct job losses alone, Cleveland stands to lose nearly as many jobs in the BRAC process as the entire state of New York and stands to lose more net civilian jobs than the states of California or Florida.²

The Department of Defense (DoD) justifies this and other realignments and the closure of 20 smaller facilities on several fronts. It touts that it will spend \$282.1 million to close, realign and reshuffle jobs during the BRAC period (FY 2006-11) in order to save \$158.1 million during the same period of time. After implementation, DoD believes it will save \$120.5 million a year, which amounts to a savings of \$1.3 billion over 20 years.³

These savings will allegedly be achieved by closing 20 small DFAS sites around the country, and realigning DFAS facilities in Cleveland, OH, Arlington, VA, Columbus, OH, Denver, CO, and Indianapolis, IN.⁴ It is worth noting that the three DFAS centers that stand to gain jobs in the long run – Denver, Columbus and Indianapolis – will lose plenty of jobs first.

A Misguided and Costly Shell Game

The Great DFAS Shuffle of 2005 stands to be one of the greatest wastes of taxpayer dollars in recent memory, and, interestingly, it rivals the money squandered during the last major consolidation of DoD financial services in 1994. During that consolidation, announced in May 1994, DoD decided to consolidate 300 defense finance offices into five large existing finance

centers (Cleveland, Columbus, Denver, Indianapolis and Kansas City) and 20 new sites called operating locations. DoD later decided to add a 21st new site in Hawaii, bringing the total to 21.⁵

The 1994 DoD decision to maintain five large DFAS Centers and open 20 smaller ones came on the heels of a lengthy DoD public relations debacle where cities across the country offered hundreds of millions of dollars in incentives to become home to a DFAS megacenter that would employ between 4,000 and 7,000 workers.

In essence, cities across the country competed against one another to land a “mega” DFAS Center, not unlike what happens when cities try to lure a professional sports team. “The Pentagon is asking that cities provide the facilities – the larger versions would be 1 million square feet or more - at ‘little or no cost.’ Cities are also encouraged to provide on-site fitness centers, day-care centers, parking, and security and maintenance personnel.”⁶ Some cities even approved tax hikes hoping to lure a mega DFAS Center.⁷

Twenty cities in 14 states were named finalists for a DFAS megacenter, including Cleveland, but the plan was scrapped in March 1993 by then-Defense Secretary Les Aspin. Secretary Aspin called the process of having cities offer millions of dollars in incentives for new jobs “unsound public policy.”⁸

If this latest BRAC recommendation proceeds, in one fell swoop, the DoD will dismantle one of its existing large DFAS Centers, which happens to be the Cleveland area’s fourth largest federal employer. This center can tout six decades of uninterrupted and lauded service, and is responsible for handling payroll for the Navy, all military retirees, and our military reservists and their families during a time of war. This realignment will throw Cleveland’s economy into a tailspin, devastate its tax base and disrupt the lives and careers of more than 1,000 workers who now run a tight and widely-praised ship.

There is scant economic justification for shuttering Cleveland DFAS, but what is proposed for Cleveland is only part of the larger picture – a potentially colossal waste of taxpayer money. The projected savings from the upheaval of DFAS, in the big scheme of things, are nominal at best and certainly don’t warrant this massive and ill-conceived shell game.

If Taxpayers Only Knew

After the BRAC Report was released on May 13, 2005, I began an effort to obtain more detailed information about the true cost of realigning the Cleveland DFAS office. The BRAC Report contains many generalities about cost, but few specifics, and no specific costs by facility.

I had my staff submit a series of detailed, informational requests to DoD and the BRAC Clearinghouse. I was not sure if BRAC would supply answers to my questions because the information I sought is not publicly available in the BRAC report, or through any other source. It has taken between 4 and 7 business days to get answers to most of my requests, and at times the

DCN: 11562

Information provided by BRAC and DoD has been vague. For example, it took two separate requests simply to determine the costs and savings of realigning the Cleveland DFAS office. I subsequently asked DoD to provide the costs and savings associated with every DFAS facility nationwide slated to close or realign. I have successfully obtained the information.

I think taxpayers will be appalled to learn DoD wants to spend nearly \$29 million⁹ in taxpayer funds to shutter Cleveland DFAS. DoD also intends to relocate many existing Cleveland jobs to Denver, Columbus and Indianapolis – all at taxpayer expense.¹⁰ Worse yet, DoD also plans to close 20 smaller DFAS facilities¹¹ (known as operating locations) about a decade after spending hundreds of millions of dollars opening them as part of a 1994 consolidation effort.¹²

The one-time cost of closing the 20 smaller DFAS facilities is a staggering \$159,474,000, according to information I sought and obtained from BRAC officials.¹³

Ironically, the 20 DFAS smaller centers were opened despite repeated reports and warnings from the General Accounting Office (GAO) and Congress that 20 new offices was two, three or almost four times greater than what was needed or could be justified. The GAO also stated that “There is considerable evidence that Congress wanted DoD to reassess its requirements and to open only those operating locations need to perform finance and accounting operations.”¹⁴ A top DoD official testified before the House Committee on Armed Services, Subcommittee on Military Installations and Facilities, in June 1993 about the DFAS consolidation, saying that sites should be reduced to “no more than a handful”¹⁵ if DoD was to “achieve the savings, operational improvements, and efficiencies envisioned from the consolidation.”¹⁶

The titles of two GAO Reports on the subject bear noting:

- *DoD Infrastructure: DoD's Planned Finance and Accounting Structure Is Larger and More Costly Than Necessary (September 1995)*
- *DoD Infrastructure: DoD is opening Unneeded Finance and Accounting Offices (April 1996)*

Throwing Caution, Money and Objections to the Wind, DoD Plans 20 New DFAS Sites

Despite warnings from Congress and the GAO that it was about to embark on a costly and unnecessary project, DoD forged ahead with plans to open 20 new DFAS sites as part of its 1994 consolidation effort. Fifteen of the new sites would be located at excess DoD facilities – primarily military bases that had been closed or realigned – even though the DoD “considered several of them less desirable from a customer service, cost, or quality workforce standpoint.”¹⁷ Further, it was estimated at the time that it would cost the DoD \$173 million in taxpayer money just to bring the sites “up to par.”¹⁸ Improvements included asbestos removal, seismic upgrades,

lead paint removal and extensive interior and exterior demolition.¹⁹ DoD now proposes spending more than \$159 million to shut them down.²⁰

The GAO also seemed perplexed that “DoD decided to open 20 new operating locations without first determining what finance and accounting functions they would perform or if 20 was the right number to support its operations.”²¹ The GAO was also surprised that DoD was considering such a large number of new facilities because “DoD’s analysis showed that finance and accounting operations could be consolidated into as few as six (sites).”²²

GAO went so far as to predict in September 1995 that the consolidation into 20 smaller facilities “will not likely improve DoD’s business operations” and further speculated that “Once these functions are re-engineered DoD may be faced with the need to consolidate them once again.”²³ Alas, we now face a consolidation of the consolidation, just as GAO warned a decade ago.

During the proposed 1994 consolidation, many red flags were raised by Congress and GAO about the need for 20 new centers. “There is considerable evidence that Congress wanted DoD to reassess its requirements and to open only those operating locations needed to perform finance and accounting operations,”²⁴ the GAO stated.

The Senate Committee on Armed Services and the Senate Committee on Appropriations “asked DFAS to reexamine its requirements before establishing additional operating locations.”²⁵ Further, the House Committee on National Security reported that the “DFAS consolidation plan would result in a larger infrastructure than necessary.”²⁶ A DFAS reassessment of plans to open 20 new sites was completed on January 2, 1996.²⁷

DFAS officials concluded that 16 smaller DFAS offices were needed (15 in the continental U.S. and one in Hawaii), and that five proposed DFAS offices were “no longer needed.”²⁸ It was no shock that DFAS said 16 centers were necessary, especially since 14 of them had already opened.²⁹ DFAS touted that by limiting the number of new sites to 16, it could “maintain its projected annual savings of \$120 million in operations and maintenance costs and avoid spending about \$51 million in military construction costs.”³⁰

Did DoD avoid opening the five unneeded DFAS offices and avoid spending as much as \$51 million in construction costs?

