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GOVERNMENT RELATIONS  
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251 18<sup>TH</sup> STREET, SUITE 1107 • ARLINGTON, VA 22202  
(703) 415-0344 • FAX (703) 415-0182

DATE: \_\_\_\_\_

TO: Marilyn Wasleski FAX #: 703/699-2735

FROM: Matt Miller

MESSAGE: Per your request  
Attached is the June 24 response

NUMBER OF PAGES: 12 (includes cover)

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REPLY TO  
ATTENTION OF

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DEPARTMENT 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.

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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

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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](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

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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](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.

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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](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

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- (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](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.

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- 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.

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- (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.

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(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](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](http://www.defenselink.mil/brac/minutes/brac_scenario.html). Headquarters and Support Activities (0018-0021 Zipfile)

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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.

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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