The DoD went ahead with its original plan to open 20 new DFAS offices, and also tossed in a 21st office in Hawaii as well.³¹ Again, at least 14 offices had already opened at this point. The GAO met on March 27, 1996, with officials from DFAS and DoD to obtain comments on a draft of its April 1996 report. The GAO said DoD “did not dispute the fact that five locations are no longer needed.”³² The GAO said that DoD remained “convinced, however, that two of the (unneeded) locations - Lawton (OK) and Seaside (CA) – should be opened in accordance with language in the National Defense Authorization Act of 1996.”³³

DCN: 11562 DoD said failure to open the Lawton and Seaside offices would “violate the intent of Congress”³⁴ and cited a specific section of the 1996 Defense Authorization bill. The GAO was very clear that the bill in question gave DoD the authority to open the Lawton and Seaside DFAS offices but did “not mandate it to do so.”³⁵

The opening of the Lawton, OK, and Seaside, CA, offices are an especially egregious waste of taxpayer money. DoD opened the Lawton facility on February 16, 1996, and the Seaside facility on March 29, 1996.³⁶ The DoD planned to spend about \$19 million to renovate the Seaside facility and about \$12.8 million to renovate the Lawton facility.³⁷ The renovations were planned even though “DFAS believes it no longer needs any employees at Seaside” and “DFAS no longer believes it needs an operating location at Lawton.”³⁸

It is not clear how much money was actually spent renovating these two unneeded facilities, but it is crystal clear how much it will cost to close them. The one-time cost of closing the Lawton facility is \$5,921,000, and the one-time cost to close Seaside is \$2,669,000.³⁹

It is also clear that DFAS continued to spend taxpayer dollars on its consolidation efforts. On February 27, 1997, John B. Goodman, Deputy Undersecretary of Defense, testified before the House National Security Committee’s Subcommittee on Military Installations and Facilities. He was there to present DoD’s Fiscal Year 1998 installation and facilities programs and its budget. He outlined plans for four DFAS projects, including plans to spend nearly \$30 million to renovate three new small DFAS operating locations, but his testimony did not specify which sites.⁴⁰

“DFAS requests funding for four projects as it continues consolidation to select operating locations. Three projects for \$29.7 million will renovate existing facilities for administrative use. These projects are consistent with the DFAS master plan to provide efficient and economical customer service through regional centers.”⁴¹

Defense Undersecretary Goodman also spelled out plans for the Columbus DFAS Center. “The fourth project is to continue construction of the DFAS Center at Columbus, Ohio, which was authorized in fiscal year 1996 for \$72.4 million. The project is phase funded. For fiscal year 1998, DFAS seeks additional authorization of \$9.7 million and authorization of appropriations of \$23.9 million for Phase III. This will complete the three phase project to replace eight buildings and five trailers on two installations. DFAS plans to have the Columbus center operational in the year 2000.”⁴²

DoD now plans to shut down 20 recently opened DFAS facilities

DoD, in proceeding with the so many new facilities – many in aging and decrepit buildings – argued that folks weren’t looking at the big picture or the long-term savings. At the time, the DoD touted that opening the 20 smaller DFAS facilities would translate to savings of \$8 billion to \$9 billion over 20 years.⁴³ Regrettably, before savings can truly be gauged, the DoD

has decided to shut down each of the 20 new centers, most of which were activated in 1995.⁴⁴

Put bluntly, the DoD created 20 new DFAS offices across the country, staffed them to their current level of more than 5,000,⁴⁵ spent at least \$173 million⁴⁶ in taxpayer dollars to renovate the new offices, and now has decided that it is a wise use of taxpayer money to close all of them about a decade after they opened.

It will cost approximately \$159,474,000 to shut down these 20 facilities,⁴⁷ with alleged savings long down the road. The total one-time cost for realigning DFAS facilities in Cleveland, Columbus, Arlington, Denver and Indianapolis is \$122,586,000.⁴⁸ This includes the cost budgeted to gut Cleveland DFAS – nearly \$29 million.⁴⁹ The Cleveland DFAS office is the granddaddy of the military payroll centers and a site DoD has called the “nerve center of DoD’s financial operations.”⁵⁰

Closing Costs are Outrageous – Alleged Savings a Long Time Coming

Information I requested and obtained from the BRAC Commission paints a disturbing picture of the cost of closing and realigning facilities and the imminent savings.

- DoD proposes spending nearly \$29 million to gut or “realign” Cleveland DFAS and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵¹
- DoD wants to spend \$9.2 million to close DFAS Norfolk, which has 314 employees.⁵² By doing so, DoD will save a paltry \$9,000 in Fiscal Year 2006.⁵³
- DoD wants to spend more than \$7 million to close DFAS Rock Island (IL) and will save just \$19,000 a year in Fiscal Years 2006, 2007 and 2008.⁵⁴ Rock Island has 235 employees.⁵⁵
- DoD intends to spend more than \$6 million to close DFAS Dayton, which has 230 employees,⁵⁶ and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵⁷
- DoD will spend more than \$8 million to close DFAS Rome (NY), which has 290 employees,⁵⁸ and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.⁵⁹
- DoD wants to spend nearly \$17.3⁶⁰ million to close DFAS Kansas City, now one of the five large DFAS Centers (Cleveland, Kansas City, Columbus, Denver and Indianapolis.) The closure will save NO money in Fiscal Year 2006, \$217,000 in Fiscal Year 2007, and \$160,000 in Fiscal Year 2008 and 2009.⁶¹ Kansas City has 613 employees.
- DoD wants to spend \$1,098,000⁶² to close DFAS Lexington, which has just 45 employees.⁶³ The closure will eventually save– AT MOST – \$211,000 a year.⁶⁴

DCN: 11562 wants to spend nearly \$6.4 million to close DFAS Limestone (ME) and will reap no savings in Fiscal Years 2006 or 2007 and just \$443,000 in Fiscal Year 2008.⁶⁵ The Limestone facility has 241 employees.⁶⁶

Also, the one-time cost of closing many of the small DFAS offices exceeds projected savings during the entire BRAC period (Fiscal Years 2006 to 2011). For example:

- DFAS Rock Island will cost about \$7.1 million to close and savings will only be about \$2.9 million during the BRAC years.⁶⁷
- DFAS Pensacola (includes offices at Pensacola Naval Air Station and Saufley Field) will cost \$19.6 million to close and savings will only be about \$14.8 million during the BRAC years.⁶⁸
- DFAS Dayton will cost about \$6.1 million to close and savings will only be about \$1.9 million during the BRAC years.⁶⁹
- DFAS St. Louis will cost about \$9 million to close and savings will only be about \$6 million during the BRAC years.⁷⁰
- DFAS Limestone will cost about \$6.4 million to close and savings will only be about \$3.1 million during the BRAC years.⁷¹
- DFAS Charleston will cost about \$11.5 million to close and savings will only be about \$8.7 million during the BRAC years.⁷²
- DFAS Rome (NY) will cost about \$8 million to close and savings will only be about \$3.4 million during the BRAC years.⁷³
- DFAS Kansas City (the only large DFAS Center closing) will cost about \$17.3 million to close and savings will only be about \$7.3 million during the BRAC years.⁷⁴

It is important to remember that after all the closings, realignments and shuffling of DFAS jobs, the DoD only anticipates saving, at most, \$120 million a year.⁷⁵

BRAC Report tries to justify the unjustifiable

I read with interest the detailed recommendations accompanying the May 2005 BRAC Report, particularly the “justification” for DFAS actions. Essentially, DoD says it needs to undertake this extreme makeover of the DFAS system because it has too many offices doing the same thing in offices that contain too much space.

“The current number of business line operating locations (26) inhibits the ability of DFAS

DCN: 11562

to reduce unnecessary redundancy and leverage benefits from economies of scale and synergistic efficiencies.”⁷⁶ DoD also states that the current 26 DFAS locations result in “overall excess facility capacity of approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space.”⁷⁷ In other words, DFAS now finds itself with 43 percent too much administrative space and 69 percent too much warehouse space after expanding by 20 facilities in the last decade.

I find it rich that the DoD now laments problems with redundancy, efficiency and excess facility space 10 years after it created 20 new DFAS facilities that employ 5,000 people.

I certainly have empathy for those communities that were awarded DFAS facilities in the last decade after losing larger bases through closures or realignment. How very compassionate and efficient of the DoD to establish facilities that were not needed, add even more jobs and functions over the past decade, reward these facilities for their performance, and then pull the rug out from under them. These local communities have every right to be outraged, as do taxpayers who footed the bill.

Shuffle DFAS Workers and then Shuffle Them Some More

According to the BRAC report, current DFAS employees in Cleveland and Arlington, VA, could have their jobs transferred to Denver, Columbus or Indianapolis as part of the grand realignment scheme.⁷⁸ Taxpayers will pay for the cost of moving these jobs, as well as early retirements for workers who aren’t inclined to move. One might assume that the BRAC Report would recommend no upheaval of jobs at Columbus, Denver or Indianapolis to ensure a smooth transition. One would be wrong.

One also might assume that costs of realigning these three centers will be reasonable. Wrong again. The one-time cost to realign DFAS Columbus is \$34,193,000.⁷⁹ The one-time cost to realign DFAS Denver is \$39,520,000,⁸⁰ and the one-time cost to realign DFAS Indianapolis is \$2,892,000.⁸¹

The three DFAS facilities that will gain jobs – Denver, Columbus and Indianapolis – will actually lose jobs as well in part of the massive shuffling of jobs. What is proposed is stupefying and mind-numbing.

- Up to 55 percent of the Accounting Operation functions now in Columbus will be shifted to Denver;⁸²
- Up to 25 percent of the Accounting Operations now in Denver will be shifted to Columbus or Indianapolis;⁸³
- Up to 30 percent of the Commercial Pay functions now in Columbus will go to Indianapolis;⁸⁴

DCN: 11562

- Up to 10 percent of the Commercial Pay functions now based in Indianapolis will go to Columbus;⁸⁵
- Indianapolis will also shift up to 10 percent of its Accounting Operations to Columbus or Denver,⁸⁶ and
- Finally, Denver will move up to 35 percent of its Military Pay functions to Indianapolis.⁸⁷

All this costly job shifting and swapping will be done for – yes it’s true – “strategic redundancy”⁸⁸ reasons. From my perspective, there’s very little strategy involved in this dunderheaded decision. Again, projected savings from all the DFAS moves translate to just \$120 million a year over 20 years.

Anti Terrorism Force Protection Standards a Factor?

I also was interested to learn that the three sites that will ultimately gain jobs – Denver, Indianapolis and Columbus – meet DoD Antiterrorism/Force Protection (AT/FP) standards.⁸⁹

DFAS facilities in Denver, Columbus and Indianapolis are all based at large military installations.⁹⁰ DFAS Columbus is on the grounds of the Defense Supply Center Columbus, a 575-acre installation; DFAS Denver is located on part of the former Lowry Air Force Base, which closed in 1994; and DFAS Indianapolis is located on the grounds of the former Fort Benjamin Harrison, which closed in 1995.

Had our local officials and congressional delegation known that the Cleveland DFAS office could be in jeopardy due to AT/FP standards, we would have fought tooth and nail to make it as safe as these other three facilities. However, this concern was not raised as a key determining factor with BRAC. The Cleveland DFAS Center in the Celebrezze Building does not meet AT/FP standards.⁹¹

I also find it ironic that DoD raised no terrorism or security concerns when payroll work from Denver and Indianapolis was transferred to Cleveland DFAS in July 2004 due to extended deployments in Iraq and Afghanistan and a need for efficient manpower.⁹² There was certainly no fortress around Cleveland DFAS less than a year ago when DoD decided to locate its Reserve Pay Center of Excellence in Cleveland.

In addition, some 434 privatized contract workers and 19 civilian positions that handle Retired Military and Annuitant Pay Functions for DFAS will keep their jobs and continue to work out of the Celebrezze Building in Cleveland – the same building that doesn’t meet terrorism standards. If the Celebrezze building isn’t safe enough for 1,028 government DFAS workers in Cleveland, how is it safe enough for some 434 privatized employees responsible for DFAS work?

DCN: 11562

Finally, it is worth mentioning that Cleveland DFAS already has a site in the area that meets DoD anti-terrorism standards – the DFAS facility in Bratenahl,⁹³ which is a small community adjacent to the city of Cleveland. DoD owns nine buildings at this site containing a total of 76,780 square feet.⁹⁴ The former Nike Missile site is on 31 acres, 27 of which are DoD-owned.⁹⁵ The facility’s Plant Replacement Value (PRV) is \$18.7 million, which reflects the total cost of replacing “the current physical plant (facilities and supporting infrastructure) using today’s construction costs (labor and materials) and standards (methodologies and codes).”⁹⁶

The True Cost of Realigning Cleveland DFAS

The DoD has made the case that realigning the Cleveland office makes economic sense, and downplays any lasting economic damage to the city or area. Several factors must be considered when analyzing the true cost and benefit of effectively shuttering Cleveland DFAS. For example, the BRAC Report does not reflect the full negative impact on the NE Ohio economy, and greatly understates potential jobs losses.

- “Total job losses are projected to range from 2,905 in Cuyahoga County to 3,572 workers statewide including vendors, suppliers and ancillary service providers.”⁹⁷
- “Within Cuyahoga County, income losses are estimated at \$128 million, while the impact on Ohio would be more like \$188 million. Losses to disposable (after taxes) income are estimated to be more than \$110 million for the county and more than \$162 million within the state. Based on state averages, reductions in local tax revenue (for Cuyahoga County and its subdivisions) are estimated to be \$7.7 million in 2005. The impact estimated for the state exceeds \$24 million in 2005.”⁹⁸
- Cleveland is slated to lose almost as many direct jobs as the entire state of New York, which will lose a total of 1,071 military and civilian jobs in this BRAC round.⁹⁹
- Cleveland is slated to lose more civilian jobs than the net civilian jobs lost in the entire state of Florida (1,002) and the entire state of California (1,200).¹⁰⁰
- Cleveland DFAS office is the fourth largest federal employer in the Cleveland area.¹⁰¹
- Cleveland had an unemployment rate of 7.7 percent in April 2005, much higher than the state rate of 6.1 percent or the national average of 5.2 percent.¹⁰²
- The loss of the jobs will cost Cleveland alone about \$1 million in income taxes¹⁰³, and the city was ranked the nation’s most impoverished large city last year.¹⁰⁴
- Congress appropriated \$22,986,000 in Fiscal Year 2002 for repairs and alterations to the Anthony J. Celebrezze Federal Building in Cleveland (Public Law 107-67).¹⁰⁵

DCN: 11562

- Telecommunications infrastructure is vital to a successful DFAS Center in Cleveland, and SBC Ohio has invested \$155.4 million in the past four years in the city.¹⁰⁶
- The cost to the federal government to close the Cleveland DFAS office is calculated at \$28.935 million.¹⁰⁷
- During the BRAC years (Fiscal Year 2006 to 2011), the costs of realigning Cleveland DFAS will exceed savings by approximately \$6.012 million, and NO SAVINGS will be achieved in Fiscal Years 2006, 2007 or 2008.¹⁰⁸
- Fiscal Year 2009 has a projected savings of \$4.655 million, while Fiscal Years 2010 and 2011 have projected savings of \$9.134 million each year. The total savings over the BRAC years is \$22.923 million (\$4.655M + \$9.134M + \$9.134 M), and \$9.134 million a year after the BRAC years.¹⁰⁹

**Cleveland DFAS already lost 500 federal jobs
DoD privatized the jobs through \$31.8 million accounting error**

In 2001, the Cleveland DFAS office was stripped of 500 federal jobs in a botched privatization effort that cost taxpayers nearly \$32 million.¹¹⁰ A March 2003 DoD Inspector General (IG) Report¹¹¹ concluded that a \$31.8 million accounting error caused 500 Cleveland jobs to be outsourced to a private firm, Affiliated Computer Services (ACS), which was awarded a \$346 million contract.¹¹²

DoD officials said that it would be \$1.9 million cheaper a year to give the jobs to ACS than to keep them in-house at DFAS. The decision affected more than 500 DFAS jobs in Cleveland. ACS began handing Military Retired and Annuitant Pay Services in January 2002.

I joined with four Members of Congress, including Congressman Dennis J. Kucinich (D-Cleveland), and asked the DoD Inspector General to conduct an investigation. It wasn't until the third time the IG reviewed the material that it uncovered a "glaring error in the calculation of in-house personnel costs."¹¹³ The in-house DFAS jobs were improperly adjusted for inflation, leading their cost to be overstated by nearly \$32 million.¹¹⁴

The IG found that privatizing the jobs actually cost \$31.8 million *more* than keeping them in-house with current federal DFAS employees. The new private employees were hired to provide accounting services for Military Retired and Annuitant Pay Services.¹¹⁵

Congressman Kucinich, myself and other members of the Ohio Congressional Delegation demanded that the \$346 million contract to ACS be voided.¹¹⁶ In October 2003, however, DoD announced that ACS would keep its government contract even though ACS had failed to meet performance standards in both 2002 and 2003.¹¹⁷ DFAS withheld \$445,000 from ACS in 2002

~~Down~~ \$155,020 in 2003.¹¹⁸

More than 500 Cleveland DFAS jobs were lost due to a colossal accounting error, and now DoD wants to “realign” the remaining 1,028 jobs at Cleveland DFAS. Interesting, virtually the only jobs that will be saved in Cleveland are those that were erroneously privatized at a cost of \$31.8 million to taxpayers.

According to a DoD document I obtained, it intends to maintain 19 civilian positions and 434 contractor positions at the “DFAS Cleveland Enclave” to continue Military Retired and Annuitant Pay Services.¹¹⁹

**Cleveland DFAS has been awarded for Innovation and Performance
Cleveland DFAS does work not done at any other DFAS Sites**

The Cleveland DFAS office has the most longevity of any of the current payroll offices. It was founded in 1942 as the Bureau of Supplies and Accounts and was renamed the Navy Finance Center in 1955. Over the years, it has become the world center for Navy pay operations and personnel data management. The center moved from Navy to DFAS Cleveland control in January 1991 and has been a leader in streamlining accounting, finance systems and procedures to lower costs and help save money for taxpayers.¹²⁰

The Cleveland DFAS office (in some incarnation) has been in existence since 1942, making it the oldest continuously operating military payroll center in the country.¹²¹ Cleveland DFAS is the largest tenant in the Anthony J. Celebrezze Federal Building in Cleveland.¹²²

Cleveland DFAS, along with major facilities in Columbus, Denver, Indianapolis and Kansas City, was spared from consolidation efforts in 1994. At the time, DoD officials stated that the five major DFAS sites were spared specifically “because they are the nerve center of the DoD’s financial operations.” In addition, John Deutch, then Deputy Secretary of Defense, said: “Moving them would mean severe delays in badly needed financial management reforms. And regular customer service would suffer unacceptably.”¹²³

The Cleveland DFAS office currently offers the following pay services: Navy Active Duty Accounts; Navy Reservists Accounts; Navy Medical Students; Navy ROTC Students; Army, Marine Corps, Navy and Air Force Military Retirees; Army, Marine Corps, Navy and Air Force Military Annuitants; Army, Marine Corps, Navy and Air Force Former Spouse Accounts; and Garnishment (Child Support, Commercial Debts Civilian Cases, and Commercial Debts Military Cases. Cleveland DFAS also oversees eight smaller DFAS sites: Charleston, Norfolk, Oakland, Pacific, Japan, Pensacola and San Diego.¹²⁴

Cleveland DFAS is the only DFAS site in the country that processes pay for military retirees and there is “no other DFAS work group trained to do this.”¹²⁵ Further, in the summer of 2004, DFAS opened the Reserve Pay Center for Excellence in Cleveland, transferring all Reserve

DCN: 11562
and Guard payroll operations from Denver, and eventually from Indianapolis.¹²⁶

The DoD and Secretary Rumsfeld decided to have Cleveland DFAS handle reserve pay issues after it was revealed that 95 percent of all deployed reservists experienced pay problems. The GAO found that 332 of 348 Army Reserve soldiers studied had pay errors.¹²⁷ Further, the “proven efficiency of the Cleveland office was regarded as crucial in making needed improvements to the Pentagon’s pay system for the Reserve and Guard, given their extended deployments to Afghanistan and Iraq.”¹²⁸

In addition, staff at DFAS Cleveland is credited with “pioneering a number of systems that have become government best practices, including making all payroll transactions paperless and creating an e-portal environment for all employee communications and human resource functions.”¹²⁹

In March 2004, DFAS was awarded the Federal Government Innovator Award in the Fifth-Annual Accenture and Massachusetts Institute of Technology (MIT) Digital Government Awards.¹³⁰ The myPay system has also received the Under Secretary of Defense (Comptroller) Financial Management Award and the Department of Defense Value Engineering Achievement Award.¹³¹

A DFAS Center Slated to Gain Jobs Has Ongoing Performance Issues

It is also worth noting that DoD wants to shuffle work from Cleveland to other DFAS facilities that have had ongoing problems.

Under the BRAC plan, DFAS Columbus stands to gain 1,758 jobs.¹³² The performance of this office was the subject of a July 2001 GAO Report that was requested by Congress. The title of the report is “*Canceled DoD Appropriations – \$615 million of Illegal or Otherwise Improper Adjustments.*”¹³³

According to the report, DFAS Columbus makes about 99 percent of DoD’s annual closed appropriation account adjustments.¹³⁴ During fiscal years 1997 through 2000, DFAS Columbus’ records showed that it made about \$10 billion of adjustments affecting closed appropriation accounts.¹³⁵

A GAO review of \$2.2 billion of adjustments made in Columbus found that “about \$615 million (28 percent) of the adjustments should not have been made, including about \$146 million that violated specific provisions of appropriations law and were thus illegal.”¹³⁶

The performance of the Columbus DFAS office was also cited in an August 2003 GAO report: *DoD Contract Payments – Management Action Needed to Reduce Billions in Adjustments to Contract Payment Records.* The GAO indicated that data from DFAS Columbus showed that in Fiscal Year 2002 about \$1 of every \$4 in contract payment transactions was for

DoD's 1562 to previously recorded payments.¹³⁷ These payments were processed incorrectly and had to be reprocessed, resulting in additional costs of about \$34 million to research payment location problems.¹³⁸ This problem was not unique to Fiscal Year 2002, either.

A February 2001 GAO report delved into excess payments and underpayments by the DoD, and was very critical of the DFAS Columbus office, which pays contracts administered by the Defense Contract Management Agency (DCMA).¹³⁹ According to the report, DFAS Columbus paid \$71 billion to contractors in Fiscal Year 1999 and \$72 billion in Fiscal Year 2000. The report focused on 39 large contractors receiving contracts valued at \$125 million to \$1 billion or more from DFAS Columbus.

The large contractors were paid \$359 million more than they should have been paid in Fiscal Year 1999. The report says that contractors had to repay Columbus DFAS \$670 million in Fiscal Year 1999 and closer to a billion dollars – \$901 million – in Fiscal Year 2000.¹⁴⁰ The report said that 18 percent of overpayments were due to “contractor billing errors and DFAS-Columbus payment errors.”¹⁴¹

The report also addressed underpayments of defense contracts. “Reported underpayments were less common than excess payments. Large contractors we reviewed reported resolving \$41 million in underpayments during fiscal year 1999. Contractors attributed most underpayments to payment errors made by DFAS-Columbus.”¹⁴²

The performance of the Columbus DFAS office was again cited in a June 2001 GAO Report: *Debt Collection – Defense Finance and Accounting Service Needs to Improve Collection Efforts*. The GAO concluded that the “Debt Management Office at DFAS Columbus is not effectively and proactively pursuing collections of debts assigned to it.”¹⁴³ In 1991, DoD consolidated debt management within DFAS, and two Columbus offices are involved in collecting contractor debts owed to the government.

DoD has a track record of Overestimating Savings

Finally, it must be noted that at the time of the last great financial services consolidation in 1994, DoD officials were eager to boast about the tremendous savings that would come down the road from their bold consolidation efforts – \$8 to 9 billion over 20 years.¹⁴⁴

Ten years later, long before those savings had a chance to fully accrue, DoD has come up with another grand scheme for DFAS. This time, DoD speculates that over 20 years it will ultimately save taxpayers \$1.3 billion, or roughly \$65 million a year.¹⁴⁵ It must be pointed out that DoD has a less than stellar track record when it comes to calculating costs and savings.

At a March 18, 1998, hearing before the House Armed Services Committee, Barry W. Holman, Associate Director of Defense Management Issues at GAO, testified: “Our work relating to various defense reform initiatives shows that estimated savings often are not as great

as first estimated and that the initiatives often take much longer than expected to be achieved.”¹⁴⁶

Ten years ago, during the last consolidation of DFAS, Cleveland DFAS was spared from the consolidation effort because it was one of the all-important DFAS “nerve centers.” Nothing has changed in that regard in the last decade, and in fact, the Cleveland DFAS office has assumed even more work. The Center is the only one in the entire country where employees are trained to handle military retired pay, and the Center became the hub of all pay functions for military reservists and their families just a year ago.

It is mind-numbing that performance was not a factor considered by the BRAC Commissioners when deciding to realign Cleveland DFAS and make so many other changes to DFAS offices nationwide. Economics should play a role in the BRAC process, and I believe I’ve laid out a compelling case that there is little economic justification for shuttering DFAS Cleveland. Cleveland DFAS should not suffer because DoD botched its last consolidation effort so badly, wasting hundreds of millions of dollars of taxpayer money on offices that were not needed. DoD has already thrown bad money away once, and it should not throw bad money after bad and shutter Cleveland.

The BRAC Commission and DoD can argue that performance should not be a factor, but at the end of the day, any consolidation of DFAS and its accounting services will ultimately be judged by one simple measure of performance: Are our active duty military, reservists, National Guard and military retirees getting paid, and on time? Are DoD contracts being paid, and in a timely manner?

If they are not, which seems almost inevitable under such a massive upheaval of employees and work places, what will our justification be then? What will we tell our men and women in uniform? That we jeopardized the timely arrival of your paychecks during a time of war so that we might save \$120 million a year, starting about seven years down the road? That we effectively closed the one DFAS Center that is trained to do military retired pay and pay for reservists during a time of war so we might save \$9 million a year many years down the road?

The entire BRAC process hopes to achieve a savings of \$50 billion over 20 years. At best, the savings achieved from the entire DFAS portion will be about \$1.3 billion over 20 years – roughly 2.6 percent. The annual savings that will be derived from effectively shuttering the Cleveland DFAS office are just 0.029 percent of the \$50 billion savings projected through the entire BRAC process. Interestingly, rental costs have widely been reported as an ongoing problem for the Cleveland DFAS office. In fact, some have speculated that they are the “primary drawback to Cleveland’s competitive position.”¹⁴⁷

What is the cost per square foot in Cleveland? “The base rental fee for DFAS Cleveland is about \$14.30 per square foot a year. In Columbus, it’s \$12.20; Denver, \$10; Kansas City, \$18; and Indianapolis, \$13.20.”¹⁴⁸ And who is the landlord that allegedly is causing such problems for Cleveland? None other than the Federal Government – the General Services Administration.

DCN: 11562

Is it even plausible that DoD can justify spending nearly \$29 million to shutter the DFAS office in Cleveland, and more than \$159 million to close 20 smaller DFAS offices because Cleveland pays a dollar or two more a square foot for office space than some other large DFAS offices? It's fairly difficult for the federal government to blame a landlord for charging too high a rent when it is the landlord. I implore the BRAC Commission to reconsider the proposed realignment of the Cleveland DFAS office.

Sincerely,


Steven C. LaTourette
Member of Congress

SCL/ds

cc: The Hon. Donald Rumsfeld, Secretary of Defense

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REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700
HSA-JCSG-GC-FM-037

16 March 2005

DAPR-ZB

MEMORANDUM FOR RECORD

SUBJECT: FM Team Military Value Methodology - Update to MFR 33

1. The purpose of this memorandum is to update the methodology/process used to review and prepare Military Value question responses for inclusion in the Defense Finance and Accounting (DFAS) Military Value Model and originally outlined in FM Team MFR HSA-JCSG-GC-FM-033.
2. Based on HSA JCSG members deliberation, 15 March 2005, it was agreed that the four locations identified as special purpose in nature (Cleveland Bratenahl, OH, Mechanicsburg, PA, Red River, TX and Southbridge, MA) would be deleted from Military Value consideration. Because of the timing of this military value scope refinement, some of the below referenced documents may include reference to the four special purpose locations. Data and comments on these special purpose locations should be ignored.
3. References:
 - a. DFAS Military Value Scoring Plan.
 - b. Memorandum for Record (MFR) #09, DFAS Military Value Scoring Plan – Local Population Workforce Question.
 - c. MFR #36, Defense Finance and Accounting Military Value Input Update.
 - d. MFR #18, DFAS Military Value Scoring Plan, Criteria 1, Metric 3, One-of-a-Kind Corporate Process Applications.
 - e. MFR #27, Defense Information Systems Network Point of presence (DISN POP) Clarification question and Response – Question 1964.
 - f. MFR #30, DFAS Military Value – Locality Pay Data.
 - g. MFR #31, Terrorist Threat – Military Value Question 1902.
4. Methodology/process as follows:
 - a. Military Value data call question responses were exported from the OSD ACCESS data base, by table (DoD question number), to Excel format.
 - b. Question responses were arrayed IAW alphabetic order of the 26 locations.
 - c. Responses reviewed to determine if there were any missing or questionable.

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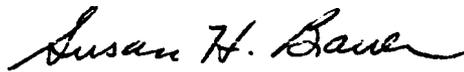
encl 3

d. Clarification of missing or questionable responses (data elements) were pursued, memorandums for record prepared based on results of FM Team findings and or actions taken, and certification of responses requested. See paragraph 2 above for complete list of MFR's.

e. Data elements were arrayed by appropriate location and provided to Center for Army Analysis (CAA) Team to support Military Value Modeling.

f. CAA staff executed Military Value Model and provided results to FM Team.

5. The DFAS Military Value Model results were then used in developing the DFAS Candidate Recommendation.



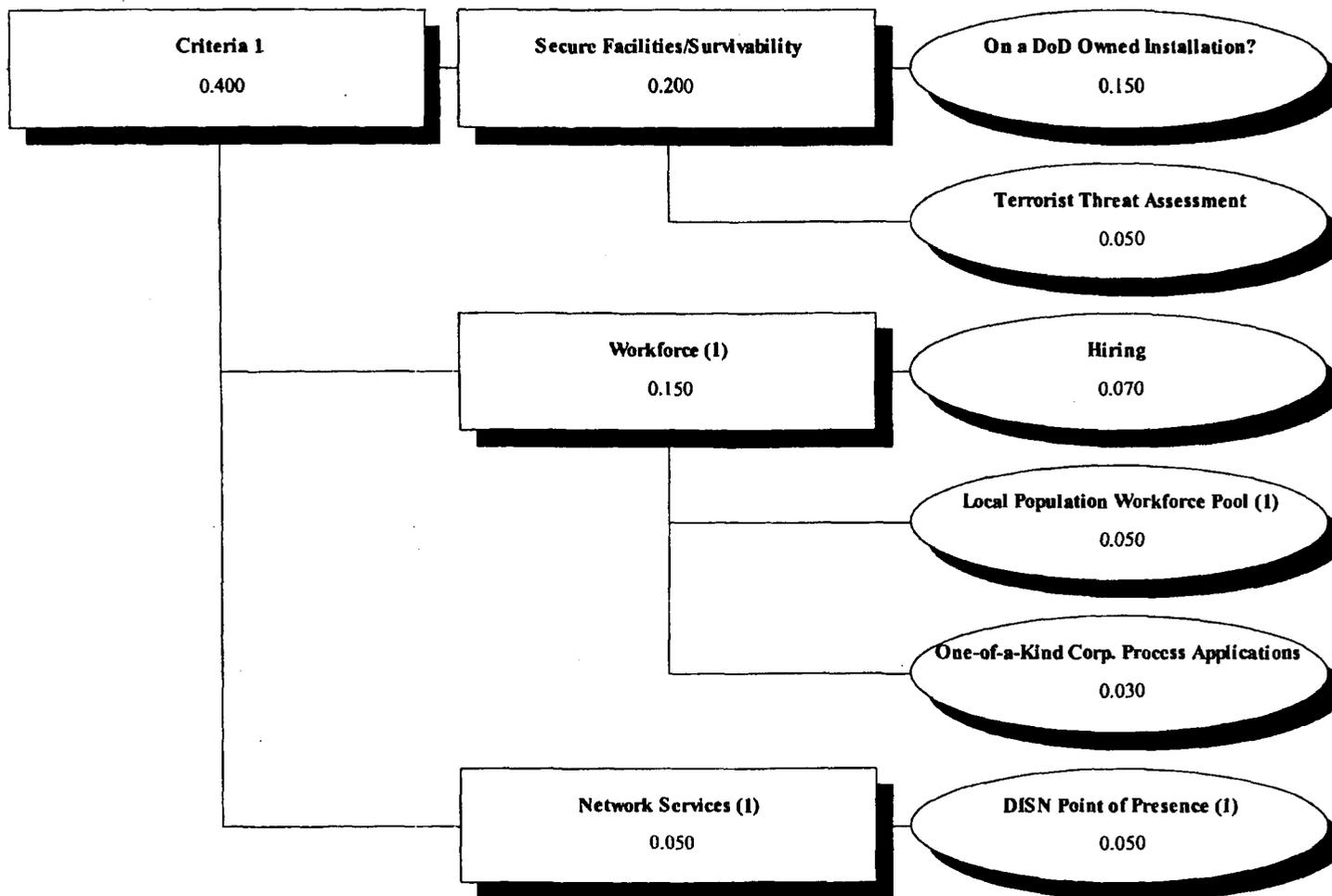
Susan H. Bauer
Financial Management Team
Geo Cluster & Functional Subgroup
HSA JCSG

Attachment
Military Value Scoring Plan



1562

DFAS Military Value Scoring Plan

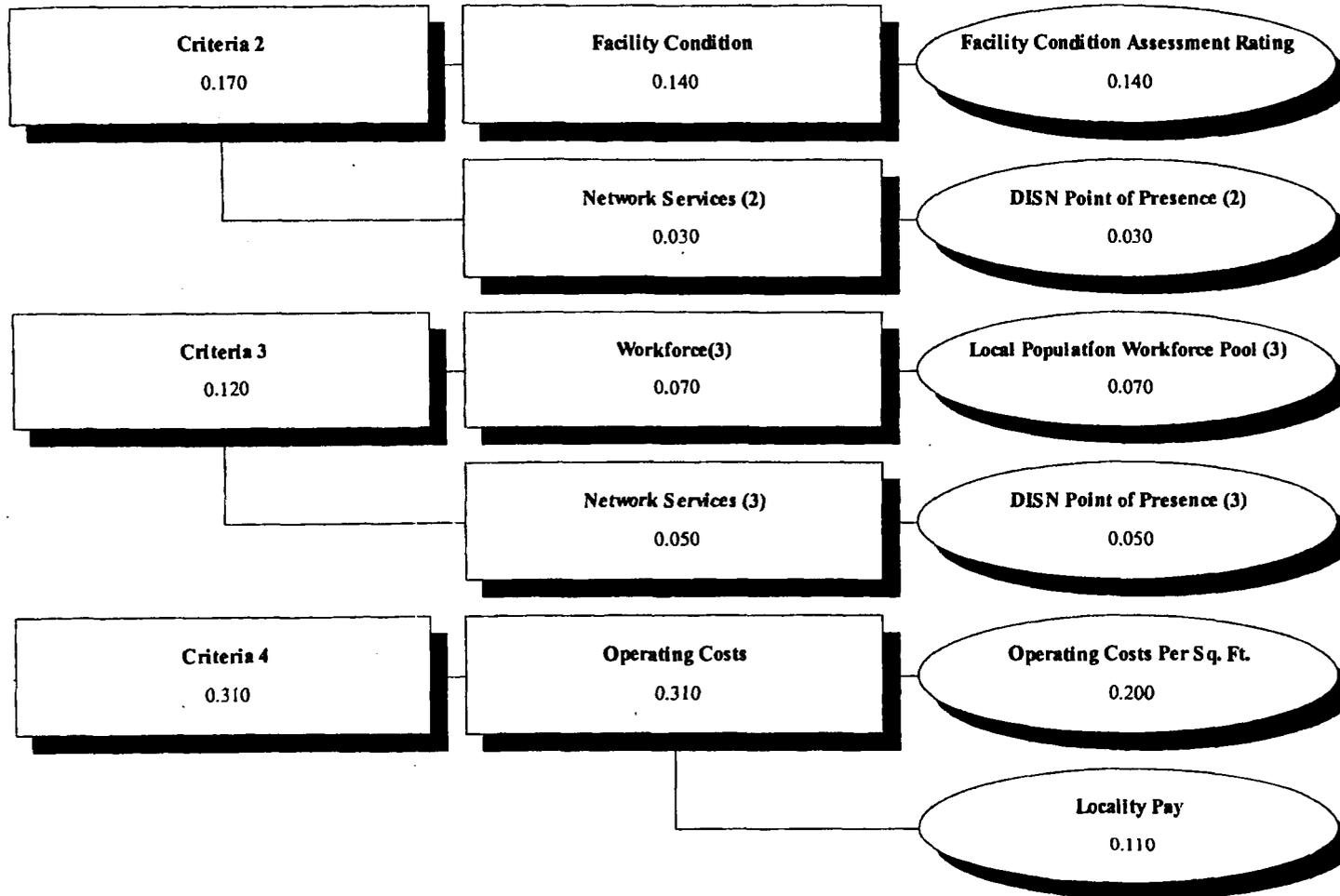


Transforming Through Base Realignment and Closure



11562

DFAS Military Value Scoring Plan



Transforming Through Base Realignment and Closure

DCN: 11562

DFAS

1. **Scope.** This model will cover the Defense Finance and Accounting Service (DFAS) organization encompassing its 24 Central and Field Sites, at 30 locations, performing finance and accounting functions within the United States. The DFAS sites in Europe and Japan are not included in this effort. However, consideration will be given to workload realignments from Europe or Japan to the United States. As appropriate, this effort also includes F&A functions performed by Washington Headquarters Services (WHS) that are being transferred to DFAS and Defense Intelligence Agency (DIA) F&A functions under consideration for transfer to DFAS. Note: DFAS activities providing local finance and accounting (F&A) support to DoD organizations will be included in the Local F&A military value model.
2. **Assumptions.**
 - a. Analysis will identify closure/realignment candidates. Major Administrative & HQ models may identify other candidates.
 - b. Analysis will identify which functions (business lines) and corporate activities could combine.
 - c. Analysis may reveal transformational opportunities.
 - d. Locations with direct access to high-capacity Defense Information Systems Network (DISN) network services are more desirable than those without.
 - e. Surrounding communities embody a beneficial quality of life that will be sustained.
3. **Military Value Scoring Plan.**

Criterion/Attribute/Metric/Question	Rationale	Weight						
Criterion 1 The current and future mission capabilities and the impact on operational readiness of the Department of Defense's total force, including the impact on joint warfighting, training, and readiness.	This criterion was given the highest weight, because a secure (AT/FP) environment and a skilled workforce are deemed most important in ensuring uninterrupted service to the DoD.	40%						
Attribute 1 Secure Facilities/Survivability	Attribute 1, given the highest ranking, relative to Attribute 2, because a secure facility is key to ensuring that DFAS work can be accomplished under any circumstance.	20%						
Metric 1 On a DoD owned installation? Yes/No. On a DoD owned installation is preferable	<table border="1"> <thead> <tr> <th>Range</th> <th>Scoring Plan</th> <th>Function</th> </tr> </thead> <tbody> <tr> <td>0 - 1</td> <td>1 = Yes 0 = No</td> <td>Binary</td> </tr> </tbody> </table> <p>Metric 1 is ranked higher than Metric 2 because a facility located on an actively protected DoD installation is expected to provide the safest environment to accomplish the DFAS mission.</p>	Range	Scoring Plan	Function	0 - 1	1 = Yes 0 = No	Binary	15%
Range	Scoring Plan	Function						
0 - 1	1 = Yes 0 = No	Binary						
Question 1 For DFAS Central and Field Sites Only. For each location, identify if the site is on a DoD owned installation with a controlled perimeter. (See Amplification.) (DOD#: 1918).								

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Criterion/Attribute/Metric/Question	Rationale			Weight
<p>Metric 2 Terrorist Threat Assessment Rating (Low, Low/Moderate, Moderate, High). Rating has seven separate assessments. Each assessment will be assigned a point value (Low=1 point; Low/Moderate=2 points; Moderate=3 points; High=4 points). From this, total point values for each location were determined. If the total points added to:</p> <p>Less than 11 - Overall Rating was Low 11 to 17 - Overall Rating was Low/Moderate 18 to 24 - Overall Rating was Moderate 25 and Above - Overall Rating was High</p>	Range	Scoring Plan	Function	5%
	1-4	Low = 1; Low/Moderate = 2; Moderate = 3; High = 4.	Linear	
<p>Question 1 For DFAS Central and Field Sites Only. For each location, identify the terrorist threat assessment rating (See Amplification) based on threat assessment intelligence and DSHARPP analysis for (a) personnel attacks, (b) conventional explosive attack, (c) arson, (d) hostage situation, (e) weapons of mass destruction, (f) theft, and (g) other. (DOD#: 1902).</p>				
<p>Attribute 2 Workforce</p>	<p>Attribute 2 is ranked second in weight because an adequate/skilled workforce pool is necessary to ensure DFAS's overall success in meeting DoD requirements.</p>			15%
<p>Metric 1 Hiring. Measured in days, average amount of time to fill vacancies from outside of DFAS. Less time to fill vacancy is better.</p>	Range	Scoring Plan	Function	7%
	min - max	Highest value = 0.0 - Lowest value = 1.0	Linear decreasing	
<p>Question 1 For DFAS Central and Field Sites Only. For each location, identify the average hiring time (number of days - See Amplification) for external fill actions as of FY03, for the GS 500 series positions. (DOD#: 1903).</p>				
<p>Metric 2 Local Population Workforce Pool. A larger available workforce pool is preferable; Range = If not listed on Dept. of Labor MSA/PMSA workforce listing - site receives a zero, after that sites will be ranked based on min to max.</p>	Range	Scoring Plan	Function	5%
	min - max	Lowest value or non-listing = 0.0 - Highest value = 1.0	Linear increasing	
<p>Question 1 For DFAS Central and Field Sites Only. For each location, identify the total workforce pool as indicated in Dept of Labor Workforce Listing (See amplification). (DOD#: 77003).</p>				
<p>Metric 3 One-of-a-Kind Corporate Process Application(s). Credit will be given for one or more one-of-a-kind corporate process applications; Yes = 1; No= 0. Note: One-of-a-kind Corporate Process Application is defined as a corporate process application, which resides at one and only one place. It is not a locally developed stand-alone support system.</p>	Range	Scoring Plan	Function	3%
	0 - 1	1= Yes 0 = No	Binary	
<p>Question 1 For DFAS Central and Field Sites Only. For each location and function as of FY03, identify any one-of-a-kind corporate process applications. (DOD#: 1904, 1906, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944).</p>				

Criterion/Attribute/Metric/Question	Rationale	Weight						
Attribute 3 Network Services	Attribute 3 is ranked third in priority order, because current Communications/Information Technology (COMM/IT) is presumed adequate for DFAS mission requirements. However, location on a Defense Information Systems Network (DISN) Point of Presence (POP) provides additional cost and application benefits.	5%						
Metric 1 DISN Point of Presence (POP). Measure is Binary (Yes and No), where Yes = Good.	<table border="1"> <thead> <tr> <th>Range</th> <th>Scoring Plan</th> <th>Function</th> </tr> </thead> <tbody> <tr> <td>0 - 1</td> <td>1= Yes 0 = No</td> <td>Binary</td> </tr> </tbody> </table> <p>Location on a DISN POP is an important consideration with regard to DoD IT enterprise architecture. Installations with direct POP access gain the benefit of its potential network throughput and play heavily in meeting future IT requirements.</p>	Range	Scoring Plan	Function	0 - 1	1= Yes 0 = No	Binary	5%
Range	Scoring Plan	Function						
0 - 1	1= Yes 0 = No	Binary						
Question 1 For DFAS Central and Field Sites Only. Are there Defense Information Systems Network (DISN) Backbone Nodes located at the installations and activities identified in the amplification? (DOD#: 1964).								
Criterion 2 The availability and condition of land, facilities and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.	This criterion is weighed third after Criteria 1 and 4. The focus of this weight is the condition of facilities and a locations' ability to support DoD IT enterprise architecture.	17%						
Attribute 1 Facility Condition	Attribute 1 is given the highest rating to recognize the importance of a facility's condition.	14%						
Metric 1 Facility Condition Assessment Rating (Red, Amber, Green). A Green rating is preferable; Green=1; Amber=.6; Red=0.	<table border="1"> <thead> <tr> <th>Range</th> <th>Scoring Plan</th> <th>Function</th> </tr> </thead> <tbody> <tr> <td>Green, Amber, Red</td> <td>Green=1, Amber=.6, Red=0</td> <td>Non-linear</td> </tr> </tbody> </table> <p>See above. (Note: DFAS uses three levels - Red, Yellow, and Green - which are tied to estimated cost ranges.)</p>	Range	Scoring Plan	Function	Green, Amber, Red	Green=1, Amber=.6, Red=0	Non-linear	14%
Range	Scoring Plan	Function						
Green, Amber, Red	Green=1, Amber=.6, Red=0	Non-linear						
Question 1 For DFAS Central and Field Sites Only. For each location as of FY03, identify the Facility Condition Assessment Rating based on DFAS FAC Codes - Red, Amber, and Green (See Amplification). (DOD#: 1945).								
Attribute 2 Network Services	Attribute 2 is ranked slightly lower in priority order, because current COMM/IT is presumed adequate for DFAS mission requirements. However, location on a Defense Information Systems Network (DISN) Point of Presence (POP) provides additional cost and future application benefits.	3%						
Metric 1 DISN Point of Presence (POP). Measure is Binary (Yes and No), where Yes = Good.	<table border="1"> <thead> <tr> <th>Range</th> <th>Scoring Plan</th> <th>Function</th> </tr> </thead> <tbody> <tr> <td>0 - 1</td> <td>1= Yes 0 = No</td> <td>Binary</td> </tr> </tbody> </table> <p>Location on a DISN POP is an important consideration with regard to DoD IT enterprise architecture. Installations with direct POP access gain the benefit of its potential network throughput and play heavily in meeting future IT requirements.</p>	Range	Scoring Plan	Function	0 - 1	1= Yes 0 = No	Binary	3%
Range	Scoring Plan	Function						
0 - 1	1= Yes 0 = No	Binary						
Question 1 For DFAS Central and Field Sites Only. Are there Defense Information Systems Network (DISN) Backbone Nodes located at the installations and activities identified in the amplification? (DOD#: 1964).								

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Criterion/Attribute/Metric/Question	Rationale	Weight						
<p>Criterion 3 The ability to accommodate contingency, mobilization, and future total force requirements at both existing and potential receiving locations to support operations and training.</p>	<p>Criterion 3 is given the least weight, because inherently DFAS has the basic capability to support DoD mobilization and contingency requirements. Thus the greatest weight has been placed on criteria 1, 4 and 2 respectively. Criterion 3 is weighted slightly less than 2 because it is anticipated that an adequate/skilled workforce pool and new/improved automated systems and other IT tools under the auspices of the Business Modernization Management Program (BMMP) will positively affect the future state of DFAS in regard to their support of mobilization, contingency and future force requirements</p>	<p>12%</p>						
<p>Attribute 1 Workforce</p>	<p>Attribute 1 is ranked highest in weight because an adequate/skilled workforce pool is necessary to ensure DFAS's overall success in meeting DoD requirements.</p>	<p>7%</p>						
<p>Metric 1 Local Population Workforce Pool. A larger available workforce pool is preferable; Range = If not listed on Dept. of Labor MSA/PMSA workforce listing – site receives a zero, after that sites will be ranked based on min to max.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Range</th> <th style="width: 25%;">Scoring Plan</th> <th style="width: 25%;">Function</th> </tr> </thead> <tbody> <tr> <td>min –max</td> <td>Lowest value or non-listing = 0.0 – Highest value = 1.0</td> <td>Linear increasing</td> </tr> </tbody> </table> <p>This metric is intended to identify the surrounding areas ability to provide a workforce with basic skills necessary to accomplish DFAS mission. It is ranked slightly higher than Network Services because Network Services is duplicated under Criteria 1 and 2.</p>	Range	Scoring Plan	Function	min –max	Lowest value or non-listing = 0.0 – Highest value = 1.0	Linear increasing	<p>7%</p>
Range	Scoring Plan	Function						
min –max	Lowest value or non-listing = 0.0 – Highest value = 1.0	Linear increasing						
<p>Question 1 For DFAS Central and Field Sites Only. For each location, identify the total workforce pool as indicated in Dept of Labor Workforce Listing (See amplification). (DOD#: 77003).</p>								
<p>Attribute 2 Network Services</p>	<p>Attribute 2 is ranked slightly lower in weight than Attribute 1, Workforce, because current COMM/IT is presumed adequate for DFAS mission requirements. However, location on a Defense Information Systems Network (DISN) Point of Presence (POP) provides additional cost and application benefits.</p>	<p>5%</p>						
<p>Metric 1 DISN Point of Presence (POP). Measure is Binary (Yes and No), where Yes = Good.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Range</th> <th style="width: 25%;">Scoring Plan</th> <th style="width: 25%;">Function</th> </tr> </thead> <tbody> <tr> <td>0 – 1</td> <td>1 = Yes 0 = No</td> <td>Binary</td> </tr> </tbody> </table> <p>Location on a DISN POP is an important consideration with regard to DoD IT enterprise architecture. Installations with direct backbone access gain the benefit of its potential network throughput and play heavily in meeting future IT requirements.</p>	Range	Scoring Plan	Function	0 – 1	1 = Yes 0 = No	Binary	<p>5%</p>
Range	Scoring Plan	Function						
0 – 1	1 = Yes 0 = No	Binary						
<p>Question 1 For DFAS Central and Field Sites Only. Are there Defense Information Systems Network (DISN) Backbone Nodes located at the installations and activities identified in the amplification? (DOD#: 1964).</p>								
<p>Criterion 4 The cost of operations and the manpower implications.</p>	<p>This criterion was given the second highest weight because one of the elements for DFAS's continued success is their ability to provide support to DoD at reasonable rates</p>	<p>31%</p>						
<p>Attribute 1 Operating Costs</p>	<p>The weighting scheme for this attribute is designed with emphasis on operating costs.</p>	<p>31%</p>						
<p>Metric 1 Operating Cost per square foot. A lower cost per square foot is better.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Range</th> <th style="width: 25%;">Scoring Plan</th> <th style="width: 25%;">Function</th> </tr> </thead> <tbody> <tr> <td>min –max</td> <td>Highest value = 0.0 – Lowest value call = 1.0</td> <td>Linear decreasing</td> </tr> </tbody> </table> <p>Metric 1 is ranked higher than Metric 2 because it is felt that the most important cost driver, of the two, is the operating cost per square foot.</p>	Range	Scoring Plan	Function	min –max	Highest value = 0.0 – Lowest value call = 1.0	Linear decreasing	<p>20%</p>
Range	Scoring Plan	Function						
min –max	Highest value = 0.0 – Lowest value call = 1.0	Linear decreasing						
<p>Question 1 For DFAS Central and Field Sites Only. For each location as of FY03, identify the operating cost per square foot for each DFAS Central and Field Site and identify source of information (See Amplification). (DOD#: 1946).</p>								

<p>Metric 2 Locality Pay. A lower percentage is better.</p>	<p>Range 1.0 - 0.0</p>	<p>Scoring Plan Highest value = 0.0 - Lowest value call = 1.0</p>	<p>Function Linear decreasing</p>	<p>11%</p>
<p>Metric 2 is ranked lower than Metric 1 because it is felt that the most important cost driver of the two is the operating cost per square foot - followed by the local cost of living as provided by targeted locations.</p>				
<p>Question 1 For DFAS Central and Field Sites Only. What is the 2004 locality pay rate for the GS pay schedule? (DOD#: 1403).</p>				

ALTERNATIVES

NAME	On a DoD Owned Installation?	Terrorist Threat Assessment	Hiring	Local Population Workforce Pool (1)
Arlington	N	LOW	44.2	2901.1
Charleston	N	LOW	23.7	310.5
Cleveland	N	LOW	9.8	1115.8
Columbus	Y	LOW	22.1	882.6
Dayton	N	LOW	23.9	464.3
Denver	Y	LOW	10.8	1268.6
Indianapolis	N	LOW/MODERATE	13.2	904.9
Kansas City	N	LOW	132.5	1017.1
Lawton	Y	LOW	21.7	42.8
Lexington	N	LOW	24.3	261.6
Limestone	Y	LOW	9.2	0
Norfolk Naval Station	Y	LOW	33.2	809.5
Oakland	N	LOW/MODERATE	21.4	1258.5
Omaha	Y	LOW/MODERATE	28.7	413
Orlando	N	LOW	17.9	992.9
Pacific Ford Island	Y	LOW	20.8	443.1
Patuxent River	N	LOW	21.4	0
Pensacola Naval Air Station	Y	LOW	18.8	185.3
Pensacola Saufley Field	Y	LOW/MODERATE	18.8	185.3
Rock Island	Y	LOW	16	187.2
Rome	N	LOW	27.4	142
San Antonio	N	MODERATE	21.4	833.9
San Bernardino	Y	LOW	48.2	1725.9
San Diego	N	LOW	12.8	1504.1
Seaside	N	LOW	21	201.8
St Louis	N	LOW/MODERATE	19.5	1399.6

✓ 1017.1

NOMORE

DCN: 11562

Local Population Workforce Pool (3)	One-of-a-Kind Corp. Process Applications	DISN Point of Presence (1)	DISN Point of Presence (2)
2901.1	NO	Y	Y
310.5	NO	Y	Y
1115.8	YES	Y	Y
882.6	YES	Y	Y
464.3	NO	Y	Y
1268.6	YES	Y	Y
904.9	YES	Y	Y
1017.1	YES	Y	Y
42.8	NO	Y	Y
261.6	NO	N	N
0	NO	Y	Y
809.5	YES	Y	Y
1258.5	NO	N	N
413	NO	Y	Y
992.9	NO	Y	Y
443.1	NO	Y	Y
0	NO	Y	Y
185.3	YES	Y	Y
185.3	NO	Y	Y
187.2	YES	Y	Y
142	NO	Y	Y
833.9	NO	Y	Y
1725.9	NO	Y	Y
1504.1	NO	Y	Y
201.8	NO	N	N
1399.6	NO	Y	Y

DCN: 11562

DISN Point of Presence (3)	Facility Condition Assessment Rating	Operating Costs Per Sq. Ft.	Locality Pay
Y	Red	44.76	14.63
Y	Red	3.8	10.9
Y	Green	29.21	13.14
Y	Red	8.27	13.14
Y	Amber	2.91	12.03
Y	Green	9.15	16.66
Y	Green	14.96	11.11
Y	Red	16.21	11.54
Y	Amber	2.52	10.9
N	Green	8.74	10.9
Y	Red	4.98	10.9
Y	Amber	7.47	10.9
N	Green	45.12	24.21
Y	Red	4.45	10.9
Y	Red	5.75	10.93
Y	Red	7.72	25
Y	Green	23.66	14.63
Y	Red	5.7	10.9
Y	Green	7.38	10.9
Y	Green	9.03	10.9
Y	Red	4.26	10.9
Y	Green	18.2	10.9
Y	Red	10.61	20.05
Y	Green	21.2	16.16
N	Green	8.23	24.21
Y	Green	15.93	11.27

Criterion 1, Attribute 1, Metric 1: On a DoD Owned Installation.

Source of data: MV Question DoD #1918, column heading: On DoD-Owned Installation.

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values:

- a. Responses were either "Y" for Yes or "N" for No.
- b. Responses were converted: Y = 1 and N = 0.
- c. Answer of Yes (on a DoD owned installation) is preferable.

Additional Remarks:

- a. A data clarification request (DCR) was submitted for DFAS Limestone, ME. (See enclosure 11 of basic MFR)
- b. A data clarification request was submitted for clarification on DFAS San Bernardino, CA. (See enclosure 12 of basic MFR.)
- c. Refer to reference a, paragraph 6, of memorandum for record, HSAJCSG-GC-FM-036, 11 Mar 05, for any data modifications based on DCR responses. (See enclosure 13 of basic MFR.)

DCN: 11562

Criterion 1, Attribute 1, Metric 2: Terrorist Threat Assessment Rating (Low, Low/Moderate, Moderate, High).

Source of data: MV Question DoD# 1902, column heading are as follows:

- a. Personnel Attacks
- b. Conventional Explosive Attack
- c. Arson
- d. Hostage Situation
- e. Weapons of Mass Destruction
- f. Theft
- g. Other

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Each response included seven separate assessments/columns.
- b. Responses were converted as follows:
 - Low = 1;
 - Low/Moderate = 2;
 - Moderate = 3,
 - High = 4.
- c. The seven numeric values were totaled to create the input value per location.
- d. The lower value was preferred.

Additional Remarks:

- a. A data clarification request (DCR) was submitted for any missing responses, i.e., DFAS Kansas City. (See enclosure 14 of basic MFR.)
- b. Refer to memorandum for record, HSAJCSG-GC-FM-031, 25 Jan 05, for any data modifications based on DCR response. (See enclosure 15 of basic MFR.)

Criterion 1, Attribute 2, Metric 1: Hiring

Source of data: MV Question DoD# 1903, column heading, "Average Hiring Time-n"

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Each response provided average amount of time to fill vacancies from outside of DFAS.
- b. Less time to fill vacancy is better.

Additional Remarks:

- a. A data clarification request (DCR) was submitted for any missing responses, i.e., Patuxent River, DFAS Pensacola Saufley Field, DFAS Oakland, and DFAS Orlando.
- b. Refer to memorandum for record, HSAJCSG-GC-FM-037, 16 Mar 05, for any data modifications based on DCR response. (See enclosure 3 of basic MFR.)

Criterion 1, Attribute 2, Metric 2: Local Population Workforce Pool

Source of data: MV Question DoD# 77003, column heading: .

- a. U.S. Department of Labor, Bureau of Labor Statistics (USDOL/BoLS) website – <http://data/bls.gov/labjava/outside.jsp? Survey=1a>
- b. U.S. Geological Survey website – <http://geinames.usgs.gov/fips55.html>
- c. USBoL census website – <http://www.census.gov/population/estimates/metro-city/99mfips.txt>

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Data was gathered from the USDOL/BoLS website using the Metropolitan Statistical Area (MSA) listings for each state, and determining if the names of the 26 locations were included in the MSA title.
- b. Once an MSA with the location name included in the title was identified, the Civilian Labor Force data listed for that MSA as of May 2004 was recorded.
- c. If the site name was not part of the MSA title, the site's zip code was used to map to appropriate MSA workforce information.
- d. A larger available workforce pool is preferable. If not listed on USDOL/BoLS MSA/PMSA workforce listing – site receives a zero, after that sites were ranked based on minimum to maximum.

Additional Remarks:

- a. Refer to memorandum for record, HSAJCSG-GC-FM-009, 20 Aug 04. (See enclosure 17 of basic MFR.)

DCN: 11562

Criterion 1, Attribute 2, Metric 3: One-of-a-Kind Corporate Process Application(s)

Source of data: MV Questions DoD# 1904, 1906, and 1919 thru 1944, column heading: One-of-a-Kind Corporate Process Application.

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Credit was given for responses of one or more one-of-a-kind corporate process applications.
- b. Possible responses were converted as follows:
 - N/A = 0
 - None = 0
 - 0 = 0
 - No = 0
 - "blank" = 0
- c. All other responses interpreted to = yes

Additional Remarks:

- a. Refer to memorandum for record, HSAJCSG-GC-FM-018, 15 Dec 04, for greater detail regarding responses to questions 1904, 1906, and 1919 thru 1944. (See enclosure 18 of basic MFR.)

Criterion 1, Attribute 3, Metric 1: DISN Point of Presence (POP)

Source of data: MV Question DOD#1964:

- a. A special target list, at enclosure 19 to basic MFR, was used because this question was answered entirely under one OrgCode. This Target List serves as a crosswalk, associating the entities on the DFAS Target List one-to-one with the name given in the column "Installation or Activity and Location".
- b. Column = "DISN Backbone POP"

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Calculation:

Take the response from column "DISN Backbone POP". The answer will either be "Y", "N", or "" (i.e. blank).

Additional Remarks:

- a. Responses to question 1964 were provided by Defense Information Services Agency (DISA) based on target lists provided by HSA JCSG.
- b. Two locations were not included in the DoD Question 1964 response provided by DISA in the OSD MAD (military value database).
- c. A data clarification request was submitted to DISA for those two locations - DFAS Patuxent River and DFAS Pensacola Saufley Field.
- d. The installation's DISN POP status was used for DFAS Rock Island - Rock Island Arsenal Rock Island IL rather than the DFAS status. .
- e. Refer to memorandum for record, HSAJCSG-GC-FM-027, 11 Jan 05, for further information. (See enclosure 21 of basic MFR.)

DCN: 11562

Criterion 2, Attribute 1, Metric 1: Facility Condition Assessment Rating

Source of data: MV Questions DoD# 1945, column headings:

- a. DFAS FAC Code Red
- b. DFAS FAC Code Amber
- c. DFAS FAC Code Green

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Facility Condition Assessment (FAC) Ratings for each location were reported as Red, Amber, or Green.
- b. Each location would place "No" in two columns and "Yes" in column indicating the appropriate FAC rating.
- c. Column rating containing "Yes" response was then converted to a number in the model.
- d. The model converted the FAC ratings as follows:
 - Green = 1;
 - Amber = .6;
 - Red = 0
- e. A Green rating is preferable.

Additional Remarks: N/A

Criterion 2, Attribute 2, Metric 1: DISN Point of Presence (POP)

Source of data: MV Question DOD#1964

- a. A special target list, see enclosure 19 to basic MFR, was used because this question was answered entirely under one OrgCode. This Target List serves as a crosswalk, associating the entities on the DFAS Target List one-to-one with the name given in the column "Installation or Activity and Location".
- b. Column = "DISN Backbone POP"

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Calculation:

Take the response from column "DISN Backbone POP". The answer will either be "Y", "N", or "" (i.e. blank).

Additional Remarks:

- a. Responses to question 1964 were provided by Defense Information Services Agency (DISA) based on target lists provided by HSA JCSG.
- b. Two locations were not included in the DoD Question 1964 response provided by DISA in the OSD MAD (military value database).
- c. A data clarification request was submitted to DISA for those two locations - DFAS Patuxent River and DFAS Pensacola Saufley Field.
- d. The installation's DISN POP status was used for DFAS Rock Island - Rock Island Arsenal Rock Island IL rather than the DFAS status.
- e. Refer to memorandum for record, HSAJCSG-GC-FM-027, 11 Jan 05, for further information. (See enclosure 21 of basic MFR.)

Criterion 3, Attribute 1, Metric 1: Local Population Workforce Pool

Source of data: MV Question DoD# 77003

- a. U.S. Department of Labor, Bureau of Labor Statistics (USDOL/BoLS) website – [http://data/bls.gov/labjava/outside.jsp? Survey=la](http://data/bls.gov/labjava/outside.jsp?Survey=la)
- b. U.S. Geological Survey website – <http://geinames.usgs.gov/fips55.html>
- c. USBoL census website – <http://www.census.gov/population/estimates/metro-city/99mfips.txt>

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Data was gathered from the USDOL/BoLS website using the Metropolitan Statistical Area (MSA) listings for each state, and determining if the names of the 30 locations were included in the MSA title.
- b. Once an MSA with the location name included in the title was identified, the Civilian Labor Force data listed for that MSA as of May 2004 was recorded.
- c. If the site name was not part of the MSA title, the site's zip code was used to map to appropriate MSA workforce information.
- d. A larger available workforce pool is preferable. If not listed on USDOL/BoLS MSA/PMSA workforce listing – site receives a zero, after that sites were ranked based on minimum to maximum.

Additional Remarks:

- a. Refer to attached memorandum for record, HSAJCSG-GC-FM-009, 20 Aug 04. (See enclosure 17 to basic MFR.)

Criterion 3, Attribute 2, Metric 1: DISN Point of Presence (POP)

Source of data: MV Question DOD#1964

- a. A special target list, enclosure 19 to basic MFR, was used because this question was answered entirely under one OrgCode. This Target List serves as a crosswalk, associating the entities on the DFAS Target List one-to-one with the name given in the column "Installation or Activity and Location".
- b. Column = "DISN Backbone POP"

Scope: Subgroup Target L

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations provided at enclosure 5 to basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Calculation:

Take the response from column "DISN Backbone POP". The answer will either be "Y", "N", or "" (i.e. blank).

Additional Remarks:

- a. Responses to question 1964 were provided by Defense Information Services Agency (DISA) based on target lists provided by HSA JCSG.
- b. Two locations were not included in the DoD Question 1964 response provided by DISA in the OSD MAD (military value database).
- c. A data clarification request was submitted to DISA for those two locations - DFAS Patuxent River and DFAS Pensacola Saufley Field.
- d. The installation's DISN POP status was used for DFAS Rock Island - Rock Island Arsenal Rock Island IL rather than the DFAS status.
- e. Refer to memorandum for record, HSAJCSG-GC-FM-027, 11 Jan 05, for further information. (See enclosure 21 of basic MFR.)

DCN: 11562

Criterion 4, Attribute 1, Metric 1: Operating Cost per Square Foot

Source of data: MV Questions DoD# 1946, column heading, Operating Cost Per Square Foot-n.

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 1.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Responses were in dollar values.
- b. A lower cost (dollar value) was better.

Additional Remarks:

- a. Refer to memorandum for record, HSAJCSG-GC-FM-036, 11 Mar 05. (See enclosure 13 of basic MFR.)
- b. DFAS – Oakland responded with 28 N/A. This was an unusable data response.

Criterion 4, Attribute 1, Metric 2: Locality Pay

Source of data: MV Questions DoD# 1403, column heading, Answer_n.

Scope: Subgroup Target List

- a. The final target list consisted of the 26 DFAS locations identified during capacity analysis. A list of the 26 locations is provided at enclosure 5 of basic MFR.
- b. Other entities may have responded erroneously to the data call because the Military Value Data Call was initiated prior to re-scoping the target list. Responses other than the final target list of 26 locations were excluded from further consideration.

Explanation of Raw Data versus Input Values

- a. Locality pay rates are identified in percentage format.
- b. Responses to DoD Question # 1403 were not provided for all 26 target locations; therefore, none of the data responses to DoD #1403 were used in this military value model.
- c. The FM Team used <http://www.opm.gov/oca> to identify the locality pay rates for the 26 target locations.
- d. The FM Team collected screen prints for all target locations.

Additional Remarks:

- a. Refer to attached memorandum for record, HSAJCSG-GC-FM-030, 15 Jan 05, which includes screen prints for all locations. (See enclosure 22 of basic MFR.)